

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FOURTH QUARTER
AND
FINANCIAL YEAR ENDED 31 MARCH 2020**

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INTRODUCTION

NetLink NBN Trust (the “Trust”) is a business trust constituted in Singapore pursuant to a trust deed dated 19 Jun 2017 under the laws of the Republic of Singapore. The Trust was dormant from the date of its constitution until it acquired all the units of NetLink Trust (“NLT”) on 19 Jul 2017, the date on which the Trust was listed (“Listing Date”) on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Trust and its subsidiaries taken as a whole shall hereinafter be referred to as “NetLink Group” or “Group”.

The NetLink Group’s nationwide network is the foundation of the Next Generation National Broadband Network (“Next Gen NBN”), over which ultra-high speed internet access is delivered throughout mainland Singapore and its connected islands. The NetLink Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and central offices) of Singapore’s Next Gen NBN. The NetLink Group’s extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

The principal services provided by the NetLink Group are as follows: (i) the use of the NetLink Group’s network for the purpose of end-user fibre connections, currently for broadband, internet-protocol TV and voice-over internet protocol services, (ii) the use of the other passive infrastructure to provide fibre connections, and (iii) the provision of other non-fibre ancillary services.

With respect to the use of the NetLink Group’s network for the purpose of end-user fibre connections, the network provides three separate connections: (a) residential end-user connections, (b) non-residential end-user connections, and (c) non-building address points (“NBAP”) connections. The provision of mandated services set forth in its facilities-based operations licence by the NetLink Group is regulated, whereby the NetLink Group must offer such services to all Qualifying Persons in Singapore, with each requesting Qualifying Person being a Requesting Licensee (“RL”), at regulated prices, without preference or discrimination.

The NetLink Group is the only telco regulated by the Info-communications Media Development Authority (“IMDA”) under the Regulated Asset Base (“RAB”) regime which allows it to recover the cost of investment, operating expenditure and earn a regulated rate of return for its fibre network assets. About 80% of revenue is derived from RAB-regulated assets, while the remaining 20% is contributed by the provision of other services and rental of space either at regulated rates or under long-term contracts.

SUMMARY OF THE NETLINK GROUP RESULTS

	Quarter ended 31 Mar			Financial year ended 31 Mar		
	2020 ("Q4 FY20") S\$'000 (Unaudited)	2019 ("Q4 FY19") S\$'000 (Unaudited)	Variance %	2020 ("FY20") S\$'000 (Unaudited)	2019 ("FY19") S\$'000 (Audited)	Variance %
Revenue ⁽¹⁾	92,442	87,862	5.2	370,192	353,580	4.7
EBITDA ⁽²⁾⁽³⁾	55,778	62,810	(11.2)	258,425	247,876	4.3
EBITDA margin ⁽²⁾⁽³⁾	60.3%	71.5%	(11.2) pp	69.8%	70.1%	(0.3) pp
Profit after tax ("PAT") ⁽²⁾	12,477	20,020	(37.7)	78,113	77,359	1.0

Note:

(1) Revenue for Q4 FY20 and FY20 were higher than Q4 FY19 and FY19 by 5.2% and 4.7% respectively. Higher revenue in Q4 FY20 was mainly due to higher residential connections and diversion revenue, partially offset by lower installation-related revenue and ducts and manholes service revenue. Higher revenue in FY20 was mainly due to higher residential connections and non-residential connections, partially offset by lower installation-related revenue, diversion revenue and ducts and manholes service revenue.

(2) EBITDA and PAT for Q4 FY20 were lower than Q4 FY19 by 11.2% and 37.7% respectively. EBITDA and PAT for FY20 were higher than FY19 by 4.3% and 1.0% respectively. The decrease in EBITDA for Q4 FY20 was mainly due to a one-time write-off of capitalised project cost of S\$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support systems (please refer to separate announcement released on 27 Feb 2020). The increase in FY20 EBITDA was mainly due to higher revenue, higher other income and lower installation costs, partially offset by higher operating expenses due to the one-time write-off of capitalised project cost.

Further details of the NetLink Group's financial performance are provided in Note 16.

(3) EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NetLink Group's performance and liquidity, and are not required by, or presented in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles.

DISTRIBUTION STATEMENT

	FY20	FY19
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash Available For Distribution (“CAFD”)		
Profit before income tax	71,869	69,750
Add: Depreciation and amortisation	167,782	160,792
Add: Other non-cash item	18,629	2,864
Add: Changes in working capital	4,811	2,303
Add: Proceeds from revolving loan facility	156,000	45,000
Less: Cash taxes	(569)	(6,061)
Less: Repayment of revolving loan facility	(126,000)	-
Less: Purchase of property, plant and equipment	(75,535)	(71,100)
Less: Repayment of lease liabilities ^(a)	(3,014)	-
Less: Payment of loan arrangement fee	(680)	(28)
Transfer into: Cash held in reserves and provisions for capital expenditures and working capital including carve-out for Capex Reserve ⁽¹⁾ (see Distribution Policy)	(16,496)	(13,348)
CAFD	<u>196,797</u>	<u>190,172</u>
Distributions Attributable for the Financial Year⁽²⁾	<u>196,797</u>	<u>190,172</u>

Note:

(1) Capex Reserve comprises monies set aside each year for at least 20% of capital expenditure reserve fund, which cumulates to S\$40.0 million over the five-year period from 1 Jan 2018 to 31 Dec 2022, to meet regulatory requirements from IMDA for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT’s network infrastructure. On a quarterly basis, NLT will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of S\$8.0 million. As at 31 Mar 2020, NLT has set aside S\$18.0 million for capital expenditure reserve of which approximately S\$9.7 million were utilised to increase network resiliency and capacity.

