

**NETLINK NBN TRUST  
AND ITS SUBSIDIARIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT**

**For The Financial Quarter  
ended 31 December 2017 and  
Financial Period from 19 June 2017  
to 31 December 2017**

**Contents**

	<b><u>Page</u></b>
Introduction .....	2
Summary Of The Trust Group Results .....	3
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income.....	4
Statements Of Financial Position (Group And Trust) .....	5
Statements Of Changes In Unitholders' Funds (Group And Trust).....	6
Consolidated Statement Of Cash Flows.....	8
Selected Notes To The Interim Financial Statements .....	10
Distributions .....	16
Review Of Performance Variance Between Actual And Forecast .....	17
Outlook And Prospect.....	19
Interested Person Transaction ("IPT").....	19
Update On The Use Of IPO Proceeds .....	20
Confirmation By Board.....	21
Independent Auditor's Review Report .....	22

The joint issue managers of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte. Ltd. and UBS AG, Singapore Branch. The joint underwriters of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte. Ltd., UBS AG, Singapore Branch, Merrill Lynch (Singapore) Pte. Ltd., Citigroup Global Markets Singapore Pte. Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch, Overseas Banking Corporation Limited, and United Overseas Bank Limited. The joint issue managers and joint underwriters of the initial public offering assume no responsibility for the contents of this announcement.

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

**For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017**

### **INTRODUCTION**

NetLink NBN Trust (the “Trust”) is a business trust constituted in Singapore pursuant to a trust deed dated 19 June 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 July 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 “Trust Group” or “Group”.

The Trust 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 Trust 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 Trust 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 Trust Group are as follows: (i) the use of the Trust 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 Trust 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 Trust Group is regulated, whereby the Trust Group must offer such services to all Qualifying Persons in Singapore, with each requesting Qualifying Person being a Requesting Licensee, at regulated prices, without preference or discrimination.

The first distribution period will be for the period from 19 June 2017 to 31 March 2018 and will be paid on or before 29 June 2018. No distributions have been declared or recommended for the current financial period ended 31 December 2017.

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### SUMMARY OF THE TRUST GROUP RESULTS

	1 October 2017 to 31 December 2017 ("Q3")			19 June 2017 to 31 December 2017 ("YTD")		
	Actual <sup>(1)</sup>	Forecast <sup>(2)</sup>	Change	Actual <sup>(1)</sup>	Forecast <sup>(2)</sup>	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue <sup>(3)</sup>	83,417	82,905	0.6	148,173	148,416	(0.2)
EBITDA <sup>(4)(5)</sup>	63,159	57,006	10.8	109,939	102,804	6.9
EBITDA Margin <sup>(4)</sup>	75.7%	68.8%		74.2%	69.3%	
Profit after tax for the quarter/ period <sup>(5)</sup>	21,670	16,360	32.5	34,656	28,742	20.6

#### Note:

(1) The results for Q3 is from 1 October 2017 to 31 December 2017. The YTD results is from 19 June 2017 to 31 December 2017. No comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on 19 July 2017, the date on which the Trust was listed ("Listing Date").

(2) Forecast results for Q3 and YTD included (i) the actual results for the period 19 July 2017 to 31 July 2017 and (ii) August 2017 to December 2017 figures that were part of the Forecast Period 2018 projections disclosed in the prospectus dated 10 July 2017 (the "Prospectus").

(3) Revenue for Q3 was higher than forecast mainly due to higher monthly recurring Residential and Non-Residential connection revenue, higher Ducts & Manholes Services revenue and Central Office revenue. This was partially offset by lower installation revenue from a decrease in demand for installation of fibre termination points (FTP) in the residential homes and the installation of FTPs for NBAPs.

YTD Revenue was lower than forecast mainly due to lower installation revenue. There was a decrease in demand for installation of fibre termination points (FTP) in the residential homes and the installation of FTPs for NBAPs. This was partially offset by higher than forecast monthly recurring Residential and Non-Residential connection revenue, Ducts & Manhole Service revenue, Central Office revenue and Diversion revenue.

(4) 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 Trust 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. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity, and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles.

