



Results Briefing for 1Q FY09 (Apr – Jun 08)

14 Aug 2008

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1 **Financial Results**

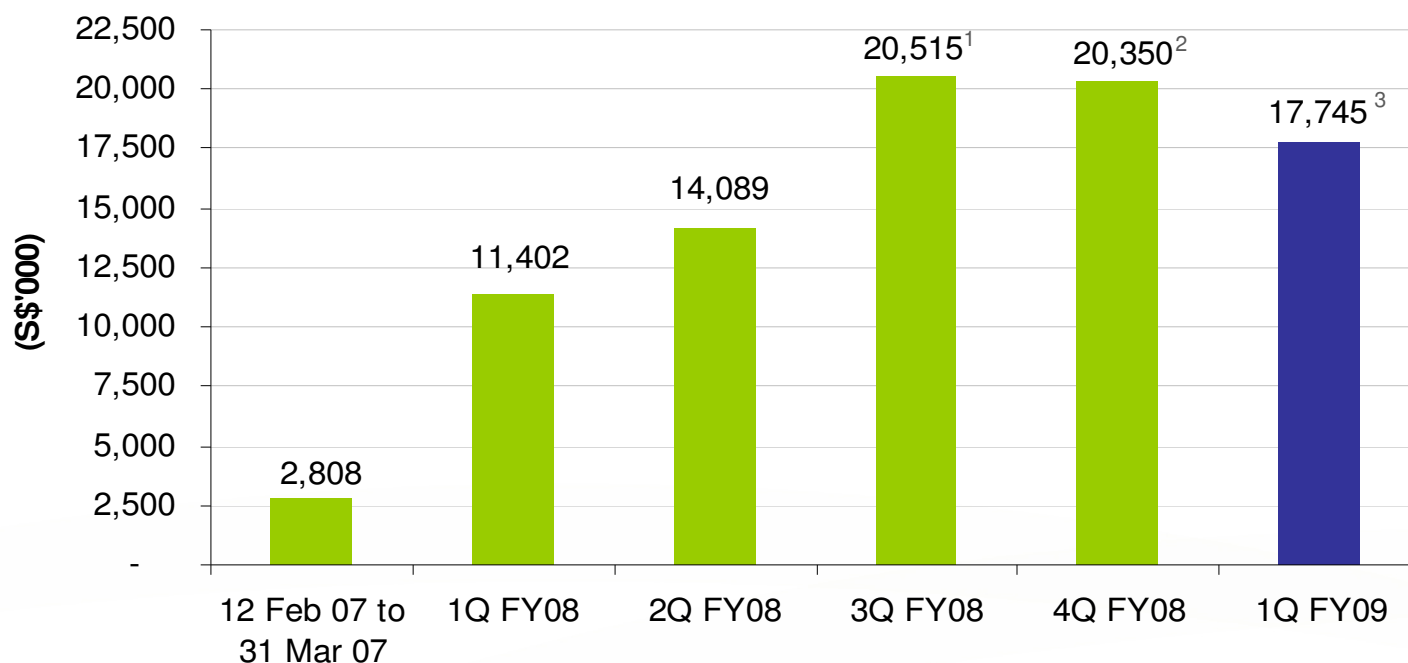
2 **Business Highlights**

3 **Outlook**

Consolidated Income Statement	1Q FY09		1Q FY08 ⁽¹⁾
	Actual S\$'000	Projection S\$'000	Actual S\$'000
Revenue	99,371	94,317	64,485
Other income	8,004	697	(2,310)
Total expenses	(106,947)	(104,151)	(60,794)
Profit/(loss) before income tax	428	(9,137)	1,381
Income tax credit/(expense)	7,926	166	(146)
Net profit/(loss) after income tax	8,354	(8,971)	1,235
EBITDA	34,676	26,883	8,798
Cash earnings	17,745	10,929	11,402