Capital expenditure reserve fund

	S\$'000
	(Unaudited)
Opening balance as at 31 Mar 2019	10,000
Addition	8,000
Utilised to increase network resiliency and capacity	(9,729)
Closing balance as at 31 Mar 2020	<u>8,271</u>

(2) Total distributions paid/ payable

	FY20	FY19	Payment Date
	S\$'000	S\$'000	
	(Unaudited)	(Audited)	
1 Apr 2018 – 30 Sep 2018	-	95,086	27 Nov 2018
1 Oct 2018 – 31 Mar 2019	-	95,086	3 Jun 2019
1 Apr 2019 – 30 Sep 2019	98,204	-	26 Nov 2019
1 Oct 2019 – 31 Mar 2020	98,593	-	3 Jun 2020
	<u>196,797</u>	<u>190,172</u>	

(a) Refer to Basis of Preparation on pages 11 to 12.

DISTRIBUTION POLICY

NetLink Group's full distribution policy can be found in the prospectus of the Trust dated 10 Jul 2017.

NetLink Group's distribution policy is to distribute 100% of its cash available for distribution ("**CAFD**"), which includes distributions received from its wholly-owned subsidiary NetLink Trust ("**NLT**"). NLT's distribution policy is to distribute at least 90% of its distributable income to the Trust after setting aside reserves and provisions for, amongst others, future capital expenditure (including the funding of a capital expenditure reserve fund pursuant to regulatory requirements), debt repayment and working capital as may be required.

Distributions by NetLink Group will be made on a semi-annual basis, with the amount calculated as at 31 Mar and 30 Sep each year for the 6-month period ending on each of the said dates.

A distribution in the total amount of S\$98,203,672 or 2.52 Singapore cents per Unit was declared for NetLink Group's distribution period from 1 Apr 2019 to 30 Sep 2019. A distribution in the total amount of S\$98,593,369 or 2.53 Singapore cents per Unit is declared for the NetLink Group's distribution period from 1 Oct 2019 to 31 Mar 2020 and will be payable on 3 Jun 2020 by NetLink NBN Management Pte. Ltd. (in its capacity as the trustee-manager of the Trust) as a distribution in cash to NetLink Group's unitholders.

The NetLink Group has adopted a new accounting standard, Singapore Financial Reporting Standard (International) 16 – Leases (“SFRS(I) 16”), for the first time on 1 Apr 2019 using the modified retrospective approach. The cumulative effects of applying the standard is recognised as an adjustment to opening balance of accumulated deficit on 1 Apr 2019, with no restatement of comparative information. Refer to pages 11 to 12 for the Basis of Preparation and for further details of the impact of applying SFRS(I) 16 on the consolidated statements of financial position and financial results of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	Q4 FY20	Q4 FY19	Variance	FY20	FY19	Variance
		S\$'000 (Unaudited)	S\$'000 (Unaudited)	(%)	S\$'000 (Unaudited)	S\$'000 (Audited)	(%)
Revenue		92,442	87,862	5.2	370,192	353,580	4.7
Other income	2	4,474	1,092	N.M.	7,543	3,458	118.1
Expenses							
Operation and maintenance costs		(4,158)	(5,756)	(27.8)	(19,787)	(20,834)	(5.0)
Installation costs		(2,143)	(3,826)	(44.0)	(10,639)	(14,376)	(26.0)
Diversion costs		(1,493)	(255)	N.M.	(6,318)	(9,152)	(31.0)
Depreciation and amortisation	3	(41,697)	(40,743)	2.3	(167,782)	(160,792)	4.3
Staff costs		(7,442)	(7,019)	6.0	(27,438)	(24,229)	13.2
Finance costs	4	(5,236)	(4,871)	7.5	(20,504)	(19,126)	7.2
Management fee		(250)	(291)	(14.1)	(998)	(982)	1.6
Other operating expenses	5	(25,317)	(8,490)	198.2	(52,400)	(37,797)	38.6
Total expenses		(87,736)	(71,251)	23.1	(305,866)	(287,288)	6.5
Profit before income tax		9,180	17,703	(48.1)	71,869	69,750	3.0
Income tax credit	6	3,297	2,317	42.3	6,244	7,609	(17.9)
Profit after income tax		12,477	20,020	(37.7)	78,113	77,359	1.0
Profit attributable to:							
Unitholders of the Trust		12,477	20,020	(37.7)	78,113	77,359	1.0
Other comprehensive (loss)/ income							
Items that may be subsequently reclassified to profit or loss							
Cash flow hedges		(3,608)	1,036	N.M.	(6,165)	(537)	N.M.
Total comprehensive income attributable to:							
Unitholders of the Trust		8,869	21,056	(57.9)	71,948	76,822	(6.3)
Earnings per unit:							
- basic and diluted		0.32 cents	0.51 cents		2.00 cents	1.99 cents	
Weighted average number of units ('000) in issue for calculation of basic and diluted earnings per unit							
		3,896,971	3,896,971		3,896,971	3,896,971	

STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 31 Mar 2020 S\$'000 (Unaudited)	As at 31 Mar 2019 S\$'000 (Audited)	As at 31 Mar 2020 S\$'000 (Unaudited)	As at 31 Mar 2019 S\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		168,624	148,621	58,786	223
Trade and other receivables		46,029	46,925	67	57,624
Contract assets		27,382	28,909	-	-
Finance lease receivables		234	221	-	-
Inventories		4,302	4,738	-	-
Other current assets		4,615	4,116	252	310
		251,186	233,530	59,105	58,157
Non-current assets					
Finance lease receivables		87,425	87,659	-	-
Property, plant and equipment		3,026,656	3,124,527	-	-
Rental deposits		220	667	-	-
Goodwill		746,854	746,854	-	-
Licence		84,326	88,564	-	-
Right-of-use assets ^(a)		12,104	-	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		3,957,585	4,048,271	3,113,673	3,113,673
Total assets		4,208,771	4,281,801	3,172,778	3,171,830
LIABILITIES					
Current liabilities					
Trade and other payables		58,502	56,023	680	521
Deferred revenue		25,703	21,989	-	-
Derivative financial instruments	7	6,945	-	-	-
Loan	8	509,411	-	-	-
Lease liabilities ^(a)		1,821	-	-	-
Current tax liabilities		6,927	1,696	52	-
		609,309	79,708	732	521
Non-current liabilities					
Derivative financial instruments	7	-	780	-	-
Loan	8	155,377	634,554	-	-
Lease liabilities ^(a)		12,284	-	-	-
Deferred tax liabilities		524,863	536,907	-	-
		692,524	1,172,241	-	-
Total liabilities		1,301,833	1,251,949	732	521
Net Assets		2,906,938	3,029,852	3,172,046	3,171,309
UNITHOLDERS' FUNDS					
Units in issue		3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/ Retained earnings	9	(211,101)	(94,039)	54,868	54,131
Hedging reserve		861	6,713	-	-
Total Unitholders' funds		2,906,938	3,029,852	3,172,046	3,171,309

(a) Refer to Basis of Preparation on pages 11 to 12.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	Group			
	Q4 FY20 S\$'000 (Unaudited)	Q4 FY19 S\$'000 (Unaudited)	FY20 S\$'000 (Unaudited)	FY19 S\$'000 (Audited)
Units in issue at the beginning and end of the period/ year	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/ retained earnings at the beginning of period/ year	(223,866)	(114,059)	(94,039)	49,950
Adjustment on adoption of SFRS(I) 16 Leases ^(a)	288	-	(1,885)	-
Restated (accumulated deficit)/ retained earnings at the beginning of period/ year	(223,578)	(114,059)	(95,924)	49,950
Profit for the period/ year	12,477	20,020	78,113	77,359
Distribution paid	-	-	(193,290)	(221,348)
Accumulated deficit at the end of period/ year	(211,101)	(94,039)	(211,101)	(94,039)
Hedging reserves at the beginning of period/ year	4,156	5,677	6,713	7,250
Loss arising from discontinuation of cash flow hedge	313	-	313	-
Other comprehensive (loss)/ income for the period/ year	(3,608)	1,036	(6,165)	(537)
Hedging reserves at the end of period/ year	861	6,713	861	6,713
Total	<u>2,906,938</u>	<u>3,029,852</u>	<u>2,906,938</u>	<u>3,029,852</u>

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	Trust			
	Q4 FY20 S\$'000 (Unaudited)	Q4 FY19 S\$'000 (Unaudited)	FY20 S\$'000 (Unaudited)	FY19 S\$'000 (Audited)
Units in issue at the beginning and end of the period/ year	3,117,178	3,117,178	3,117,178	3,117,178
Retained earnings at the beginning of period/ year	26,689	26,163	54,131	78,133
Profit for the period/ year	28,179	27,968	194,027	197,346
Distribution paid	-	-	(193,290)	(221,348)
Retained earnings at the end of period/ year	54,868	54,131	54,868	54,131
Total	<u>3,172,046</u>	<u>3,171,309</u>	<u>3,172,046</u>	<u>3,171,309</u>

(a) Refer to Basis of Preparation on pages 11 to 12.

CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Audited)
Operating activities				
Profit before income tax	9,180	17,703	71,869	69,750
Adjustments for:				
- Depreciation and amortisation ^(a)	41,697	40,743	167,782	160,792
- Amortisation of transaction fees	252	200	864	812
- Provision for/ (write-back of) loss allowance for trade receivables	157	(38)	213	(100)
- (Write-back of provision)/ provision for stock obsolescence	(9)	(15)	(110)	46
- Interest expense ^(a)	4,984	4,671	19,640	18,314
- Interest income	(335)	(507)	(1,730)	(1,792)
- Gain on disposal of property, plant and equipment	-	(3)	(4)	(4)
- Property, plant and equipment written off	15,830	54	16,746	2,075
Operating cash flows before working capital changes	71,756	62,808	275,270	249,893
Changes in working capital:				
- Trade and other receivables	5,240	(5,540)	784	(7,303)
- Contract assets	(156)	(1,208)	1,527	(5,233)
- Trade and other payables	(2,184)	9,207	1,954	15,734
- Inventories	902	30	546	(895)
Cash generated from operations	75,558	65,297	280,081	252,196
Interest received	374	507	1,798	1,792
Interest paid	(4,533)	(4,660)	(18,792)	(18,285)
Income tax refund/ (paid)	12	(310)	(569)	(6,061)
Net cash from operating activities	71,411	60,834	262,518	229,642
Investing activities				
Purchase of property, plant and equipment	(14,806)	(14,042)	(75,535)	(71,100)
Proceeds from sale of property, plant and equipment	-	3	4	6
Net cash used in investing activities	(14,806)	(14,039)	(75,531)	(71,094)
Financing activities				
Repayment of lease liabilities ^(a)	(758)	-	(3,014)	-
Payment of loan arrangement fee	(672)	(20)	(680)	(28)
Distribution paid	-	-	(193,290)	(221,348)
Proceeds from bank loans	156,000	-	156,000	45,000
Payment of bank loans	(126,000)	-	(126,000)	-
Net cash from/ (used in) financing activities	28,570	(20)	(166,984)	(176,376)
Net increase/ (decrease) in cash and cash equivalents	85,175	46,775	20,003	(17,828)
Cash and cash equivalents at beginning of financial period/ year	83,449	101,846	148,621	166,449
Cash and cash equivalents at end of financial period/ year	168,624	148,621	168,624	148,621

