NetLink Trust and its Subsidiary

Annual Financial Statements
For the financial year ended 31 March 2013

CityNet Infrastructure Management Pte. Ltd.
(asTrustee-Manager of NetLink Trust)

General Information

Directors

Mr Yap Chee Keong	(Chairman and Independent Director)
Mr Tan Wee Kheng Kenneth Michael	(Independent Director)
Dr Chew Tuan Chiong	(Independent Director)
Mr Tong Yew Heng	(Director)
Mr Slattery Sean Patrick	(Director)
Mr Quah Kung Yang	(Alternate Director to Mr Slattery Sean Patrick)

Secretaries

Ms Susanna Cher Mui Sim
Ms Annie Khung Shyang Lee

Registered Office

111 Somerset Road
#10-01 TripleOne Somerset
Singapore 238164

Auditors

Deloitte & Touche LLP

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Report of CityNet Infrastructure Management Pte. Ltd. (as Trustee-Manager of NetLink Trust)

The directors of CityNet Infrastructure Management Pte. Ltd., the Trustee-Manager of NetLink Trust ("NetLink" or the "Trust"), are pleased to present their report to the Unitholder of the Trust, together with the consolidated financial statements of NetLink and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in unitholder's funds of the Trust for the financial year ended 31 March 2013.

Directors

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr Yap Chee Keong	(Chairman and Independent Director)
Mr Tan Wee Kheng Kenneth Michael	(Independent Director)
Dr Chew Tuan Chiong	(Independent Director)
Mr Tong Yew Heng	(Director)
Mr Slattery Sean Patrick	(Director)
Mr Quah Kung Yang	(Alternate Director to Mr Slattery Sean Patrick)

Arrangements to enable directors to acquire units and debentures

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

Directors' interests in units or debentures

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Singapore Business Trusts Act (Cap 31A) (the "Act"), none of the directors who held office at the end of the financial year held units in (either direct or deemed), or debentures of, the Trust.

Options

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

Audit committee

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report were as follows:

Dr Chew Tuan Chiong (Chairman)
Mr Yap Chee Keong
Mr Tan Wee Kheng Kenneth Michael

All members of the Audit Committee are independent and are non-executive directors.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

- with the Independent Auditor of the Trust, the audit plan of the Trust, the Independent Auditor's evaluation of the design and implementation of internal accounting controls of the Trust and the Independent Auditor's report on the consolidated financial statements of the Group for the financial year;

- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 22 July 2011 constituting the Trust , the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interest of the Unitholder and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and

- The financial statements of NetLink Trust (the Trust) and its subsidiary (the Group), which comprise the consolidated statement of comprehensive income, balance sheets of the Group and the Trust as at 31 March 2013, the statement of changes in unitholder's funds for the Group and the Trust and consolidated cash flow statement before their submission to the Board of Directors of the Trustee-Manager.

Independent auditor

The independent auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

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

Yap Chee Keong
Chairman

Chew Tuan Chiong
Director

Singapore
18 June 2013

NetLink Trust and its Subsidiary

Statement by CityNet Infrastructure Management Pte Ltd (as Trustee-Manager of NetLink Trust)

In our opinion,

(a) the consolidated statement of comprehensive income set out on page 8 is drawn up so as to give a true and fair view of the results of the business of the Group for the financial year;

(b) the balance sheets set out on page 9 are drawn up so as to give a true and fair view of the state of affairs of NetLink Trust and of the Group as at 31 March 2013;

(c) the consolidated cash flow statement set out on page 12 is drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year; and

(d) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

(a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;

(b) the interested person transactions entered into by the Group during the financial year are not detrimental to the interest of the Unitholder of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interest of the Unitholder of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the Group as at and for the financial year for issue.

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

Yap Chee Keong
Chairman

Chew Tuan Chiong
Director

Singapore
18 June 2013

NetLink Trust and its Subsidiary

Statement by the Acting Chief Executive Officer

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interest of the Unitholder of the Trust as a whole.

Jacqueline Ong Tee Yin
Acting Chief Executive Officer

Singapore
18 June 2013

Report on the financial statements

We have audited the accompanying financial statements of NetLink Trust (the "Trust") and its subsidiary (the "Group") which comprise the balance sheets of the Group and the Trust as at 31 March 2013, statement of comprehensive income, statement of changes in unitholder's funds of the Group, statement of changes in unitholder's funds of the Trust and consolidated cash flow statement of the Group for the financial year ended 31 March 2013, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 49.

Trustee-Manager's responsibility for the financial statements

The Trustee-Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in unitholder's funds of the Trust are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 March 2013 and the results, changes in unitholder's funds and cash flows of the Group and the changes in unitholder's funds of the Trust for the financial year ended 31 March 2013.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants
Singapore

18 June 2013

NetLink Trust and its Subsidiary

Consolidated Statement of Comprehensive Income
For the financial year ended 31 March 2013

	Note	Group	
		2013 $'000	**2012*** $'000
Revenue	4	49,679	22,894
Other income	5	51	11
Expenses			
Operation and maintenance costs		(2,308)	(1,094)
Depreciation		(65,218)	(33,482)
Staff costs	6	(1,325)	(592)
Finance costs	7	(31,758)	(16,484)
Management fee	8	(2,136)	(1,482)
Other operating expenses		(12,407)	(7,996)
Total expenses		(115,152)	(61,130)
Loss before income tax	9	(65,422)	(38,225)
Income tax credit	10	11,125	6,821
Net loss after income tax representing total comprehensive loss		(54,297)	(31,404)