(1) Does not include Basslink

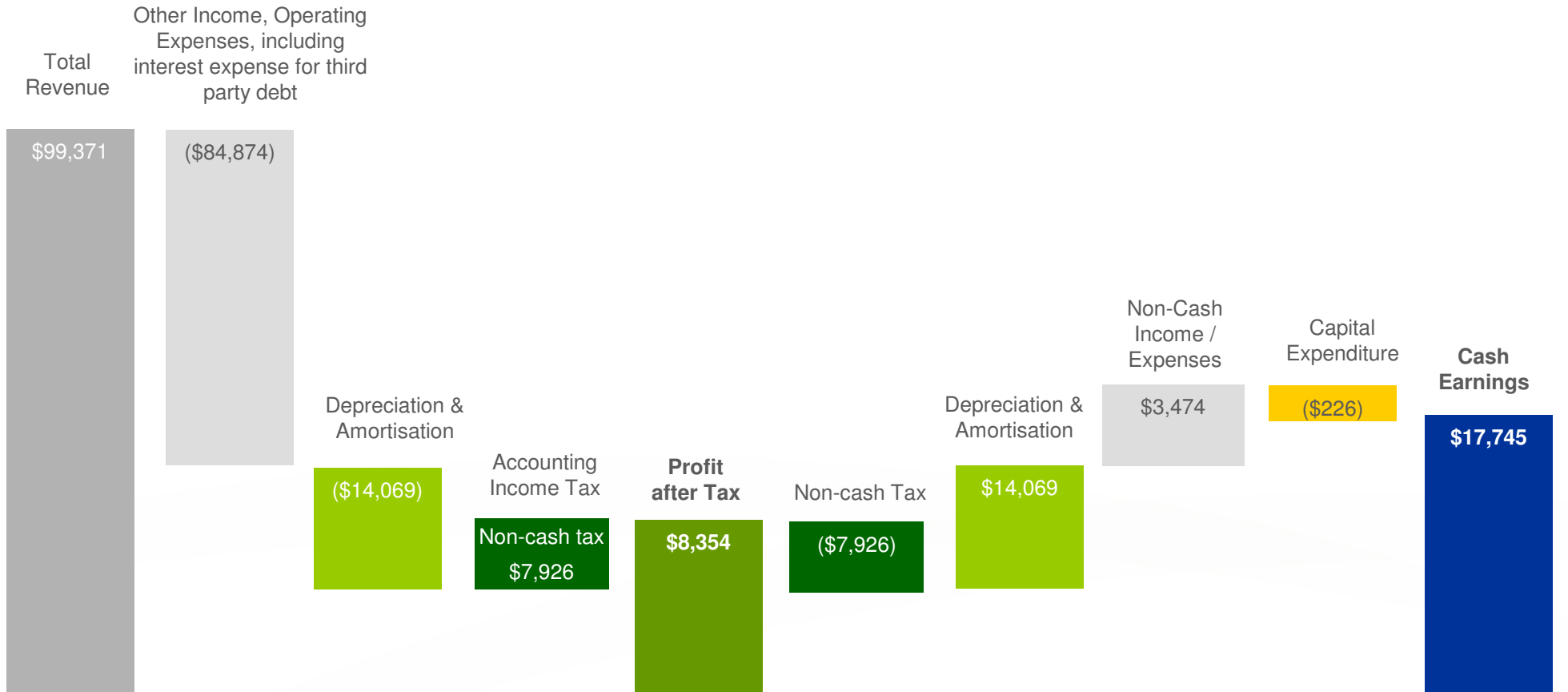
Group Cash Earnings



Note:

- 1 Includes positive CRSM of S\$5.3m, which is expected to be zero in the long term
- 2 Includes GST rebate and positive CRSM of S\$4.4m
- 3 Includes negative CRSM of S\$2.3m. Cash earnings for 1Q FY09 is higher than the cash earnings for 3Q FY08 and 4Q FY08 by 32% and 26% respectively, if the impact of CRSM and GST are removed.