(5) EBITDA and Profit After Tax for Q3 were ahead of forecast by 10.8% and 32.5% respectively. YTD EBITDA and Profit After Tax were ahead of forecast by 6.9% and 20.6% respectively. This was mainly due to lower operation and maintenance costs, staff costs and other operating expenses. Further details are provided in Note 17.

# NetLinkNBN

*the fibre of a smart nation*

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June to 31 December 2017 <sup>(a)</sup>

Group	Note	Q3	YTD
		1 October 2017 to 31 December 2017	19 June 2017 to 31 December 2017
		S\$'000 (Unaudited)	S\$'000 (Unaudited)
<b>Revenue</b>		83,417	148,173
Other income	2	339	493
<b>Expenses</b>			
Operation and maintenance costs		(3,059)	(5,569)
Installation costs		(3,642)	(6,948)
Depreciation		(36,897)	(67,222)
Staff costs		(4,257)	(8,178)
Amortisation of intangible assets		(2,142)	(4,283)
Finance costs	3	(4,289)	(7,723)
Management fee		(225)	(650)
Other operating expenses	4	(9,289)	(17,221)
Total expenses		(63,800)	(117,794)
<b>Profit before income tax</b>		<b>19,956</b>	<b>30,872</b>
Income tax credit	5	1,714	3,784
<b>Profit after income tax</b>		<b>21,670</b>	<b>34,656</b>
<b>Profit attributable to:</b>			
Unitholders of the Trust		21,670	34,656
<b>Other comprehensive Income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Cash flow hedges		1,050	2,542
<b>Total comprehensive income attributable to:</b>			
Unitholders of the Trust		22,720	37,198
<b>Earnings per unit:</b>			
- basic and diluted		0.56 cents	0.89 cents

(a) The financial quarter is from 1 October 2017 to 31 December 2017. The financial period is from 19 June 2017 to 31 December 2017. No comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on Listing Date.

# NetLinkNBN

*the fibre of a smart nation*

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

As at 31 December 2017<sup>(a)</sup>

	Note	Group S\$'000 (Unaudited)	Trust S\$'000 (Unaudited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank deposits		128,806	1,253
Trade and other receivables		66,985	52,529
Finance lease receivables		217	-
Inventories		3,645	-
Other current assets		1,818	380
		<u>201,471</u>	<u>54,162</u>
<b>Non-current assets</b>			
Finance lease receivables		87,921	-
Property, plant and equipment		3,108,368	-
Rental deposits		713	-
Intangible assets	6	952,903	-
Investment in subsidiaries		-	2,010,872
Subordinated loan to a subsidiary	5	-	1,100,000
		<u>4,149,905</u>	<u>3,110,872</u>
<b>Total assets</b>		<u><b>4,351,376</b></u>	<u><b>3,165,034</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		44,135	458
Deferred revenue		9,756	-
Current tax liabilities		991	-
		<u>54,882</u>	<u>458</u>
<b>Non-current liabilities</b>			
Derivative financial instruments	7	4,951	-
Loans	8	588,542	-
Deferred tax liabilities		551,377	-
		<u>1,144,870</u>	<u>-</u>
<b>Total liabilities</b>		<u><b>1,199,752</b></u>	<u><b>458</b></u>
<b>Net Assets</b>		<u><b>3,151,624</b></u>	<u><b>3,164,576</b></u>
<b>UNITHOLDERS' FUNDS</b>			
Units in issue	9	3,114,426	3,114,426
Retained earnings		34,656	50,150
Hedging reserve		2,542	-
<b>Total Unitholders' funds</b>		<u><b>3,151,624</b></u>	<u><b>3,164,576</b></u>

(a) The financial period is from 19 June 2017 to 31 December 2017. No comparative Statements of Financial Position (Group and Trust) has been prepared as NetLink NBN Trust was constituted on 19 June 2017.

