

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

SGX APPENDIX 7.2 ANNOUNCEMENT

**For The First Quarter
ended 30 June 2018**

Contents

	<u>Page</u>
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	7
SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS	8
REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND PROJECTION	15
OUTLOOK AND PROSPECT	17
INTERESTED PERSON TRANSACTION ("IPT")	18
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)	18
CONFIRMATION BY BOARD	19
INDEPENDENT AUDITOR'S REVIEW REPORT	20

The joint issue managers of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., 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., 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, Oversea-Chinese 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.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

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 (“RL”), at regulated prices, without preference or discrimination.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

SUMMARY OF THE TRUST GROUP RESULTS

	1 April 2018 to 30 June 2018 ("Q1")		
	Actual ⁽¹⁾ S\$'000 (Unaudited)	Projection ⁽²⁾ S\$'000 (Unaudited)	Variance (%)
Revenue ⁽³⁾	86,112	83,795	2.8
EBITDA ⁽⁴⁾	60,992	58,339	4.5
EBITDA Margin ⁽⁴⁾	70.8%	69.6%	
Profit after tax for the quarter ⁽⁵⁾	19,022	14,989	26.9

Note:

(1) The results for Q1 is from 1 April 2018 to 30 June 2018. 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) Projection for Q1 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 July 2017 (the "Prospectus").

(3) Revenue for Q1 was higher than the projection mainly due to higher diversion and higher ducts and manholes service revenue. This was partially offset by the lower than projected installation-related 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) Profit After Tax for Q1 was higher than the projection by 26.9%. Further details are provided in Note 15.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the First Quarter ended 30 June 2018 ^(a)

Group	Note	Q1
		1 April 2018 to 30 June 2018
		S\$'000 (Unaudited)
Revenue		86,112
Other income	2	775
Expenses		
Operation and maintenance costs		(4,562)
Installation costs		(3,280)
Diversion costs		(2,253)
Depreciation and amortisation		(39,776)
Staff costs		(5,268)
Finance costs	3	(4,554)
Management fee		(241)
Other operating expenses		(9,881)
Total expenses	4	(69,815)
Profit before income tax		17,072
Income tax credit	5	1,950
Profit after income tax		19,022
Profit attributable to:		
Unitholders of the Trust		19,022
Other comprehensive Income		
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges		2,347
Total comprehensive income attributable to:		
Unitholders of the Trust		21,369
Earnings per unit:		
- basic and diluted		0.49 cents

(a) 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.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

As at 30 June 2018

	Note	Group		Trust	
		As at 30 June 2018 S\$'000 (Unaudited)	As at 31 March 2018 S\$'000 (Audited)	As at 30 June 2018 S\$'000 (Unaudited)	As at 31 March 2018 S\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		68,944	166,449	1,580	861
Trade and other receivables		74,382	63,511	28,907	81,102
Finance lease receivables		211	208	-	-
Inventories		4,194	3,889	-	-
Other current assets		2,967	4,076	292	360
		150,698	238,133	30,779	82,323
Non-current assets					
Finance lease receivables		87,826	87,880	-	-
Property, plant and equipment		3,189,661	3,210,668	-	-
Derivative financial instruments	6	2,103	-	-	-
Rental deposits		713	713	-	-
Goodwill		746,854	746,854	-	-
Licence		91,742	92,802	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		4,118,899	4,138,917	3,113,673	3,113,673
Total assets		4,269,597	4,377,050	3,144,452	3,195,996
LIABILITIES					
Current liabilities					
Trade and other payables		47,613	48,374	450	685
Deferred revenue		13,204	12,485	-	-
Current tax liabilities		6,032	-	-	-
		66,849	60,859	450	685
Non-current liabilities					
Derivative financial instruments	6	-	244	-	-
Loans	7	588,945	588,742	-	-
Deferred tax liabilities		544,318	552,827	-	-
		1,133,263	1,141,813	-	-
Total liabilities		1,200,112	1,202,672	450	685
Net Assets		3,069,485	3,174,378	3,144,002	3,195,311
UNITHOLDERS' FUNDS					
Units in issue		3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/ Retained earnings	8	(57,290)	49,950	26,824	78,133
Hedging reserves		9,597	7,250	-	-
Total Unitholders' funds		3,069,485	3,174,378	3,144,002	3,195,311