(a) Refer to Basis of Preparation on pages 11 to 12.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Group	Q4 FY20 S\$'000 (Unaudited)	Q4 FY19 S\$'000 (Unaudited)	FY20 S\$'000 (Unaudited)	FY19 S\$'000 (Audited)
Cash and cash equivalents consist of:				
Cash and bank balances	160,353	138,621	160,353	138,621
Capital expenditure reserve fund ^(b)	8,271	10,000	8,271	10,000
Cash and cash equivalents at end of financial period/ year	168,624	148,621	168,624	148,621

(b) Capex Reserve comprises monies set aside each year for at least 20% of capital expenditure reserve fund, which cumulates to S\$40.0 million over the five-year period from 1 Jan 2018 to 31 Dec 2022, to meet regulatory requirements from Info-communications Media Development Authority ("IMDA") for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NetLink Group's network infrastructure. On a quarterly basis, NetLink Group will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of S\$8.0 million. As at 31 Mar 2020, NLT has set aside S\$18.0 million for capital expenditure reserve of which approximately S\$9.7 million were utilised to increase network resiliency and capacity.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 2020

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current quarter/ financial year as those stated in the most recent audited financial statements for the financial year ended 31 Mar 2019, except for Singapore Financial Reporting Standard (International) 16 – *Leases* (“SFRS(I) 16”) which was effective for the Group from 1 Apr 2019.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. This resulted in lower rental expenses and higher depreciation of right-of-use assets and finance cost.

The Group has applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of accumulated deficit at the date of initial application, as permitted under the specific transition provisions in the Standard. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 Apr 2019. The right-of-use assets were measured on a retrospective basis as if the Standard had been applied since the commencement date, but discounted using the Group’s incremental borrowing rate as of 1 Apr 2019.

There is no impact to the Trust as a result of the adoption of SFRS(I) 16.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 Mar 2019 at Group level, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the consolidated statement of financial position at the date of initial application.

	S\$'000 (Unaudited)
Operating lease commitments at 31 Mar 2019	20,362
Less: Short-term leases and leases of low value assets	(16)
Less: Effect of discounting the above amounts	(3,786)
Lease liabilities recognised at 1 Apr 2019	<u>16,560</u>

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any repaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of S\$14.7 million and the net impact on accumulated deficit of S\$1.9 million were recognised on 1 Apr 2019.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 2020

Consolidated Statements of Profit or Loss and Other Comprehensive Income

The purpose of the table below is for illustration for the financial results of Q4 FY20, Q4 FY19, FY20 and FY19 without the effects of the adoption of SFRS(I) 16:

Group	S\$'000	Q4 FY20	S\$'000	Q4 FY19	Variance
	As reported (Unaudited)	Effects of applying SFRS(I) 16	Without effects of SFRS(I) 16 ^(c) (Unaudited)	As reported (Unaudited)	(%)
Expenses					
Operation and maintenance costs	(4,158)	(327)	(4,485)	(5,756)	(22.1)
Depreciation and amortisation	(41,697)	553	(41,144)	(40,743)	1.0
Finance costs	(5,236)	106	(5,130)	(4,871)	5.3
Other operating expenses	(25,317)	(431)	(25,748)	(8,490)	203.3
Profit before income tax	9,180	(99)	9,081	17,703	(48.7)
Profit after income tax and attributable to Unitholders of the Trust	12,477	(99)	12,378	20,020	(38.2)

Group	S\$'000	FY20	S\$'000	FY19	Variance
	As reported (Unaudited)	Effects of applying SFRS(I) 16	Without effects of SFRS(I) 16 ^(c) (Unaudited)	As reported (Audited)	(%)
Expenses					
Operation and maintenance costs	(19,787)	(1,304)	(21,091)	(20,834)	1.2
Depreciation and amortisation	(167,782)	2,630	(165,152)	(160,792)	2.7
Finance costs	(20,504)	500	(20,004)	(19,126)	4.6
Other operating expenses	(52,400)	(1,710)	(54,110)	(37,797)	43.2
Profit before income tax	71,869	116	71,985	69,750	3.2
Profit after income tax and attributable to Unitholders of the Trust	78,113	116	78,229	77,359	1.1

(c) Presented only for the purpose of illustrating the financial result of Q4 FY20 and FY20 without the effects of adoption SFRS(I) 16 for comparison with Q4 FY19 and FY19.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 2020

2. OTHER INCOME

	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net gain on disposal of property, plant and equipment	-	3	4	4
Interest income	335	507	1,730	1,792
Government grants ⁽¹⁾	2,904	240	2,912	240
Third party compensation ⁽²⁾	962	186	1,791	779
Others ⁽³⁾	273	156	1,106	643
	<u>4,474</u>	<u>1,092</u>	<u>7,543</u>	<u>3,458</u>

(1) Government grants consists mainly of Wage Credit Scheme, Jobs Support Scheme and property tax rebate.

(2) Third party compensation consists mainly of compensation received for construction works performed on behalf of Land Transport Authority ("LTA"), proceeds from land purchased by Singapore Land Authority ("SLA") for the purpose of the construction of an MRT track in Jurong West and from third parties for cable cuts.

(3) Others consists mainly of income from Fibre Readiness Certification, Restoration Cost Recovery, Notice for Commencement of Earthworks, Plant Route Plans and Penalty Issued to Contractors.