# NetLinkNBN

*the fibre of a smart nation*

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP AND TRUST)

For the Financial Quarter ended 31 December 2017 <sup>(a)</sup>

	Units in issue S\$'000 (Unaudited)	Retained earnings S\$'000 (Unaudited)	Hedging reserves S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
<b>Group</b>				
<b>Balance as at 1 October 2017</b>	3,114,485	12,986	1,492	3,128,963
Total comprehensive income for the period:				
Profit for the period	-	21,670	-	21,670
Other comprehensive income	-	-	1,050	1,050
	<u>3,114,485</u>	<u>34,656</u>	<u>2,542</u>	<u>3,151,683</u>
Transactions recognised directly in equity:				
IPO expenses debited directly into equity	(59)	-	-	(59)
<b>Balance As at 31 December 2017</b>	<u>3,114,426</u>	<u>34,656</u>	<u>2,542</u>	<u>3,151,624</u>
	Units in issue S\$'000 (Unaudited)	Retained earnings S\$'000 (Unaudited)	Total S\$'000 (Unaudited)	
<b>Trust</b>				
<b>Balance as at 1 October 2017</b>	3,114,485	21,690	3,136,175	
Total comprehensive income for the period:				
Profit for the period	-	28,460	28,460	
Other comprehensive income	-	-	-	
	<u>3,114,485</u>	<u>50,150</u>	<u>3,164,635</u>	
Transactions recognised directly in equity:				
IPO expenses debited directly into equity	(59)	-	(59)	
<b>Balance As at 31 December 2017</b>	<u>3,114,426</u>	<u>50,150</u>	<u>3,164,576</u>	

(a) The financial quarter is from 1 October 2017 to 31 December 2017. The financial period is from 19 June 2017 to 31 December 2017. No comparative Statements of Changes in Unitholders' Funds (Group and Trust) has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on Listing Date.

# NetLinkNBN

*the fibre of a smart nation*

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP AND TRUST)

For the Financial Period from 19 June 2017 to 31 December 2017 <sup>(a)</sup>

	Units in issue S\$'000 (Unaudited)	Retained earnings S\$'000 (Unaudited)	Hedging reserves S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
<b>Group</b>				
<b>Balance as at 19 June 2017</b>	*	-	-	*
Total comprehensive income for the period:				
Profit for the period	-	34,656	-	34,656
Other comprehensive income	-	-	2,542	2,542
	*	34,656	2,542	37,198
Transactions with Unitholders, recognised directly in equity:				
Issue of units	3,156,547	-	-	3,156,547
IPO expenses debited directly into equity	(42,121)	-	-	(42,121)
<b>Balance As at 31 December 2017</b>	<b>3,114,426</b>	<b>34,656</b>	<b>2,542</b>	<b>3,151,624</b>
	Units in issue S\$'000 (Unaudited)	Retained earnings S\$'000 (Unaudited)	Total S\$'000 (Unaudited)	
<b>Trust</b>				
<b>Balance as at 19 June 2017</b>	*	-	-	*
Total comprehensive income for the period:				
Profit for the period	-	50,150	50,150	
Other comprehensive income	-	-	-	
	*	50,150	50,150	
Transactions with Unitholders, recognised directly in equity:				
Issue of units	3,156,547	-	3,156,547	
IPO expenses debited directly into equity	(42,121)	-	(42,121)	
<b>Balance As at 31 December 2017</b>	<b>3,114,426</b>	<b>50,150</b>	<b>3,164,576</b>	

\* Amount less than S\$1,000

(a) The financial quarter is from 19 June 2017 to 31 December 2017. The financial period is from 19 June 2017 to 31 December 2017. No comparative Statements of Changes in Unitholders' Funds (Group and Trust) has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on Listing Date.