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink Trust and its Subsidiary

Balance Sheets
As at 31 March 2013

	Note	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
ASSETS					
Current assets					
Cash and bank deposits	11	18,554	11,680	18,337	11,680
Trade and other receivables	12	157,294	164,460	157,463	164,305
Finance lease receivables	13	164	154	164	154
Inventories	14	7	–	7	–
Other current assets	15	547	416	547	416
		176,566	176,710	176,518	176,555
Non-current assets					
Finance lease receivables	13	95,077	95,241	95,077	95,241
Prepaid assets	16	6,565	25,111	6,565	25,111
Investment in subsidiary	17	–	–	+	+
Property, plant and equipment	18	1,709,197	1,755,460	1,709,197	1,755,460
		1,810,839	1,875,812	1,810,839	1,875,812
Total assets		1,987,405	2,052,522	1,987,357	2,052,367
LIABILITIES					
Current liabilities					
Trade and other payables	19	18,904	21,876	18,881	21,730
Non-current liabilities					
Unitholder's loan	20	1,330,477	1,325,000	1,330,477	1,325,000
Deferred tax liabilities	21	301,345	169,670	301,345	169,670
		1,631,822	1,494,670	1,631,822	1,494,670
Total liabilities		1,650,726	1,516,546	1,650,703	1,516,400
NET ASSETS		**336,679**	**535,976**	**336,654**	**535,967**
UNITHOLDERS' FUNDS					
Units in issue	22	567,380	567,380	567,380	567,380
Accumulated losses		(230,701)	(31,404)	(230,726)	(31,413)
Total unitholders' funds		**336,679**	**535,976**	**336,654**	**535,967**

+ *Amount less than $1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink Trust and its Subsidiary

Statements of Changes in Unitholder's Funds
For the financial year ended 31 March 2013

	Note	Units in issue $'000	Accumulated losses $'000	Total $'000
Group				
2013				
Beginning of financial year		567,380	(31,404)	535,976
Total comprehensive loss for the financial year		–	(54,297)	(54,297)
Distributions to owners				
Distribution paid		–	(145,000)	(145,000)
Total transactions with owners in their capacity as owners		–	(145,000)	(145,000)
End of financial year		567,380	(230,701)	336,679
2012*				
On date of constitution		+	–	+
Total comprehensive loss for the financial period		–	(31,404)	(31,404)
Contributions by owners				
Unit issued	22	567,380	–	567,380
Total transactions with owners in their capacity as owners		567,380	–	567,380
End of financial period		567,380	(31,404)	535,976

+ *Amount less than $1,000*
* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NetLink Trust and its Subsidiary

Statements of Changes in Unitholder's Funds
For the financial year ended 31 March 2013

	Note	Units in issue $'000	Accumulated losses $'000	Total $'000
Trust				
2013				
Beginning of financial year		567,380	(31,413)	535,967
Total comprehensive loss for the financial year		–	(54,313)	(54,313)
Distributions to owners				
Distribution paid		–	(145,000)	(145,000)
Total transactions with owners in their capacity as owners		–	(145,000)	(145,000)
End of financial year		567,380	(230,726)	336,654
2012*				
On date of constitution		+	–	+
Total comprehensive loss for the financial period		–	(31,413)	(31,413)
Contributions by owners				
Unit issued	22	567,380	–	567,380
Total transactions with owners in their capacity as owners		567,380	–	567,380
End of financial period		567,380	(31,413)	535,967

+ *Amount less than $1,000*
* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink Trust and its Subsidiary

Consolidated Cash Flow Statement
For the financial year ended 31 March 2013

	Note	2013 $'000	2012* $'000
Operating activities			
Net loss before income tax		(65,422)	(38,225)
Adjustments for:			
- Depreciation		65,218	33,482
- Finance costs		31,758	16,484
- Interest income		(12)	(2)
-Gain on disposal of property, plant and equipment		(31)	–
Operating cash flows before working capital changes		31,511	11,739
Changes in working capital:			
- Trade and other receivables		4,992	(5,004)
- Trade and other payables		(2,366)	5,220
- Inventories		(7)	–
Cash generated from operations		34,130	11,955
Interest received		11	1
Interest paid		(26,930)	–
Net cash generated from operating activities		7,211	11,956
Investing activities			
Purchase of property, plant and equipment		(368)	(276)
Purchase of business and net assets	27	–	(567,380)
Proceeds from sale of property, plant and equipment		31	–
Net cash used in investing activities		(337)	(567,656)
Financing activities			
Net proceeds raised from issue of units		–	567,380
Net cash generated from financing activities		–	567,380
Net increase in cash and cash equivalents		6,874	11,680
Cash and cash equivalents at beginning of financial year/period		11,680	–
Cash and cash equivalents at end of financial year/period	11	18,554	11,680

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

NetLink Trust ("NetLink" or the "Trust") was constituted by a trust deed dated 22 July 2011 (the "Trust Deed"). It was registered as a business trust with the Monetary Authority of Singapore on 12 August 2011. NetLink is regulated by the Business Trusts Act, Chapter 31A of Singapore and is domiciled in Singapore. Singapore Telecommunications Limited ("Unitholder" or "SingTel") is the sole unitholder of the Trust. The Trust commenced its operations on 22 September 2011. Under the Trust Deed, CityNet Infrastructure Management Pte. Ltd. (the "Trustee-Manager") has declared that it will hold the assets (including businesses) acquired on trust for the Unitholder as the Trustee-Manager of NetLink. The registered address of the Trustee-Manager is at 111 Somerset Road, #10-01 TripleOne Somerset, Singapore 238164.