- Companies usually measure their performance using accounting profits, which are affected by non-cash items such as depreciation and amortisation, accounting, taxes, etc. Business trusts also have to report their accounting profit for compliance with statutory regulations
- However, a business trust, unlike a company, can pay distributions to unitholders out of operating cashflow, irrespective of its accounting profit or loss. A company, on the other hand, can only declare dividends from its accounting profit
- It is not uncommon for a business trust holding infrastructure assets to show accounting losses due to the fairly large amount of non-cash depreciation expenses associated with infrastructure assets (which are typically capital intensive)
- Hence, we use cash earnings (and not accounting profit) as a key measure of our financial performance. Cash earnings is defined as the aggregate of profit/(loss) before income tax adjusted for non-cash income and expenses and lease receivable repayment, after deduction of capital expenditure incurred and before principal repayment of debt for the period of review
- In short, it is the amount of cash generated by our operating entities that is available for cash distribution to unitholders and repayment of principal on borrowings



Note: All values are in S\$ '000

Group Cash Earnings	1Q FY09		1Q FY08 ⁽¹⁾
	Actual	Projection	Actual
	S\$'000	S\$'000	S\$'000
EBITDA	34,676	26,883	8,798
(Less)/ add:			
Lease receivable repayment	1,660	1,657	1,601
Net finance cost	(20,179)	(22,163)	(2,526)
Non-cash interest indexation expense	4,582	4,101	-
Fair value (gain)/loss on derivative financial instruments	(3,577)	-	3,004
Other non-cash flow expenses	809	588	549
Capital expenditure incurred	(226)	(137)	(24)
Total cash earnings	17,745	10,929	11,402

⁽¹⁾ Does not include Basslink

S\$'000	12 Feb to 31					
	Mar 07	1Q FY08	2Q FY08	3Q FY08	4Q FY08	1Q FY09
Cash Earnings	2,808	11,402	14,089	20,515	20,350	17,745
Principal Repayment of SingSpring Loan	(450)	(783)	(783)	(783)	(699)	(699)
Distribution to Unitholders	(3,510)	(7,349)	(7,839)	(7,839)	(7,839)	(8,574)
Net Balance	(1,152)	3,270	5,467	11,893	11,812	8,472

Distribution of 1.75 cents per unit for 1Q FY09 will be paid on 12 September 2008.