# NetLinkNBN

*the fibre of a smart nation*

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to December 2017<sup>(a)</sup>

Group	Q3	YTD
	1 October 2017 to 31 December 2017 S\$'000 (Unaudited)	19 June 2017 to 31 December 2017 S\$'000 (Unaudited)
<b>Operating activities</b>		
Profit before income tax	19,956	30,872
Adjustments for:		
- Depreciation	36,897	67,222
- Amortisation of intangible assets	2,142	4,283
- Amortisation of transaction fees	204	373
- Write back of impairment for trade receivables	(40)	(142)
- Provision for stock obsolescence	10	45
- Recognition of deferred revenue	(850)	(2,353)
- Interest expense	4,085	7,350
- Interest income	(125)	(161)
- Gain on disposal of property, plant and equipment	-	(5)
- Property, plant and equipment written off	340	364
<b>Operating cash flows before working capital changes</b>	<b>62,619</b>	<b>107,848</b>
Changes in working capital:		
- Trade and other receivables	3,165	14,733
- Trade and other payables	(4,146)	(1,763)
- Inventories	1,302	2,236
<b>Cash generated from operations</b>	<b>62,940</b>	<b>123,054</b>
Interest received	125	161
Interest paid	(3,994)	(16,187)
Income tax paid	(4,932)	(9,887)
<b>Net cash from operating activities</b>	<b>54,139</b>	<b>97,141</b>
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash (Note 1)	(16,056)	(1,092,322)
Purchase of property, plant and equipment	(60,780)	(188,507)
Proceeds from sale of property, plant and equipment	-	5
<b>Net cash used in investing activities</b>	<b>(76,836)</b>	<b>(1,280,824)</b>
<b>Financing activities</b>		
Repayment of Unitholder's loan	-	(1,100,477)
Proceeds from Bank loans	81,000	81,000
Proceeds from issuance of units, net of IPO expenses	(59)	2,331,966
<b>Net cash from financing activities</b>	<b>80,941</b>	<b>1,312,489</b>
<b>Net increase in cash and cash equivalents</b>	<b>58,244</b>	<b>128,806</b>
Cash and cash equivalents at beginning of financial period	70,562	-
<b>Cash and cash equivalents at end of financial period</b>	<b>128,806</b>	<b>128,806</b>

(a) The financial quarter is from 1 October 2017 to 31 December 2017. The financial period is from 19 June 2017 to 31 December 2017. No comparative Statement of Cash Flows has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on Listing Date.



# NetLinkNBN

*the fibre of a smart nation*

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### Note 1: Payment for acquisition of subsidiaries

During the financial period, the Trust acquired all the units of NetLink Trust for S\$1,893.9 million. The fair values of identifiable net assets and the net cash outflow on the acquisition were as follows (see footnote 1):

	<b>YTD</b> <b>19 June 2017 to</b> <b>31 December</b> <b>2017</b> S\$'000 (Unaudited)
Cash and bank deposits	19,090
Trade and other receivables	80,550
Finance lease receivables	88,236
Inventories	5,925
Other assets	2,516
Property, plant and equipment	2,989,560
Intangible assets	194,031
Rental deposits	946
Trade and other payables	(67,214)
Deferred revenue	(2,388)
Current tax liabilities	(19,304)
Bank Loan	(507,754)
Unitholder Loan	(1,100,477)
Derivative financial instrument	(7,493)
Deferred tax liabilities	(545,507)
Total identifiable net assets acquired at fair value, net of cash	<u>1,130,717</u>
Goodwill on acquisition <sup>(1)</sup>	<u>763,155</u>
Total purchase consideration	1,893,872
Less: Cash and bank deposits acquired	(19,090)
Less: Issuance to Singtel of the Singtel consideration units <sup>(2)</sup>	(782,460)
<b>Net outflow of cash<sup>(3)</sup></b>	<b><u>1,092,322</u></b>

### Footnotes:

(1) The provisional purchase price allocation is subject to finalization and further adjustment may be made to the fair value of the identifiable net assets and the resultant goodwill.

(2) Singtel Consideration Units of 965,999,998 units issued at S\$0.81.

(3) \$16,056,000 of cash consideration, which was unpaid as at 30 September 2017 was paid during Q3.

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Financial Quarter ended 31 December and  
Financial Period from 19 June 2017 to 31 December 2017

#### 1. BASIS OF PREPARATION

The Group prepares its condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standard (“FRS”) 34, *Interim Financial Reporting*. The same accounting policies and methods of computation have been applied in the preparation of the financial statements for the current quarter as those stated in the Prospectus. The adoption of the new or revised FRS, amendments to FRS and Interpretations to FRS which became mandatory from 19 June 2017 did not have a significant impact on the financial statements of the Group and the Trust.