The principal activities of the Trust are the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities. The principal activity of the subsidiary of the Trust is set out in Note 17.

The Trust is a Facilities-Based Operator ("FBO") and a designated Public Telecommunications Licensee, providing access to the ducts, manholes and central offices required by other FBO's in rolling out their network for specific purposes.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

All financial information is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying its accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 April 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust.

2.3 Standards issued but not yet effective

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 113 *Fair Value Measurements*	1 January 2013
Amendments to FRS 107 *Disclosure – Offsetting of Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
- Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
- Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Amendments to FRS 32 – *Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014

Except for Amendments to FRS 1 and FRS 113, the Group expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending change in accounting policy on adoption of Amendments to FRS 1 and FRS 113 are described below:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2.3 Standards issued but not yet effective (cont'd)

FRS 113 Fair Value Measurements

FRS 113 provides a single source of guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. It does not require fair value measurements in addition to those already required or permitted by other FRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. The Group does not expect any impact on its financial position or performance upon adoption of this standard.

2.4 Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any excess of the sum of the fair value of the consideration transferred in the business combination, over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

2.5 Currency translation

Functional or presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Trust are presented in Singapore Dollars, which is the functional and presentation currency of the Trust.

2.6 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset.

(b) *Depreciation*

Depreciation is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and buildings	Over the remaining leasehold period of 57 - 77 years
Transmission plant and equipment	29 - 50 years
Exchange equipment	8 - 15 years
Office renovation	2 years
Furniture, fittings and equipment	3 - 5 years

New transmission plant and equipment are depreciated over their estimated useful lives of 50 years. The ducts and manholes acquired from SingTel are depreciated over the remaining average useful life of 29 years. New exchange equipment and exchange equipment acquired from SingTel are depreciated over their estimated useful life of 8 to 15 years.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the change arises.

2.6 Property, plant and equipment (cont'd)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the income statement when incurred.

(d) *Disposal*

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in income statement.

2.8 Investment in subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary is carried at cost less accumulated impairment losses in the Trust's balance sheet. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in the Trust's income statement.

2.9 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.10 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income statement.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

Net realisable value is the estimated selling price in the ordinary course of business.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at air value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

2.14 Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

2.15 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.16 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) When the Group is the lessee:

Operating leases

Leases where substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.16 Leases (cont'd)

(b) When the Group is the lessor:

Operating leases

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Finance leases

Leases of assets where substantially all the risks and rewards incidental to legal ownership of the assets are transferred by the Group to the lessees are classified as finance leases.

The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Amounts disclosed as revenue are net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

(a) Service revenue, service income and charges are recognised at the time when the services are rendered.

(b) Rental income and exchange license fee from operating leases is recognised on a straight-line basis over the lease term.

(c) Accounting policy for recognising finance lease income is stated in Note 2.16(b).

(d) Interest income is recognised on a time proportion basis using the effective interest method.

2.18 Taxes

(a) *Current income tax*

Current income tax for current and prior periods are recognised at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates income.

Current income taxes are recognised in income statement except to the extent that the tax relates to items recognised outside income statement either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.18 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.19 Units in issue

Proceeds from issuance of units are recognised in unitholder's funds.

2.20 Distributions to the Trust's Unitholder

Distributions to the Trust's Unitholder are recorded in equity in the period in which they are approved for payment.

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.22 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Trust if that person:

- (i) Has control or joint control over the Trust;

- (ii) Has significant influence over the Trust; or

- (iii) Is a member of the key management personnel of the Trust or its parent of the Trust.

(b) An entity is related to the Trust if any of the following conditions applies:

- (i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2.22 Related parties (cont'd)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Trust or an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgement concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the net loss and decrease the carrying value of property, plant and equipment.

(b) *Assessing indicators of impairment test on property, plant and equipment*

Property, plant and equipment are tested for impairment whenever there are indications of impairment. In determining the existence of indications to impairment at each reporting date, the Trustee-Manager considers and makes judgement based on the available internal and external sources of information, including whether there have been significant changes with adverse effect in the technological, market, economic, or legal environment in which the Group operates.

3. Significant accounting estimates, assumptions and judgements (cont'd)

(b) *Accessing indicators of impairment test on property, plant and equipment (cont'd)*

The Group recorded a net loss of $54.3 million for the financial year ended 31 March 2013 (financial period ended 31 March 2012: $31.4 million). The Group may show accounting losses due to the significant amount of non-cash depreciation expenses usually associated with the capital intensive nature of its business.

The Trustee-Manager does not expect any material impact on the carrying amounts of property, plant and equipment of $1,709.2 million as of 31 March 2013 (2012: $1,755.5 million). No impairment was considered necessary for the financial year ended 31 March 2013 and financial period ended 31 March 2012 as the recoverable value was assessed to be greater than the carrying amount.