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

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

For the First Quarter ended 30 June 2018 ^(a)

	Units in issue S\$'000 (Unaudited)	(Accumulated deficit)/ Retained earnings S\$'000 (Unaudited)	Hedging reserves S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
Group				
Balance as at 1 April 2018	3,117,178	49,950	7,250	3,174,378
Total comprehensive income for the period:				
Profit for the period	-	19,022	-	19,022
Other comprehensive income for the period	-	-	2,347	2,347
Distribution paid	-	(126,262)	-	(126,262)
Balance as at 30 June 2018	3,117,178	(57,290)	9,597	3,069,485
Trust				
Balance as at 1 April 2018	3,117,178	78,133	3,195,311	
Total comprehensive income for the period:				
Profit for the period	-	74,953	74,953	
Distribution paid	-	(126,262)	(126,262)	
Balance as at 30 June 2018	3,117,178	26,824	3,144,002	

(a) 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.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

For the First Quarter ended 30 June 2018^(a)

Group	Q1 1 April 2018 to 30 June 2018 S\$'000 (Unaudited)
Operating activities	
Profit before income tax	17,072
Adjustments for:	
- Depreciation and amortisation	39,776
- Amortisation of transaction fees	202
- Write back of impairment for trade receivables	(64)
- Write back of provision for stock obsolescence	(5)
- Interest expense	4,352
- Interest income	(410)
- Property, plant and equipment written off	618
	<hr/>
Operating cash flows before working capital changes	61,541
Changes in working capital:	
- Trade and other receivables	(10,172)
- Trade and other payables	(1,026)
- Inventories	(301)
	<hr/>
Cash generated from operations	50,042
Interest received	410
Interest paid	(4,361)
	<hr/>
Net cash generated from operating activities	46,091
	<hr/>
Investing activities	
Purchase of property, plant and equipment	(17,326)
	<hr/>
Net cash used in investing activities	(17,326)
	<hr/>
Financing activities	
Payment of loan arrangement fee	(8)
Distribution paid	(126,262)
	<hr/>
Net cash used in financing activities	(126,270)
	<hr/>
Net decrease in cash and cash equivalents	(97,505)
Cash and cash equivalents at beginning of financial period	166,449
	<hr/>
Cash and cash equivalents at end of financial period	68,944
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(a) 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.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the First Quarter ended 30 June 2018

1. BASIS OF PREPARATION

The Group prepares its condensed consolidated interim financial information in accordance with Singapore Financial Reporting Standard (International) ("SFRS (I)") 1-34, *Interim Financial Reporting*. This interim report should be read in conjunction with the most recent audited financial statements for the period ended 31 March 2018.

As disclosed in Note 2 in the audited financial statements for the period ended 31 March 2018, the Group will be adopting Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for the financial year ending 31 March 2019, with 19 June 2017 as the date of transition.

SFRS(I) 1 *First-time Adoption of SFRS(I)* will be applied for the first set of SFRS(I) financial statements. SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* are effective for the Group from 1 April 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for the year ending 31 March 2019 are expected to be the same as those disclosed in Note 2 of the audited financial statements for period ended 31 March 2018, except for the changes in accounting policies due to the application of SFRS(I) 9, and SFRS(I) 15. Please refer to Note 2 of the audited financial statements for the period ended 31 March 2018 for further details on the effects arising from the application of SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 for financial year ending 31 March 2019.