3. DEPRECIATION AND AMORTISATION

	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	40,084	39,683	160,914	156,554
Amortisation of license	1,060	1,060	4,238	4,238
Depreciation and amortisation	<u>41,144</u>	<u>40,743</u>	<u>165,152</u>	<u>160,792</u>
Depreciation of right-of-use assets	553	-	2,630	-
	<u>41,697</u>	<u>40,743</u>	<u>167,782</u>	<u>160,792</u>

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FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 2020

4. FINANCE COSTS

	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest expense on:				
- Bank loans	3,942	4,606	17,206	16,286
- Lease liabilities ^(d)	106	-	500	-
- Others	34	34	133	140
Financing related costs	416	352	1,489	1,484
Loss arising from discontinuation of cash flow hedge	313	-	313	-
Realised loss/ (gain) on interest rate swaps	425	(121)	863	1,216
	<u>5,236</u>	<u>4,871</u>	<u>20,504</u>	<u>19,126</u>

For cash flow purposes, finance costs do not include amortisation of transaction fees. Reconciliation to cash flow statement is as below:

Finance costs	5,236	4,871	20,504	19,126
Amortisation of transaction fees	(252)	(200)	(864)	(812)
Interest expense	<u>4,984</u>	<u>4,671</u>	<u>19,640</u>	<u>18,314</u>

5. OTHER OPERATING EXPENSES

The other operating expenses include the following items:

	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Property tax	4,234	4,098	16,309	16,438
System maintenance costs	2,182	1,781	8,078	8,656
Provision for/ (write-back of) loss allowance for trade receivables	157	(38)	213	(100)
Property, plant and equipment written off	15,830 ^(e)	54	16,746 ^(e)	2,075
(Write-back of provision)/ provision for inventory obsolescence	(9)	(15)	(110)	46

(d) Interest expenses relating to lease liabilities under SFRS(I) 16.

(e) Included a one-time write-off of capitalised project cost of S\$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support systems.

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6. INCOME TAX CREDIT

The reconciliation between tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period/ year is as follows:

	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit before income tax	9,180	17,703	71,869	69,750
Income tax expense calculated at a tax rate of 17%	(1,561)	(3,010)	(12,218)	(11,858)
Effect of:				
- Income not subject to taxation	240	-	240	18
- Expenses not deductible for tax purpose	(235)	(156)	(1,029)	(783)
- Tax relief	(1)	-	52	-
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	4,896	4,842	19,689	19,635
- Over/ (under) provision in prior year	19	1,039	(460)	662
- Others	(61)	(398)	(30)	(65)
Tax credit attributable to current period's profit	3,297	2,317	6,244	7,609

[^] – Relates to the tax benefit on the tax exempted interest income on the S\$1.1 billion in principal amount of subordinated notes due in year 2037 issued by NLT to the Trust, which are qualifying project debt securities (“QPDS”).

In Dec 2018, NLT received an amended assessment relating to Year of Assessment 2014 from the Inland Revenue Authority of Singapore where certain capital allowances claimed by NLT were reduced. These capital allowances were previously transferred to Singtel group under the group tax relief system. The additional assessments for the Singtel group amount to S\$120 million. The amended assessment does not result in any tax payable by NLT under the transfer agreement with Singtel group.

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7. FAIR VALUE MEASUREMENTS

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- (b) inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- (c) inputs for the asset or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

The following tables present the assets and liabilities measured at fair value as at the following balance sheet dates:

Group	Level 1	Level 2	Level 3	Total
31 Mar 2020				
(Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000

Financial liabilities

Derivative financial instruments	-	6,945	-	6,945
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Group	Level 1	Level 2	Level 3	Total
31 Mar 2019				
(Audited)	S\$'000	S\$'000	S\$'000	S\$'000

Financial liabilities

Derivative financial instruments	-	780	-	780
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The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group currently has S\$666.0 million (31 Mar 2019: S\$636.0 million) bank loan outstanding and has entered into a series of interest rate swaps to convert the variable interest rates on its bank loan into fixed interest rates, for a total notional principal amount of S\$636.0 million (31 Mar 2019: S\$636.0 million). Accordingly, 95.5% (31 Mar 2019: 100%) of the interest in respect of the outstanding amounts under the Group's existing bank loans has been hedged.

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8. GROUP'S BORROWINGS AND DEBT SECURITY

	Group			
	Effective Average Interest rate (%)	As at 31 Mar 2020 S\$'000 (Unaudited)	Effective Average Interest rate (%)	As at 31 Mar 2019 S\$'000 (Audited)
Unsecured borrowings				
Repayable within one year				
- Bank loans (unsecured)	2.88	509,411	-	-
Repayable after one year				
- Bank loans (unsecured)	2.43	155,377	2.82	634,554
		<u>664,788</u>		<u>634,554</u>

Committed revolving credit facility ("RCF") and term loan

Commencement Date	Terms	Utilised As at 31 Mar 2020	Utilised As at 31 Mar 2019
		S\$'000 (Unaudited)	S\$'000 (Audited)
- 24 Mar 2016	S\$510 million Five-Year Term Loan	510,000	510,000
- 24 Mar 2016	S\$90 million Five-Year RCF	-	-
- 15 Jun 2017	S\$210 million Three-Year RCF	-(1)	126,000
- 19 Mar 2020	S\$210 million Three-Year RCF	156,000(2)	-
		<u>666,000</u>	<u>636,000</u>
	Transaction costs	(1,212)	(1,446)
		<u>664,788</u>	<u>634,554</u>

(1) The S\$126 million loan was fully repaid on 31 Mar 2020 and the S\$210 million Three-Year RCF which commenced on 15 Jun 2017 was cancelled on 31 Mar 2020.

(2) S\$156 million was drawn down from a new Three-Year RCF which commenced on 19 Mar 2020 to repay the S\$126 million loan and to fund capital expenditure.