(c) *Deferred tax assets*

As at 31 March 2013, the Group accounted for deferred tax assets amounting to $142.8 million (2012: $159.8 million) on carried forward tax losses and capital allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised satisfactorily subject to regulatory requirements or transferred under Section 37C of the Income Tax Act, Chapter 134 of Singapore ("ITA").

Subject to meeting the conditions of the ITA, the benefit of the trade losses and the unabsorbed capital allowances of the Trust have been transferred to the Unitholder and its subsidiaries for which the Unitholder will pay a fixed consideration of $142.6 million (2012: $160.0 million).

4. Revenue

	Group 2013 $'000	Group 2012* $'000
Service revenue	41,061	18,704
Finance lease income	5,686	2,770
Service income and charges	2,634	1,287
Rental income	264	133
Exchange licence fee	34	–
	49,679	22,894

5. Other income

	Group 2013 $'000	Group 2012* $'000
Interest income	12	2
Gain on acquisition of subsidiary	–	6
Gain on disposal of property, plant and equipment	31	–
Others	8	3
	51	11

6. Staff costs

	Group 2013 $'000	Group 2012* $'000
Salaries and wages	1,183	516
Employer's contribution to defined contribution plans including Central Provident Fund	76	43
Other short-term benefits	66	33
	1,325	592

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

7. Finance costs

	Group	
	2013	**2012***
	$'000	$'000
Interest expense		
- Unitholder's loan	31,758	16,484

8. Management fee

	Group	
	2013	**2012***
	$'000	$'000
Management fee	2,136	1,482

The management fees are payable to the Trustee-Manager quarterly in arrears and in accordance with the Trust Deed.

9. Loss before income tax

The following items have been included in arriving at loss before income tax:

		Group	
	Note	**2013**	**2012***
		$'000	$'000
Audit fee paid/payable to the auditor of the Trust		56	53
Non-audit fees paid/payable to other auditors		62	17
Property taxes included in other operating expenses		9,852	5,094
Transaction costs incurred in a business combination included in other operating expenses	27	55	1,708
Operating lease expense		114	24

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

10. Income tax credit

Major components of income tax credit

The major components of income tax credit for the years ended 31 March 2013 and 2012 are:

	Group	
	2013	**2012***
	$'000	$'000
Income tax is made up of:		
- Deferred income tax credit	(11,125)	(6,821)

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

	Group	
	2013	**2012***
	$'000	$'000
Loss before income tax	(65,422)	(38,225)
Tax credit calculated at a tax rate of 17%	(11,122)	(6,498)
Effect of:		
- Expenses not deductible for tax purposes	3	293
- Enhanced tax relief	(6)	(614)
- Others	–	(2)
	(11,125)	(6,821)

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

11. Cash and bank deposits

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash at bank	2,548	2,680	2,331	2,680
Fixed deposits	16,006	9,000	16,006	9,000
Cash and cash equivalents per consolidated cash flow statement	18,554	11,680	18,337	11,680

Short-term bank deposits have original maturity of one month or less. The weighted average effective interest rate as at 31 March 2013 was 0.15% per annum (2012: 0.12% per annum).

The carrying amounts of these assets approximate their fair values.

12. Trade and other receivables

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables	22	–	22	–
Trade receivables due from Unitholder	5,713	4,492	5,713	4,459
Other receivables	58	168	58	39
Amount due from Unitholder (non-trade)	151,501	159,800	151,501	159,800
Amount due from subsidiary (non-trade)	–	–	169	7
	157,294	164,460	157,463	164,305

Trade receivables due from Unitholder

Trade receivables due from Unitholder are non-interest bearing and are generally receivable on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. Trade and other receivables (cont'd)

Amount due from Unitholder (non-trade)

The non-trade amount due from Unitholder relates to the amount agreed to be paid by the Unitholder for the benefit of the trade losses and unabsorbed capital allowances transferred by the Trust to the Unitholder under Section 37C of the Income Tax Act, Chapter 134 of Singapore.

Amount due from subsidiary (non-trade)

The non-trade amount due from subsidiary is unsecured, interest-free and is repayable on demand.

13. Finance lease receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

	Group and Trust	
	2013	**2012**
	$'000	$'000
Minimum finance lease receivables:		
Not later than one year	5,841	5,841
Later than one year but not later than five years	23,363	23,363
Later than five years	326,262	332,102
Total minimum lease receivables	355,466	361,306
Less: Future finance income	(260,225)	(265,911)
Present value of minimum lease receivables	95,241	95,395
Net investment in finance lease	95,241	95,395
Less: Present value of finance lease receivables not later than one year	(164)	(154)
Non-current finance lease receivables	95,077	95,241

13. Finance lease receivables (cont'd)

Present value of the finance lease receivables is analysed as follows:

	Group and Trust	
	2013	**2012**
	$'000	$'000
Not later than one year	164	154
Later than one year but not later than five years	764	720
Later than five years	94,313	94,521
Present value of minimum lease receivables	95,241	95,395

The finance lease receivables relate to the rental agreements on the land and building between the Trust and the Unitholder in relation to the space occupied by the Unitholder in the exchange buildings owned by the Trust. At acquisition, the exchange buildings have a remaining lease period of 57 to 77 years.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 6.2%.