2. OTHER INCOME

	Q1 1 April 2018 to 30 June 2018 S\$'000
Group	(Unaudited)
Interest income	410
Others ⁽¹⁾	365
	<hr/> <hr/> 775

(1) Others consist mainly of income from Fibre Readiness Certification, Restoration Cost Recovery and Plant Route Plans.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

3. FINANCE COSTS

	Q1 1 April 2018 to 30 June 2018 S\$'000
Group	(Unaudited)
Interest expense on	
- Bank loans	3,542
- Others	35
Financing related costs	389
Realised loss on interest rate swaps	588
	<hr/> 4,554 <hr/>

For cash flow purposes, finance costs do not include amortisation of transaction fee of S\$202,000.

4. TOTAL EXPENSES

The total expenses include the following items:-

	Q1 1 April 2018 to 30 June 2018 S\$'000
Group	(Unaudited)
Property tax	4,160
System maintenance costs	2,270
Write back of impairment for trade receivables	(64)
Property, plant and equipment written off	618
Write back of provision for stock obsolescence	(5)
	<hr/>

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:

	Q1 1 April 2018 to 30 June 2018 S\$'000 (Unaudited)
Profit before income tax:	<u>17,072</u>
Income tax expense calculated at a tax rate of 17%	(2,902)
Effect of:	
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	4,895
- Others	(43)
Tax credit attributable to current period's profit	<u>1,950</u>

[^] – Relates to the tax benefit on the tax exempted interest income on the S\$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 First Quarter ended 30 June 2018

6. 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.

Group				
30 June 2018	Level 1	Level 2	Level 3	Total
(Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Derivative financial instruments	-	2,103	-	2,103
<hr/>				
Group				
31 March 2018	Level 1	Level 2	Level 3	Total
(Audited)	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities				
Derivative financial instruments	-	244	-	244
<hr/>				

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 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, interest from 86% of the Group's existing bank loans has been hedged.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

7. GROUP'S BORROWINGS AND DEBT SECURITY

	Effective Average Interest rate (%)	Group As at 30 June 2018 S\$'000 (Unaudited)	Trust As at 30 June 2018 S\$'000 (Unaudited)
Unsecured borrowings			
Repayable after one year			
- Bank loans (unsecured)	2.80	588,945	-

	Effective Average Interest rate (%)	Group As at 31 March 2018 S\$'000 (Audited)	Trust As at 31 March 2018 S\$'000 (Audited)
Unsecured borrowings			
Repayable after one year			
- Bank loans (unsecured)	2.62	588,742	-

Committed revolving credit facility ("RCF") and term loan		Utilised As at 30 June 2018 S\$'000 (Unaudited)	Utilised As at 31 March 2018 S\$'000 (Audited)
Maturity	Terms		
March 2021	\$510 million Five-Year Term Loan	510,000	510,000
March 2021	\$90 million Five-Year RCF	-	-
June 2020	\$210 million Three-Year RCF	81,000	81,000
		591,000	591,000
	Transaction costs	(2,055)	(2,258)
		588,945	588,742

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

8. UNITS IN ISSUE

	Number of units		Units in Issue	
	30 June 2018	31 March 2018	30 June 2018	31 March 2018
			S\$'000	S\$'000
Group and Trust	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Balance as at end of period	3,896,971,100	3,896,971,100	3,117,178	3,117,178

9. NET ASSET VALUE

	Group		Trust	
	As at 30 June 2018 Cents (Unaudited)	As at 31 March 2018 Cents (Audited)	As at 30 June 2018 Cents (Unaudited)	As at 31 March 2018 Cents (Audited)
NAV per unit based on issued units at the end of the period	78.8	81.5	80.7	82.0

10. COMMITMENTS

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

	Group		Trust	
	As at 30 June 2018 S\$'000 (Unaudited)	As at 31 March 2018 S\$'000 (Audited)	As at 30 June 2018 S\$'000 (Unaudited)	As at 31 March 2018 S\$'000 (Audited)
Property, plant and equipment	35,460	41,759	-	-