#### 2. OTHER INCOME

	<b>Q3</b>	<b>YTD</b>
	<b>1 October 2017 to 31 December 2017</b>	<b>19 June 2017 to 31 December 2017</b>
	S\$'000	S\$'000
<b>Group</b>	(Unaudited)	(Unaudited)
Net gain on disposal of property, plant and equipment	-	5
Interest income	125	161
Others <sup>(1)</sup>	214	327
	<u>339</u>	<u>493</u>

- (1) Others consist mainly of income from Fibre Readiness Certification, and income from providing third-party contractors the Notice for Commencement of Earthworks and Plant Route Plans.

#### 3. FINANCE COSTS

	<b>Q3</b>	<b>YTD</b>
	<b>1 October 2017 to 31 December 2017</b>	<b>19 June 2017 to 31 December 2017</b>
	S\$'000	S\$'000
<b>Group</b>	(Unaudited)	(Unaudited)
Interest expense on		
- Bank loans	2,606	4,418
- Others	37	67
- Financing related costs	448	845
- Realised loss on interest rate swaps	1,198	2,393
	<u>4,289</u>	<u>7,723</u>

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### 4. OTHER OPERATING EXPENSES

Group	Q3	YTD
	1 October 2017 to 31 December 2017 S\$'000 (Unaudited)	19 June 2017 to 31 December 2017 S\$'000 (Unaudited)
Write back of impairment for trade receivables	(40)	(142)
Property, plant and equipment written off	340	364
Gain on disposal of property, plant and equipment	-	5
Provision for inventory obsolescence	10	45

### 5. 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 is as follows:

	Q3	YTD
	1 October 2017 to 31 December 2017 S\$'000 (Unaudited)	19 June 2017 to 31 December 2017 S\$'000 (Unaudited)
Profit before income tax:	19,956	30,872
Income tax expense calculated at a tax rate of 17%	(3,393)	(5,248)
Effect of:		
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities <sup>^</sup>	4,949	8,930
- Others	158	102
Tax credit attributable to current period's profit	1,714	3,784

<sup>^</sup> – Relates to the tax benefit on the tax exempted interest income on the \$1.1 billion in principal amount of subordinated notes due 2037 issued by NLT to the Trust, which are qualifying project debt securities (QPDS).

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### 6. INTANGIBLE ASSETS

	<b>Group As at 31 December 2017 S\$'000 (Unaudited)</b>
Licence	189,748
Goodwill	763,155
	952,903

### 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 table presents the assets and liabilities measured at fair value as at 31 December 2017

<b>Group 31-Dec-17 (Unaudited)</b>	<b>Level 1 S\$'000</b>	<b>Level 2 S\$'000</b>	<b>Level 3 S\$'000</b>	<b>Total S\$'000</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	4,951	-	4,951

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group currently has S\$591.0 million bank loan outstanding and has entered into a series of pay-fixed-receive-floating 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\$510.0 million over the period of the bank loan. Accordingly, 86% of the interest in respect of the outstanding amounts under the Group's existing bank loans has been hedged.

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### 8. GROUP'S BORROWINGS AND DEBT SECURITY

	Effective Average Interest rate (%)	Group As at 31 December 17 S\$'000 (Unaudited)	Trust As at 31 December 17 S\$'000 (Unaudited)
<b>Unsecured borrowings</b>			
Repayable after one year			
- Bank loans (unsecured)	2.53	588,542	-

Committed revolving credit facility ("RCF") and term loan		Utilised As at 31 December 17 S\$'000 (Unaudited)
Maturity	Terms	
March 2021	\$510 million Five-Year Term Loan	510,000
March 2021	\$90 million Five-Year RCF	-
June 2020	\$210 million Three-Year RCF	81,000 <sup>1</sup>
		591,000
	Transaction costs	(2,458)
		588,542

#### Footnotes:

(1) \$81 million was drawn down to fund capital expenditure.