In accordance with INT FRS 104 *Determining whether an Arrangement contains a Lease*, the rental on the land and building is a lease arrangement and is classified as a finance lease in accordance with FRS 17 (Revised) *Leases*.

14. Inventories

	Group and Trust	
	2013	**2012**
	$'000	$'000
Inventory held by third parties	7	–

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to $55,000 (2012: $2,000).

15. Other current assets

	Group and Trust	
	2013	**2012**
	$'000	$'000
Deposits	40	32
Prepayments	507	384
	547	416

16. Prepaid assets

	Group and Trust	
	2013	**2012**
	$'000	$'000
Prepaid assets	6,565	25,111

Prepaid assets represent infrastructure upgrading projects to be undertaken by the Unitholder and transferred to NetLink Trust. These prepaid assets were part of the assets transferred in the business combination (Note 27). As at 31 March 2013, Infrastructure upgrading projects of S$18,546,000 (2012: Nil) were completed and capitalised as Property, Plant and Equipment.

17. Investment in subsidiary

	Trust	
	2013	**2012**
Investment, at cost	1	1

Details of the subsidiary are as follows:

Name of company/entity	**Principal activities (Country of incorporation)**	**Percentage (%) owned 2013**	**Percentage (%) owned 2012**
[a] United Maintenance Company Pte. Ltd. ("UMC") - Held by CityNet Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Provision of services to NetLink for the installation, operation and maintenance of ducts, manholes and central offices for telecommunication activities (Singapore)	100	100

[a] Audited by Deloitte & Touche LLP, Singapore

18. Property, plant and equipment

	Note	Leasehold land and buildings	Transmission plant and equipment	Exchange equipment	Office renovation	Furniture, fittings and equipment	Asset under construction	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group and Trust								
Cost:								
Acquisition of business	27	2,713	1,730,000	55,780	–	–	–	1,788,493
Additions*		–	–	–	158	251	40	449
At 31 March 2012 and 1 April 2012		2,713	1,730,000	55,780	158	251	40	1,788,942
Additions		–	–	18,895	–	7	56	18,958
Written off		–	–	–	(2)	(1)	–	(3)
Transfer		–	–	71	–	–	(71)	–
At 31 March 2013		2,713	1,730,000	74,746	156	257	25	1,807,897
Accumulated Depreciation:								
Depreciation charge*		21	31,294	2,148	5	14	–	33,482
At 31 March 2012 and 1 April 2012		21	31,294	2,148	5	14	–	33,482
Depreciation charge		43	59,655	5,386	78	56	–	65,218
At 31 March 2013		64	90,949	7,534	83	70	–	98,700
Net carrying amount:								
At 31 March 2012		2,692	1,698,706	53,632	153	237	40	1,755,460
At 31 March 2013		2,649	1,639,051	67,212	73	187	25	1,709,197

All property, plant and equipment are pledged as security for the Unitholder's loan (Note 20).

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

19. Trade and other payables

	Note	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Trade payables					
- Third parties		855	700	855	700
- Unitholder		8	9	8	9
- Related parties		66	13	66	13
Other payables					
-Third parties		10	–	8	–
Accruals:					
- Property, plant and equipment		217	173	217	173
- Operating expenses		1,913	4,497	1,892	4,351
Interest payable to Unitholder	20	15,835	16,484	15,835	16,484
		18,904	21,876	18,881	21,730

Trade and other payables are normally settled on 30 days terms and are non-interest bearing.

20. Unitholder's loan

	Group and Trust 2013 $'000	Group and Trust 2012 $'000
Non-current	1,330,477	1,325,000

The loan was obtained from the Unitholder at a fixed interest rate of 2.387% (2012: 2.387%) per annum to fund part of the purchase consideration of the assets and the business. The loan principal, which is repayable in full on 22 April 2014, has been extended to 22 April 2017 subsequent to the financial year ended 31 March 2013.

The loan is secured by a fixed and floating charge over the Trust's assets and business undertakings.

The Unitholder loan agreement provides that in any financial year, if there is insufficient cash to service the interest, the interest which remains unpaid would be capitalised to the loan principal. As at 31 March 2013, the interest capitalised to the loan principal was $5.5 million (2012: Nil).

Management estimates that the fixed interest rate charged on the Unitholder's loan approximates market rates, and the carrying value of the loan approximates its fair value.

21. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relates to the same fiscal authority.

	Note	Group and Trust 2013 $'000	Group and Trust 2012* $'000
Movement in deferred tax account is as follows:			
Beginning of financial year/period		169,670	–
Fair value adjustment on acquisition of business	27	–	16,691
Charged to			
- income statement		131,675	152,979
End of the financial year/period		301,345	169,670

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year/period were as follows:

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Finance lease receivable $'000	Total $'000
2013			
Beginning of financial year	153,531	16,218	169,749
Charged/(credited) to			
- income statement	131,701	(26)	131,675
End of financial year	285,232	16,192	301,424
2012*			
Acquisition of business	461	16,230	16,691
Charged/(credited) to			
- income statement	153,070	(12)	153,058
End of financial period	153,531	16,218	169,749