9. UNITS IN ISSUE

Group and Trust	Number of units			
	Q4 FY20 (Unaudited)	Q4 FY19 (Unaudited)	FY20 (Unaudited)	FY19 (Audited)
Balance as at beginning and end of period/ year	<u>3,896,971,100</u>	<u>3,896,971,100</u>	<u>3,896,971,100</u>	<u>3,896,971,100</u>

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10. NET ASSET VALUE

	Group		Trust	
	As at 31 Mar 2020 Units (Unaudited)	As at 31 Mar 2019 Units (Audited)	As at 31 Mar 2020 Units (Unaudited)	As at 31 Mar 2019 Units (Audited)
NAV per unit based on issued units at the end of period (cents)	74.6	77.7	81.4	81.4
Number of units in issue at end of period	3,896,971,100	3,896,971,100	3,896,971,100	3,896,971,100

11. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follow:

	Group		Trust	
	As at 31 Mar 2020 S\$'000 (Unaudited)	As at 31 Mar 2019 S\$'000 (Audited)	As at 31 Mar 2020 S\$'000 (Unaudited)	As at 31 Mar 2019 S\$'000 (Audited)
Property, plant and equipment	36,290	38,811	-	-

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12. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the NetLink Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the NetLink Group is principally engaged in the provision of duct and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the NetLink Group operates in one single business and geographical segment.

Breakdown of Revenue & Operating Profit for the first and second half periods were as follows:

	Financial Year		Variance %
	31 Mar 2020 S\$'000 (Unaudited)	31 Mar 2019 S\$'000 (Unaudited)	
(a) Revenue reported for first half year	<u>186,113</u>	<u>176,706</u>	5.3
(b) Operating profit after tax reported for first half year	<u>44,118</u>	<u>37,709</u>	17.0
(c) Revenue reported for second half year	<u>184,079</u>	<u>176,874</u>	4.1
(d) Operating profit after tax reported for second half year	<u>33,995</u>	<u>39,650</u>	(14.3)

NETLINK NBN TRUST AND ITS SUBSIDIARIES

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13. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the unaudited financial statements, the following transactions took place between the NetLink Group and related parties at terms agreed between the parties during the financial period/ year:

	Q4 FY20	Q4 FY19	FY20	FY19
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Services rendered to a substantial Unitholder	39,805	41,793	161,479	166,550
Services rendered to subsidiaries of a shareholder of a substantial Unitholder	27,270	25,452	112,470	94,698
Purchase of services from a substantial Unitholder	1,190	1,272	5,448	6,241
Purchase of fixed assets from a substantial Unitholder	-	8	2,239	10,609
Management fee paid or payable to Trustee-Manager of the Trust	250	291	998	982
Purchase of services from subsidiaries of a shareholder of a substantial Unitholder	792	977	3,669	3,760
Purchases of goods from subsidiaries of a substantial Unitholder	55	684	430	4,227

14. DISTRIBUTIONS

- (a) Current financial period reported on
- Amount : S\$98,593,369
- Distribution Period : 1 Oct 2019 to 31 Mar 2020
- Distribution Rate : 2.53 Singapore cents per unit
- Tax Rate : Cash distributions to Unitholders are exempt from Singapore income tax.
- (b) Date Payables : 3 Jun 2020
- (c) Corresponding period of the immediately preceding financial year
- Amount : S\$95,086,095
- Distribution Period : 1 Oct 2018 to 31 Mar 2019
- Distribution Rate : 2.44 Singapore cents per unit
- Tax Rate : Cash distributions to Unitholders are exempt from Singapore income tax.

Notice is hereby given that, the Unit Transfer Books and Register of Unitholders of the Trust will be closed at 5.00 p.m. on 22 May 2020 for the purposes of determining each Unitholder's entitlement to the Distribution. Duly completed registrable transfers in respect of Units in the capital of the Trust received by the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00 p.m. on 22 May 2020 will be registered to determine Unitholders' entitlement to the Distribution. Unitholders whose Securities Accounts with the Central Depository (Pte) Limited are credited with Units at 5.00 p.m. on 22 May 2020 will be entitled to the Distribution to be paid on 3 Jun 2020. S\$98,203,672 or 2.52 Singapore cents per Unit was declared for the Trust's distribution period for the half year ended 30 Sep 2019, which was paid on 26 Nov 2019. The Distribution to Unitholders is exempted from Singapore income tax.

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15. OTHER INFORMATION

The statements of financial position as at 31 Mar 2020 and the consolidated statement of profit or loss and other comprehensive income, statements of changes in Unitholders' funds and consolidated statement of cash flows for the financial year ended 31 Mar 2020 presented in this announcement have not been audited nor reviewed by the auditors.

16. REVIEW OF PERFORMANCE VARIANCE

	Q4 FY20	Q4 FY19	Variance	FY20	FY19	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Fibre business revenue:						
Residential connections	58,964	53,942	9.3	231,496	206,768	12.0
Non-residential connections	7,920	7,613	4.0	31,204	29,962	4.1
NBAP and Segment connections	1,826	1,834	(0.4)	7,246	6,909	4.9
Installation-related revenue	3,717	4,823	(22.9)	20,513	21,412	(4.2)
Diversion revenue	3,606	586	N.M.	11,127	13,507	(17.6)
Co-location and Other revenue	4,966	5,191	(4.3)	20,465	20,155	1.5
Total Fibre Business Revenue	80,999	73,989	9.5	322,051	298,713	7.8
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	7,330	9,292	(21.1)	30,282	37,376	(19.0)
Central Office revenue	4,113	4,581	(10.2)	17,859	17,491	2.1
Total Ducts, Manholes and Central Office Revenue	11,443	13,873	(17.5)	48,141	54,867	(12.3)
Total Revenue	92,442	87,862	5.2	370,192	353,580	4.7

Q4 FY20 vs Q4 FY19

Revenue of S\$92.4 million for Q4 FY20 rose 5.2% mainly due to higher residential connections revenue and diversion revenue. This was partially offset by lower installation-related revenue and ducts and manholes service revenue.