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### 9. UNITS IN ISSUE

	31 December 17 Number of units	31 December 17 Units in Issue S\$'000
<b>Group and Trust</b>	(Unaudited)	(Unaudited)
Balance as at beginning of period (19.6.2017)	1	*
Issue of new shares	3,896,971,099	3,156,547
Less IPO expenses debited in equity	-	(42,121)
Balance as at end of period (31.12.2017)	<u>3,896,971,100</u>	<u>3,114,426</u>

Units in issue comprises one initial subscriber Unit, 2,898,000,001 units issued in connection with the initial public offering of the Trust ("IPO"), 965,999,998 Singtel Consideration Units issued in connection with the purchase of all the units in NLT, and 32,971,100 units issued pursuant to the exercise of an over-allotment option granted in connection with the IPO. All issued units are fully paid and rank pari passu in all respects.

\* Amount less than S\$1,000

### 10. NET ASSET VALUE

	Group As at 31 December 17 Cents (Unaudited)	Trust As at 31 December 17 Cents (Unaudited)
NAV per unit based on issued units at the end of the period	<u>81</u>	<u>81</u>

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### 11. COMMITMENTS

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

	<b>Group As at 31 December 17 S\$'000 (Unaudited)</b>	<b>Trust As at 31 December 17 S\$'000 (Unaudited)</b>
Property, plant and equipment	45,062	-

### 12. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Trust 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 Trust 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 Trust Group operates in one single business and geographical segment.

### 13. RELATED PARTY TRANSACTIONS

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

	<b>Q3 1 October 2017 to 31 December 2017 S\$'000 (Unaudited)</b>	<b>YTD 19 June 2017 to 31 December 2017 S\$'000 (Unaudited)</b>
Services rendered to a substantial Unitholder	40,907	72,465
Services rendered to a subsidiary of a substantial shareholder of a Unitholder	22,450	40,304
Purchase of services and goods from a substantial Unitholder	42,402	148,991
Management fee paid or payable to Trustee-Manager of the Trust	225	650
Purchase of services from subsidiaries of a substantial shareholder of a Unitholder	376	584
Purchases of goods from subsidiaries of a Unitholder	671	1,288

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

**For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017**

### **14. DISTRIBUTIONS**

The first distribution period will be for the period from 19 June 2017 to 31 March 2018 and will be paid on or before 29 June 2018. No distributions have been declared or recommended for the current financial period ended 31 December 2017.

### **15. OTHER INFORMATION**

The statements of financial position as at 31 December 2017 and the consolidated statement of profit or loss and other comprehensive income, statements of changes in Unitholders' fund and consolidated statement of cash flows for the quarter from 1 October 2017 to 31 December 2017 and period from 19 June 2017 to 31 December 2017 presented in this announcement have not been audited, but have been reviewed by Deloitte & Touche LLP in Singapore in accordance with the Singapore Standard on Review Engagements 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (see review report on [Page 22](#) of this announcement).

### **16. REVIEW OF PERFORMANCE OF THE GROUP**

Please refer to Note 17 for the review of the Trust Group's actual results for the financial quarter from 1 October 2017 to 31 December 2017 and financial period from 19 June 2017 to 31 December 2017 against the Forecast as disclosed in the Prospectus.



## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND FORECAST

#### 17. Actual vs forecast for the Financial Quarter ended 31 December 2017 and Financial Period from 19 June 2017 to 31 December 2017