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

21. Deferred tax liabilities (cont'd)

Deferred income tax assets

	Tax losses	Capital allowance	Others	Total
	$'000	$'000	$'000	$'000
2013				
Beginning of financial year	(77)	–	(2)	(79)
Credited to				
- income statement	(21)	(142,779)	–	(142,800)
Transfer to Unitholder	21	142,779	–	142,800
End of financial year	(77)	–	(2)	(79)
Net deferred tax liabilities				301,345
2012*				
Acquisition of business	–	–	–	–
Credited to				
- income statement	(509)	(159,368)	(2)	(159,879)
Transfer to Unitholder	432	159,368	–	159,800
End of financial period	(77)	–	(2)	(79)
Net deferred tax liabilities				169,670

22. Units in issue

	Group and Trust	
	2013	**2012***
	Units	Units
Beginning of financial year/date of constitution	567,380,002	2
Units issued during the financial year/period	–	567,380,000
End of financial year/period	567,380,002	567,380,002

All issued units are fully paid and rank *pari passu* in all respects.

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

23. Distribution paid to the unitholder of the Trust

	Group and Trust	
	2013	**2012***
	$'000	$'000
Distribution paid to the unitholder of the Trust during the financial year/period (2013: $0.26 per unit 2012*: Nil)	145,000	–

On 24 August 2012, a distribution of S$145 million to the Unitholder of the Trust was declared and offset against the Amount due from Unitholder (non-trade).

24. Commitments

(a) Operating lease commitments

The Trust leases office premises from the Unitholder under a non-cancellable operating lease agreement for a lease term of 2 years and 3 months. The Trust also leases photocopier machines from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Minimum lease payments recognised as an expense in income statement for the financial year ended 31 March 2013 amounted to $114,000 (financial period ended 31 March 2012: $24,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

	Group and Trust	
	2013	**2012**
	$'000	$'000
Not later than one year	114	114
Later than one year but not later than five years	24	138
	138	252

(b) Capital commitments

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

	Group and Trust	
	2013	**2012**
	$'000	$'000
Property, plant and equipment	154	39

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

25. Related party transactions

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

	Group	
	2013	**2012***
	$'000	$'000
Revenue received or receivable from the Unitholder	49,645	22,894
Revenue received or receivable from associates of the Unitholder	34	–
Management fee paid or payable to Trustee-Manager of the Trust	2,136	1,482
Service fee paid or payable to indirect subsidiaries of a substantial shareholder of the Unitholder	72	38
Electricity costs paid or payable to the Unitholder	81	31
Rental and service expenses paid or payable to the Unitholder	230	87
Information technology costs paid or payable to the Unitholder	980	495
Information technology costs paid or payable to indirect subsidiaries of a substantial shareholder of the Unitholder	10	–
Telecommunication costs paid or payable to the Unitholder	75	28
Parking costs paid or payable to the Unitholder	8	2
Refuse disposal costs paid or payable to the Unitholder	16	7
Security costs paid or payable to subsidiaries of a substantial shareholder of the Unitholder	367	185
Material costs paid or payable to the Unitholder	55	2

(b) Key management personnel compensation is as follows:

	2013	**2012***
	$'000	$'000
Wages and salaries	578	256
Directors' fees [a]	96	67
Employer's contribution to defined contribution plans, including Central Provident Fund	50	20
Other benefits	27	20

[a] This relates to the fees paid to the non-executive directors of the Trustee-Manager, which had been re-charged to the Trust.

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*

26. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks arising from its operations. The key financial risks, include credit risk, interest rate risk and liquidity risk. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

(a) Market risk

(i) Foreign currency risk

All of the Group's transactions are transacted in Singapore Dollars ("SGD").

(ii) Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant interest-bearing assets, other than short term deposits held with banks.

The Group and the Trust's short-term bank deposits are denominated in SGD. If the SGD interest rates decrease/increase by 50 basis points with all other variables including tax rate being held constant, the loss after tax will be higher/lower by $80,000 (2012: higher/lower by $37,000) as a result of lower/higher interest income on deposits.

Unitholder's loan was obtained at a fixed interest rate of 2.387% per annum and therefore not subject to any interest rate risk.

26. Financial risk management (cont'd)

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

For the Group, there is a significant concentration of credit risk to their major customer which is also the Unitholder for the duration of the respective service contracts entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted payment date.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with reputable banks. Trade and other receivables that are neither past due nor impaired are substantially due from the Unitholder.

There are no trade receivables that are past due.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The table below analyses the maturity profile of the Group's and Trust's financial liabilities based on contractual undiscounted cash flows.

	Within 1 year $'000	**Between 2 to 5 years** $'000	**Total** $'000
31 March 2013			
Group			
Unitholder's loan	31,758	1,348,227	1,379,985
Trade and other payables	3,068	–	3,068
	34,826	1,348,227	1,383,053
Trust			
Unitholder's loan	31,758	1,348,227	1,379,985
Trade and other payables	3,046	–	3,046
	34,804	1,348,227	1,383,031

26. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

	Within 1 year $'000	Between 2 to 5 years $'000	Total $'000
31 March 2012			
Group			
Unitholder's loan	32,407	1,379,986	1,412,393
Trade and other payables	5,392	–	5,392
	37,799	1,379,986	1,417,785
Trust			
Unitholder's loan	32,407	1,379,986	1,412,393
Trade and other payables	5,246	–	5,246
	37,653	1,379,986	1,417,639

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cashflow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Unitholder loan agreement provides that in any financial year, if there is insufficient cash to service the interest, the interest which remains unpaid would be capitalised to the loan principal.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise Unitholder's value.