Residential connections revenue increased by S\$5.0 million mainly due to the higher number of connections. As at 31 Mar 2020, there were 1,427,445 connections as compared to 1,327,732 connections as at 31 Mar 2019. Diversion revenue increased by S\$3.0 million mainly due to the completion of more projects in Q4 FY20 as compared to Q4 FY19. Installation-related revenue was S\$1.1 million lower mainly due to lower installation charges from fewer orders requiring installation as the migration of coaxial cable subscribers to fibre by StarHub which commenced in Nov 2018 and ended on 30 Sep 2019. Ducts and manholes service revenue decreased by S\$2.0 million mainly due to the completion of fewer joint-build projects in Q4 FY20.

Total expenses increased by S\$16.5 million mainly due to higher other operating expenses, diversion costs, depreciation and amortisation, staff costs and finance costs, partially offset by lower operation and maintenance costs and installation costs. Other operating expenses were S\$16.8 million higher mainly due to a one-time write-off of capitalised project cost of S\$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of business and operation support systems. Diversion costs were S\$1.2 million higher, in line with higher diversion revenue. Depreciation and amortisation costs were S\$1.0 million higher mainly due to a higher fixed asset base and the adoption of SFRS(I) 16. Staff costs were S\$0.4 million higher mainly due to annual salary increment. Finance costs were higher by S\$0.4 million mainly due to loss arising from discontinuation of cash flow

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hedge as a result of the repayment of S\$126 million loan. Operation and maintenance costs were lower by S\$1.6 million mainly due to fewer joint-build projects completed during the period. Installation costs were S\$1.7 million lower as part of the installation costs was reclassified to operation and maintenance costs.

Higher income tax credit of S\$1.0 million was mainly due to lower profit before tax of S\$9.2 million in Q4 FY20 as compared to profit before tax of S\$17.7 million in Q4 FY19.

The Group achieved a profit after tax of S\$12.5 million for Q4 FY20, which was 37.7% lower than Q4 FY19.

FY20 vs FY19

Revenue of S\$370.2 million for FY20 rose 4.7% mainly due to higher residential connections and non-residential connections. This was partially offset by lower installation-related revenue, diversion revenue and ducts and manholes service revenue.

Residential connections revenue increased by S\$24.7 million mainly due to the higher number of connections. As at 31 Mar 2020, there were 1,427,445 connections as compared to 1,327,732 connections as at 31 Mar 2019. Non-residential connections revenue increased by S\$1.2 million mainly due to the higher number of connections. As at 31 Mar 2020, there were 47,681 connections as compared to 46,207 connections as at 31 Mar 2019. Installation-related revenue was S\$0.9 million lower mainly due to lower installation charges from fewer orders requiring installation. Lower diversion revenue of S\$2.4 million was mainly due to the completion of fewer projects in FY20 as compared to FY19. Ducts and manholes service revenue decreased by S\$7.1 million mainly due to the completion of fewer joint-build projects in FY20 coupled with a decrease in service revenue from reduced cable length chargeable to a customer leasing space in NLT's ducts.

Total expenses for FY20 were S\$18.6 million higher mainly due to higher other operating expenses, depreciation and amortisation costs, staff costs and finance costs, partially offset by lower operation and maintenance costs, installation costs and diversion costs. Other operating expenses were S\$14.6 million higher mainly due to a one-time write-off of capitalised project cost of S\$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of business and operation support systems. Depreciation and amortisation costs were S\$7.0 million higher mainly due to a higher fixed asset base, accelerated depreciation for existing IT software and the adoption of SFRS(I) 16. Staff costs for FY20 were S\$3.2 million higher mainly due to annual salary increment, lower capitalisation of staff costs as there were fewer spare capacity fibre top up projects completed in FY20 as compared to FY19 and lower labour capitalisation from the discontinued IT project. Finance costs were higher by S\$1.4 million mainly due to a longer interest period in FY20 as compared to 7 months in FY19 for the S\$45.0 million loan taken up in Aug 2018, additional interest expenses on lease liabilities arising from the adoption of SFRS(I) 16 and loss arising from discontinuation of cash flow hedge as a result of the repayment of S\$126 million loan. Installation costs were S\$3.7 million lower as part of the installation costs was reclassified to operations and maintenance costs. In spite of the reclassified costs, operation and maintenance costs were lower by S\$1.0 million mainly due to fewer joint-build projects completed during the year. Diversion costs were S\$2.8 million lower, in line with lower diversion revenue.

Lower income tax credit of S\$1.4 million mainly from higher profit before tax of S\$71.9 million in FY20 as compared to S\$69.8 million in FY19.

The Group achieved a profit after tax of S\$78.1 million for FY20, which was 1.0% higher than FY19.

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REVIEW OF PERFORMANCE - STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 31 Mar 2020 of S\$4,208.8 million, S\$73.0 million lower than total assets of S\$4,281.8 million as at 31 Mar 2019 mainly because of a decrease in property, plant and equipment due to depreciation and amortisation, partially offset by an increase in cash and the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 from 1 Apr 2019.

The Group reported total liabilities as at 31 Mar 2020 of S\$1,301.8 million, S\$49.9 million higher than total liabilities of S\$1,251.9 million as at 31 Mar 2019 mainly due to S\$30.0 million increase in borrowings, S\$14.1 million increase due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16 from 1 Apr 2019, S\$6.2 million increase in derivative financial instruments for obligations on interest rate swap till maturity date and S\$5.2 million increase in current tax liabilities partially offset by S\$12.0 million lower deferred tax liabilities.