11. 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.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

12. RELATED PARTY TRANSACTIONS

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

	Q1 1 April 2018 to 30 June 2018 S\$'000 (Unaudited)
Services rendered to a substantial Unitholder	41,356
Services rendered to a subsidiary of a substantial shareholder of a substantial Unitholder	22,188
Purchase of services and goods from a substantial Unitholder	2,992
Management fee paid or payable to Trustee-Manager of the Trust	220
Purchase of services from subsidiaries of a substantial shareholder of a substantial Unitholder	928
Purchases of goods from subsidiaries of a substantial Unitholder	1,373

13. DISTRIBUTIONS

No distributions have been declared or recommended for the quarter ended 30 June 2018. In accordance with the Distribution Policy as disclosed in the Prospectus, distributions by the Trust will be made on a semi-annual basis. A distribution in the total amount of S\$126,261,864 or 3.24 Singapore cents per Unit was declared for the Trust's first distribution period from 19 July 2017 (date of initial public offering) to 31 March 2018 and paid on 8 June 2018 by NetLink NBN Management Pte. Ltd. (in its capacity as the trustee-manager of the Trust) as a distribution in cash to the Trust's unitholders. The distribution to unitholders is exempted from Singapore income tax.

14. OTHER INFORMATION

The statements of financial position as at 30 June 2018 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 period from 1 April 2018 to 30 June 2018 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 20](#) of this announcement).

REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND PROJECTION

15. Actual vs Projection for the First Quarter ended 30 June 2018

	Q1		
	1 April 2018 to 30 June 2018		
	Actual	Projection⁽¹⁾	Variance
	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)	
Revenue	86,112	83,795	2.8
Other income	775	-	N.M. ⁽²⁾
Expenses			
Operation and maintenance costs	(4,562)	(4,391)	3.9
Installation costs	(3,280)	(3,775)	(13.1)
Diversion costs	(2,253)	(600)	N.M. ⁽²⁾
Depreciation and amortisation	(39,776)	(40,865)	(2.7)
Staff costs	(5,268)	(6,401)	(17.7)
Finance costs	(4,554)	(5,043)	(9.7)
Management fee	(241)	(242)	(0.4)
Other operating expenses	(9,881)	(10,047)	(1.7)
Total expenses	(69,815)	(71,364)	(2.2)
Profit before income tax	17,072	12,431	37.3
Income tax credit	1,950	2,558	(23.8)
Profit after income tax	19,022	14,989	26.9
Earnings per unit	0.49 cents	0.38 cents	

	Q1
	1 April 2018 to
	30 June 2018
	Number of Units ('000)
	(Unaudited)
Weighted average number of units in issue for calculation of basic and diluted earnings per unit	3,896,971

(1) Projection for Q1 was part of the Projection Year 2019's projection disclosed in the Prospectus.

(2) N.M. = not meaningful.

REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND PROJECTION

First Quarter ended 30 June 2018 ("Q1")

	Q1		
	1 April to 30 June 2018		
	Actual	Projection	Variance
	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)	
Fibre business revenue:			
Residential connections	49,889	49,412	1.0
Non-residential connections	7,331	7,237	1.3
NBAP and Segment connections	1,680	1,576	6.6
Installation-related revenue	5,201	7,399	(29.7)
Diversion revenue	3,484	800	N.M. ⁽¹⁾
Co-location and Other revenue	4,953	5,335	(7.2)
Total Fibre Business Revenue	72,538	71,759	1.1
Ducts, manholes and Central Office revenue:			
Ducts and manholes service revenue	9,407	7,767	21.1
Central Office revenue	4,167	4,269	(2.4)
Total Ducts, Manholes and Central Office Revenue	13,574	12,036	12.8
Total Revenue	86,112	83,795	2.8

(1) N.M. = not meaningful.