	Group		Trust	
	2013 $'000	**2012** $'000	**2013** $'000	**2012** $'000
Borrowings	1,330,477	1,325,000	1,330,477	1,325,000
Total assets	1,987,405	2,052,522	1,987,357	2,052,367
Ratio	67%	65%	67%	65%

There are no externally imposed capital requirements for the financial year ended 31 March 2013 and financial period ended 31 March 2012.

26. Financial risk management (cont'd)

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Current trade and other receivables and payables (Notes 12 and 19), finance lease receivables (Note 13) and Unitholder's loan (Note 20)

The carrying value less impairment provision of trade receivables and payables approximates their fair values. The fair value of finance lease receivables and Unitholder's loan approximate their carrying amount.

(f) *Classification of financial instruments*

Set out below is a comparison by category of all the Group's and the Trust's financial instruments that are carried in the financial statements.

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
31 March 2013			
Group			
Assets			
Current			
Cash and bank deposits	18,554	–	18,554
Trade and other receivables	157,294	–	157,294
Finance lease receivables	164	–	164
Inventories	–	7	7
Deposits	40	–	40
Prepayment	–	507	507
Non-current			
Finance lease receivables	95,077	–	95,077
Prepaid assets	–	6,565	6,565
Property, plant and equipment	–	1,709,197	1,709,197
	271,129	1,716,276	1,987,405

	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Current			
Trade and other payables	18,904	–	18,904
Non-current			
Unitholder's loan	1,330,477	–	1,330,477
Deferred tax liabilities	–	301,345	301,345
	1,349,381	301,345	1,650,726

26. Financial risk management (cont'd)

(f) Classification of financial instruments (cont'd)

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
31 March 2013			
Trust			
Assets			
Current			
Cash and bank deposits	18,337	–	18,337
Trade and other receivables	157,463	–	157,463
Finance lease receivables	164	–	164
Inventories	–	7	7
Deposits	40	–	40
Prepayment	–	507	507
Non-current			
Finance lease receivables	95,077	–	95,077
Prepaid assets	–	6,565	6,565
Property, plant and equipment	–	1,709,197	1,709,197
	271,081	1,716,276	1,987,357

	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Current			
Trade and other payables	18,881	–	18,881
Non-current			
Unitholder's loan	1,330,477	–	1,330,477
Deferred tax liabilities	–	301,345	301,345
	1,349,358	301,345	1,650,703

26. Financial risk management (cont'd)

(f) Classification of financial instruments (cont'd)

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
31 March 2012			
Group			
Assets			
Current			
Cash and bank deposits	11,680	–	11,680
Trade and other receivables	164,460	–	164,460
Finance lease receivables	154	–	154
Deposits	32	–	32
Prepayment	–	384	384
Non-current			
Finance lease receivables	95,241	–	95,241
Prepaid assets	–	25,111	25,111
Property, plant and equipment	–	1,755,460	1,755,460
	271,567	1,780,955	2,052,522

	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Current			
Trade and other payables	21,876	–	21,876
Non-current			
Unitholder's loan	1,325,000	–	1,325,000
Deferred tax liabilities	–	169,670	169,670
	1,346,876	169,670	1,516,546

26. Financial risk management (cont'd)

(f) Classification of financial instruments (cont'd)

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
31 March 2012			
Trust			
Assets			
Current			
Cash and bank deposits	11,680	–	11,680
Trade and other receivables	164,305	–	164,305
Finance lease receivables	154	–	154
Deposits	32	–	32
Prepayment	–	384	384
Non- current			
Finance lease receivables	95,241	–	95,241
Prepaid assets	–	25,111	25,111
Property, plant and equipment	–	1,755,460	1,755,460
	271,412	1,780,955	2,052,367

	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Current			
Trade and other payables	21,730	–	21,730
Non- current			
Unitholder's loan	1,325,000	–	1,325,000
Deferred tax liabilities	–	169,670	169,670
	1,346,730	169,670	1,516,400

27. Business combination

In December 2007, the Infocomm Development Authority of Singapore ("IDA") launched the Request for Proposal for the Network Company for Singapore's "Next Generation Nationwide Broadband Network" ("Next Gen NBN"), the wired fibre broadband network that will deliver ultra-high broadband symmetric speeds to all homes, offices and schools.

In September 2008, OpenNet Pte. Ltd. ("OpenNet"), in which SingTel has an interest of 30 per cent, was selected to become the network company for the Next Gen NBN. SingTel undertook to the IDA to transfer certain telecommunications infrastructure assets used by OpenNet to a separate entity, as part of the IDA's effective open access requirements. NetLink Trust was established to comply with this undertaking. SingTel also undertook to the IDA to reduce its stake in NetLink Trust to less than 25 per cent by April 2014, subject to relevant approvals being obtained.

On 22 September 2011, the Trust acquired the business and certain telecommunication infrastructure assets of SingTel and the net assets of UMC, a subsidiary of SingTel. The transaction was completed on 28 October 2011.