	Q3			YTD		
	1 October 2017 to 31 December 17			19 June 2017 to 31 December 17		
	Actual	Forecast <sup>(1)</sup>	Variance	Actual	Forecast <sup>(1)</sup>	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
<b>Revenue</b>	83,417	82,905	0.6%	148,173	148,416	(0.2)
Other income	339	-	N.M. <sup>(2)</sup>	493	28	N.M. <sup>(2)</sup>
<b>Expenses</b>						
Operation and maintenance costs	(3,059)	(4,446)	(31.2)	(5,569)	(7,715)	(27.8)
Installation costs	(3,642)	(4,377)	(16.8)	(6,948)	(7,792)	(10.8)
Depreciation	(36,897)	(36,246)	1.8	(67,222)	(66,044)	1.8
Staff costs	(4,257)	(5,800)	(26.6)	(8,178)	(10,360)	(21.1)
Amortisation of intangible assets	(2,142)	(2,501)	(14.4)	(4,283)	(4,882)	(12.3)
Finance costs	(4,289)	(4,470)	(4.0)	(7,723)	(7,838)	(1.5)
Management fee	(225)	(235)	(4.3)	(650)	(666)	(2.4)
Other operating expenses	(9,289)	(11,041)	(15.9)	(17,221)	(19,099)	(9.8)
Total expenses	(63,800)	(69,116)	(7.7)	(117,794)	(124,396)	(5.3)
<b>Profit before income tax</b>	<b>19,956</b>	<b>13,789</b>	44.7	<b>30,872</b>	<b>24,048</b>	28.4
Income tax credit	1,714	2,571	(33.3)	3,784	4,694	(19.4)
<b>Profit after income tax</b>	<b>21,670</b>	<b>16,360</b>	32.5	<b>34,656</b>	<b>28,742</b>	20.6
<b>Earnings per unit</b>	<b>0.56 cents</b>	<b>0.42 cents</b>		<b>0.89 cents</b>	<b>0.74 cents</b>	

	Q3	YTD
	1 October 2017 to 31 December 2017	19 June 2017 to 31 December 2017
	Number of Units ('000)	Number of Units ('000)
	(Unaudited)	(Unaudited)
Weighted average number of units in issue for calculation of basic and diluted earnings per unit	3,896,971	3,890,019

(1) Forecast results for Q3 and YTD included (i) the actual results for the period from 19 July to 31 July 2017 and (ii) August 2017 to December 2017 figures that were part of the Forecast Period 2018 projections disclosed in the Prospectus.

(2) N.M. = not meaningful.

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

**For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017**

### **REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND FORECAST**

#### **Financial quarter ended 31 December 2017 (“Q3”)**

Revenue of S\$83.4 million for Q3 was 0.6% higher than the forecast mainly due to higher monthly recurring Residential and Non-Residential connection revenue, Ducts & Manholes Services revenue and Central Office revenue as compared to forecast. Increase in revenue for Ducts & Manholes Services was mainly due to increased cable length chargeable as a result of lead-in ducts purchased at IPO and during the quarter. The increase in Central Office revenue was mainly due to increase in service charges. This was partially offset by a decrease in demand for installation of fibre termination points (FTP) in the residential homes and the installation of FTPs for NBAPs.

Total expenses for Q3 of S\$63.8 million was S\$5.3 million lower than forecast mainly due to lower operation and maintenance costs, staff costs and other operating expenses. Operations and maintenance costs for Q3 was S\$1.4 million less than forecast mainly due to lower operating needs and deferrals due to timing reasons but will be incurred in future periods. Other operating expenses for Q3 was \$1.8 million lower than forecast due to lower costs for IT maintenance and professional costs. Staff costs for Q3 was S\$1.5 million lower mainly due to lower salary costs as the actual average headcount was lower as compared to forecast, and higher capitalisation of labour costs for Q3 as more projects were completed as compared to forecast.

The Trust Group achieved a Profit After Tax of S\$21.7 million for Q3, which was 32.5% higher than forecast.

#### **Financial period from 19 June 2017 to 31 December 2017 (“YTD”)**

YTD revenue of S\$148.2 million was 0.2% lower than forecast mainly due to lower installation revenue. There was a decrease in demand for installation of fibre termination points (FTP) in residential homes and the installation of FTPs for NBAPs. This was partially offset by higher monthly recurring Residential and Non-Residential connection revenue, Ducts & Manholes Service revenue, Central Office revenue and Diversion revenue as compared to forecast.

YTD total expenses were S\$117.8 million which was S\$6.6 million lower than forecast mainly due to lower operation and maintenance costs, staff costs and other operating expenses. YTD operations and maintenance costs were S\$2.1 million less than forecast mainly due to lower operating needs and deferrals due to timing reasons but will be incurred in future periods. YTD other operating expenses was \$1.9 million lower than forecast due to lower costs for IT maintenance and professional costs. YTD staff costs were S\$2.2 million lower mainly due to lower salary costs as the actual average headcount for the period was lower as compared to forecast, and higher capitalisation of labour costs as more projects were completed as compared to forecast.