Revenue of S\$86.1 million for Q1 was 2.8% higher than the projection mainly due to higher diversion revenue and ducts and manholes service revenue. This was partially offset by the lower than projected installation-related revenue. The increase in diversion revenue of S\$2.7 million was due to the recognition of revenue from completed projects. The higher ducts and manholes service revenue of S\$1.6 million was mainly due to joint-build projects with Singtel.

Total expenses for Q1 of S\$69.8 million was S\$1.5 million lower than the projection mainly due to lower installation costs, depreciation and amortisation expenses, staff costs and finance costs, partially offset by higher operation and maintenance and diversion costs. Installation costs was S\$0.5 million lower, in line with lower installation revenue. Depreciation and amortisation expenses was S\$1.1 million lower mainly due to the actual capital expenditure incurred being less than projected. Staff costs for Q1 was S\$1.1 million lower mainly due to lower salary costs as the actual average headcount was lower as compared to the projection, and higher capitalisation of labour costs for Q1 due to an ongoing IT project. Finance costs was less than projection by S\$0.5 million due to lower debt drawdown as a result of stronger operational cash flow. Operation and maintenance costs was S\$0.2 million higher due to costs incurred for joint-build projects with Singtel. Diversion costs were S\$1.7 million higher, in line with higher diversion revenue.

Income tax credit was lower than projected due to higher than projected taxable profits. The Trust Group achieved a Profit After Tax of S\$19.0 million for Q1, which was 26.9% higher than the projection.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

REVIEW OF PERFORMANCE - STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 30 June 2018 of S\$4,269.6 million, S\$107.5 million lower than total assets of S\$4,377.1 million as at 31 March 2018 mainly due to the distribution of S\$126.3 million paid on 8 June 2018.

Total unitholders' funds stood at S\$3,069.5 million as at 30 June 2018, lower than S\$3,174.4 million as at 31 March 2018 due to distributions paid, partially offset by profit recognised for the quarter and marked-to-market movements of derivative financial instruments.

OUTLOOK AND PROSPECT

16. 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 remains on track to achieve the number of end-user connections in both the Residential and Non-Residential fibre segments in the projection as stated in the Prospectus for FY19. Though the Trust Group expects revenues from key connection services to meet the projection for FY19, overall revenues may be affected by lower installation revenues.

The Trust Group continues to expand its network in new housing estates. The Trust Group has also been working proactively with the RLs to anticipate future demand in the Non-Residential and NBAP segments. With its extensive nationwide fibre network, the Trust Group is well-positioned to support Smart Nation initiatives, the developments in Punggol Digital District and Jurong Innovation District and the fourth mobile telecommunication operator in its mobile network deployment. In addition, the Trust Group is monitoring the development of the 5G network in Singapore and will explore opportunities associated with the new technology.

The Trust Group expects to deliver the FY19 projected distribution as per the Prospectus.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

INTERESTED PERSON TRANSACTION (“IPT”)

17. 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)	
	Q1	
	1 April 2018 to	
	30 June 2018	
		S\$'000
		(Unaudited)
NetLink NBN Management Pte Ltd		
- Management Fees		225
- Reimbursement of expenses		16

18. 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.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

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 quarter 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

3 August 2018

Tong Yew Heng

Chief Executive Officer and Executive Director

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The First Quarter ended 30 June 2018

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 FIRST QUARTER ENDED 30 JUNE 2018

Introduction

We have reviewed the accompanying financial information of NetLink NBN Trust (the "Trust") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of changes in Unitholders' funds of the Trust for the first quarter ended 30 June 2018, 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 Singapore Financial Reporting Standards (International) 1- 34 *Interim Financial Reporting* ("SFRS (I)1- 34"). Such interim financial information has been prepared by the Trust for announcement on the Singapore Exchange. 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 Standards 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 SFRS(I) 1-34.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

3 August 2018