The Group secured a new 3-year S\$210.0 million revolving credit facility ("RCF") maturing on 19 Mar 2023 and S\$156.0 million was drawn down on 31 Mar 2020 of which S\$126.0 million was utilised to repay the RCFs due in Jun 2020. The outstanding term loan of S\$510.0 million was reclassified to current liabilities as the term loan will mature on 24 Mar 2021 (please see Note 8 on page 17 for more details). Management has plans to refinance the term loan in FY21.

Total Unitholders' funds stood at S\$2,906.9 million as at 31 Mar 2020, lower than S\$3,029.9 million as at 31 Mar 2019 mainly due to the distribution paid, partially offset by profit recognised for the financial year ended 31 Mar 2020.

REVIEW OF PERFORMANCE - STATEMENTS OF CASH FLOWS

The Group's net cash from operating activities of S\$71.4 million in Q4 FY20 and S\$262.5 million in FY20 was S\$10.6 million and S\$32.9 million higher than Q4 FY19 and FY19 respectively, mainly due to the improved operating performance in the quarter and financial year, which led to an increase in net cash flows from operations.

Net cash used in investing activities of S\$75.5 million in FY20 was S\$4.4 million higher than FY19 mainly due to higher spending in asset under construction for property, plant and equipment.

Net cash used in financing activities of S\$28.6 million in Q4 FY20 was S\$28.6 million higher than Q4 FY19 mainly due to the drawdown of S\$156.0 million of RCFs and early repayment of RCF of S\$126.0 million due in Jun 2020.

Net cash used in financing activities of S\$167.0 million in FY20 was S\$9.4 million lower than FY19 mainly due to lower distribution paid of S\$28.1 million, offset by higher net proceeds from repayment of RCFs. In FY20, two distributions were paid for the half year ended 30 Sep 2019 and 2nd half year ended 31 Mar 2019. This was S\$28.1 million lower than the distributions paid during FY19 for half year ended 30 Sep 2018 and the financial period from 19 Jul 2017 to 31 Mar 2018, which covered a longer period.

The resultant cash and cash equivalents balance for the Group as at 31 Mar 2020 was S\$168.6 million.

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17. OUTLOOK AND PROSPECT

The COVID-19 pandemic and the uncertainty of its magnitude and duration has presented some temporary operational issues for the NetLink Group. The restriction on NetLink Group's contractors' foreign workforce for example, which included a mandatory Stay Home Order ("SHO") applied to construction sector workers, has affected NetLink Group's capacity to fulfil service requests in late April and May 2020.

The temporary delays in fulfilling service requests is not expected to have a material impact on NetLink Group's revenue. These new service requests would be fulfilled with the eventual increase in available manpower, once the SHO is lifted, to undertake such work.

NetLink Group is supporting IMDA's initiatives to ensure that everyone, especially vulnerable segments including seniors and school-going children from low-income households, can go online for daily tasks and social activities. In this regard, NetLink Group has prioritised the provisioning of services to these households. NetLink Group has also earlier committed S\$600,000 in cash sponsorship towards the Home Access Programme administered by IMDA for a three-year period starting from FY21. As a show of solidarity and togetherness with our stakeholders, NetLink Group's Board members will take a 5% reduction in their annual Board fee, subject to Unitholders' approval. The CEO, CFO and COO will, with effect from 1 May 2020, take an 8% reduction in base salary, which will be reviewed after six months or when the COVID-19 situation has stabilised.

In spite of the temporary operational issues, NetLink Group's business model shows that it is resilient as it is supported by predictable revenue streams from: (a) monthly recurring charges for fibre connections to residential and non-residential premises, and NBAP locations; and (b) contracted revenues from Singtel and RLs. NetLink Group's balance sheet and liquidity remain strong underpinned by stable cashflows and the access to financial resources to support future capital expenditure.

NetLink Group is continuing to expand its network in new housing estates. NetLink Group has also been working proactively with the RLs (who provide fibre services to Retail Service Providers that in turn provide retail fibre services to end-users) to meet future demand for Non-Residential and NBAP connections, and to support the RLs' efforts to acquire new Non-Residential and NBAP customers. NetLink Group will continue to support mobile operators by deploying fibres to support their mobile network infrastructure. NetLink Group will also make available customised offerings tailored for SMEs, as well as improve its presence at major data centres.

With its extensive nationwide fibre network, NetLink Group is well-positioned to support, among others, the Smart Nation initiatives, the Punggol Digital District and Jurong Innovation District. In addition, NetLink supports IMDA's objectives to achieve pervasive deployment of 5G infrastructure and grow the 5G innovation ecosystem. NetLink looks forward to working with mobile network operators in offering the use of its nationwide fibre network to accelerate the realisation of IMDA's objectives.

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18. INTERESTED PERSON TRANSACTION (“IPT”)

The Group has not obtained a general mandate from Unitholders of the Trust for IPTs. During the financial period/ year, the following IPTs were entered into by the Group:

Name of Interested Person	<i>Aggregate value of all IPTs during the financial period/ year under review (excluding transactions of less than S\$100,000)</i>	
	Q4 FY20 S\$'000 (Unaudited)	FY20 S\$'000 (Unaudited)
NetLink NBN Management Pte. Ltd.		
- Management fees	225	900
- Reimbursement of expenses	25	98
	<hr/>	<hr/>

19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Trustee-Manager has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

20. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL UNITHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Trust or any of its subsidiaries is a relative of a director or chief executive officer or substantial unitholder of the Trust.