The Trust Group achieved a YTD Profit After Tax of S\$34.7 million, which was 20.6% higher than YTD Forecast.

## NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017

### OUTLOOK AND PROSPECT

**18. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that affect the group in the next reporting period reported and the next 12 months**

The Trust Group expects to deliver the financial performance and distribution forecast as stated in the Prospectus.

The Group has commenced utilising the Hougang Central Office to serve new housing estates in Sengkang and Punggol. The Group is continuing to expand its network in new housing estate, with the most recent being Tengah. The first batch of HDB homes in Tengah is expected to be launched in 2018. In total an estimated 42,000<sup>1</sup> new residential homes are expected to be developed over the next two decades.

The Group has also been working proactively with the RLs to anticipate future demand in the Non-Residential and NBAP segments, and to support the RLs' efforts to acquire new corporate and NBAP customers. With its extensive nationwide fibre network, the Group is well-positioned to support Smart Nation initiatives and the fourth mobile telecommunication operator in its mobile network backhaul deployment.

<sup>1</sup>Source: Housing & Development Board

### INTERESTED PERSON TRANSACTION ("IPT")

**19. If Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions of less than S\$100,000)	
	Q3 1 October 2017 to 31 December 2017 S\$'000	YTD 19 June 2017 to 31 December 2017 S\$'000
Netlink NBN Management Pte Ltd		
- Management Fees	225	650

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

**For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017**

### **20. 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 at out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### **21. UPDATE ON THE USE OF IPO PROCEEDS**

As announced on 19 July 2017 (the "19 July Announcement"), the total proceeds of approximately S\$2,347.4 million raised by the Trustee-Manager from the offering of 2,898,000,001 units in the IPO have been utilised in accordance with the intended uses of the proceeds set out in the Prospectus and as disclosed in the 19 July Announcement. The Trustee-Manager has announced on 5 December 2017 that the net proceeds of S\$26.3 million from the sale of 32,971,100 additional units pursuant to the exercise of the Over-Allotment Option have been utilised in accordance with the stated use in the Prospectus.

### **22. SUBSEQUENT EVENT**

There were no subsequent events post balance sheet date that require disclosure.

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

**For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017**

### **CONFIRMATION BY BOARD**

On behalf of the Board of Directors of the Trustee-Manager, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Trustee-Manager which may render the financial statements for the financial quarter ended 31 December 2017 and financial period from 19 June 2017 to 31 December 2017 to be false or misleading, in any material aspect.

On behalf of the Board of Directors of the Trustee-Manager

Chaly Mah Chee Kheong

Chairman and Independent Director

Singapore

5 February 2018

Tong Yew Heng

Chief Executive Officer and Executive Director

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

**For The Financial Quarter ended 31 December 2017 and  
Financial Period from 19 June 2017 to 31 December 2017**

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

The Board of Directors

NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

750E Chai Chee Road

#07-03, Viva Business Park

Singapore 469005

Dear Sirs

## **NETLINK NBN TRUST AND ITS SUBSIDIARIES**

### **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017 AND FINANCIAL PERIOD FROM 19 JUNE 2017 to 31 DECEMBER 2017**

#### **Introduction**

We have reviewed the accompanying statement of financial position of NetLink NBN Trust (the "Trust") as at 31 December 2017 and statement of changes in Unitholders' funds of the Trust for the financial quarter ended 31 December 2017 and financial period from 19 June 2017 to 31 December 2017, the statement of financial position of NetLink NBN Trust and its subsidiaries (the "Trust Group") as at 31 December 2017 and related statement of profit or loss and other comprehensive income, statement of changes in Unitholders' funds and statement of cash flows of the Trust Group for the financial quarter ended 31 December 2017 and financial period from 19 June 2017 to 31 December 2017, selected notes and other explanatory information ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Financial Reporting Standard 34 *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

#### **Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, in accordance with FRS 34.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants

Singapore  
5 February 2018