The fair value of the identifiable assets of the business as at the date of acquisition were:

	Recognised on acquisition
	$'000
Assets	
Finance lease receivables	95,467
Prepaid assets	25,111
Property, plant and equipment	1,788,493
Total assets	1,909,071
Liabilities	
Deferred tax liabilities	16,691
Net identifiable assets acquired	1,892,380
Total acquisition cost	1,892,380

The total acquisition cost of $1,892,380,000 was funded through a Unitholder's loan of $1,325,000,000 and issue of 567,380,000 units for cash of $567,380,000 to the Unitholder.

The transaction cost for the acquisition of $55,250 (2012: $1,707,935) was included in other operating expenses.

27. Business combination (cont'd)

The fair value of the identifiable assets of UMC as at the date of acquisition were:

	Recognised on acquisition	Carrying Value
	$	$
Other receivables	124,339	124,339
Other payables and accruals	(118,417)	(118,417)
Fair value of net assets	5,922	5,922
Total acquisition cost	1	

The total acquisition cost of $1 comprised a cash payment of $1 on 22 September 2011.

Cash outflow on acquisition:

	$
Net cash acquired with the subsidiary	1
Cash paid	(1)
Net cash outflow	–

28. Comparative figures

The comparative information relates to the period from 22 July 2011 (date of constitution) to 31 March 2012. Accordingly, the consolidated statement of comprehensive income, statement of changes in unitholders' funds and consolidated cash flow statement for the comparative period are not comparable to those for the current year.

29. Authorisation of financial statements for issue

These financial statements for the financial year ended 31 March 2013 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 18 June 2013.

NetLink Trust

Additional Information required under Business Trusts Act (Cap 31A) and Business Trusts Regulations 2005

1. Independence of Directors

The Board of Directors had conducted an annual review of the independence of the Independent Directors in accordance with the Business Trust Regulations 2005 ("BTR"). The three Independent Directors - Messrs Yap Chee Keong, Kenneth Tan and Dr Chew Tuan Chiong are considered to be independent from Temasek Holdings Limited ("Temasek") which is a substantial unitholder of the holding company of the Trustee-Manager as well as independent from the management relationships with the Trustee-Manager. Construed within the context of the BTR, the independent directors are considered to have business relationships with the Trustee-Manager and its related corporations which consist of a large group of corporations, namely Temasek and its related corporations ("Temasek Group") and which have extensive business activities.

Messrs Yap Chee Keong, Kenneth Tan and Dr Chew Tuan Chiong have in the course of their service as Directors of the Trustee-Manager, shown independent judgement in their deliberation of the interest of NetLink.

The Board of Directors have considered the business relationships of the Independent Directors (whether individually or through companies or firms of which they are directors, employees or partners) with the Trustee-Manager, its substantial shareholders and its related corporations. They are satisfied that such business relationships have not and will not interfere with each of the Independent Director's independent judgment and ability to act in the interest of the Unitholders. In view of the foregoing, the Board is satisfied that the Independent Directors are considered to be independent.

Mr Tong Yew Heng and Mr Sean Slattery are not considered to be independent directors as they are the management representatives of CitySpring Infrastructure Trust the sole shareholder of the Trustee-Manager of NetLink Trust and SingTel the sole unitholder of NetLink Trust respectively.

2. Statement of Policies and Procedures required under Business Trust Regulations 2005

The Trustee-Manager has established the following policies and practices in relation to its management and governance of NetLink:

- the trust property of NetLink is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its personal capacity and in its capacity as the Trustee-Manager of NetLink;
- the Board reviews the business operations of NetLink to ensure it focuses on theownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities which was the business scope of NetLink as set out in the. Trust Deed;
- management identifies potential conflicts between the interests of the trustee-manager and the interests of the Unitholder of NetLink and reviews the measures taken to manage conflicts or potential conflicts and will appoint independent advisors whenever necessary to provide required advice. Non-independent directors of the trustee-manager will abstain from voting whenever there are any conflicts or potential conflicts of interest;

This page does not form part of the audited financial statements

2. Statement of Policies and Procedures required under Business Trust Regulations 2005 (cont'd)

- management identifies Interested Person Transactions ("IPTs") in relation to NetLink. IPTs are properly accounted for and the IPTs are transacted on normal commercial terms as those extended to third parties. The Audit Committee examines the reports to satisfy themselves that all IPTs are conducted in accordance with applicable requirements of the BTA and any other guidelines as may be applicable. IPTs in relation to NetLink during the financial year are disclosed below;
- the expenses payable to the Trustee-Manager out of trust property are appropriate and in accordance with the trust deed dated 22 July 2011 and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to NetLink by the Trustee-Manager out of the trust property are disclosed in Note 8 of the financial statements; and
- the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the Act.

3. Interested Person transactions

The aggregate value of all interested person transactions during the financial year (excluding transactions less than $100,000) are as follows:

	Group	
Name of interested person	**2013**	**2012***
	$'000	$'000
Singapore Telecommunications Limited – service revenue & rental income	29,544	12,317
Singapore Telecommunications Limited – IT licence fee	976	493
CityNet Infrastructure Management Pte. Ltd. – management fee	2,136	1,482
CitySpring Infrastructure Management Pte Ltd – service fee	72	38
Aetos Security Management Pte Ltd – security manning services	364	184
Singapore Telecommunications Limited – rental charge	230	87

* *For the financial period from 22 July 2011 (date of constitution) to 31 March 2012*