1 Financial Results

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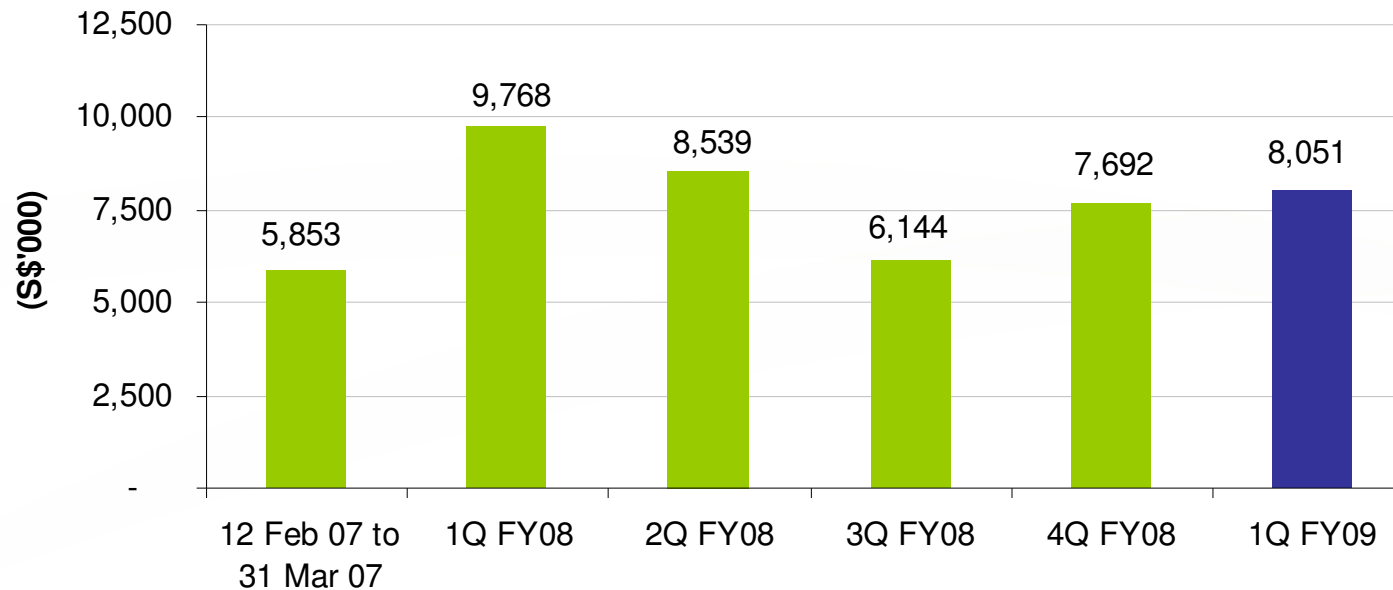
City Gas Financial Results	1Q FY09		1Q FY08
	Actual S\$'000	Projection S\$'000	Actual S\$'000
Revenue	72,655	64,938	58,121
Other income	422	273	352
Operating expenses			
Fuel and electricity costs	(33,659)	(28,343)	(21,277)
Transportation costs	(17,840)	(17,237)	(17,225)
Staff costs	(4,274)	(4,175)	(3,502)
Finance costs ⁽¹⁾	(4,249)	(4,234)	(4,247)
Depreciation and amortisation	(3,990)	(4,028)	(3,976)
Other operating expenses	(8,217)	(7,122)	(5,639)
Total expenses	(72,229)	(65,139)	(55,866)
Profit before income tax	848	72	2,607
Income tax expense	(374)	(20)	(347)
Profit after income tax	474	52	2,260
EBITDA	9,047	8,301	10,740
Cash earnings	8,051	7,198	9,768

- City Gas has performed well in 1Q FY09, achieving a cash earnings of S\$8.1m, which is 12% higher than projection. The higher volume of gas sold contributed to the improved cash earnings
- Tariff will be adjusted upwards by 9.7% from Aug 2008 in response to increases in fuel cost
- The number of customer accounts grew from 595,000 to 599,000 during 1QFY09
- City Gas linked up with 2 retail chains to retail gas appliances

⁽¹⁾ Includes QPDS interest payable to CitySpring

- On a long term basis, changes in fuel costs have no impact on City Gas as fuel costs are passed through. However, at any point in time, the actual tariff may not exactly match fuel costs as tariff changes are subject to a periodic regulatory process whereas fuel prices change daily. Short term impact may be evident if there are sharp changes in fuel prices.
- City Gas has secured tariff adjustments in August 2007, November 2007, February 2008 and August 2008

City Gas' Cash Earnings



SingSpring Financial Results	1Q FY09		1Q FY08
	Actual S\$'000	Projection S\$'000	Actual S\$'000
Revenue	6,454	7,248	6,363
Other income	1,621	-	(2,470)
Operating expenses			
Operations & maintenance costs	(1,620)	(1,478)	(1,394)
Fuel and electricity costs	(1,969)	(2,986)	(2,292)
Depreciation and amortisation	(912)	(910)	(912)
Finance costs ⁽¹⁾	(2,054)	(2,265)	(2,153)
Other operating expenses	(259)	(372)	(276)
Total expenses	(6,814)	(8,011)	(7,027)
Profit/(loss) before income tax	1,261	(763)	(3,134)
Income tax (expense)/credit	(304)	186	201
Profit/(loss) after income tax	957	(577)	(2,933)
EBITDA	4,207	2,411	(98)
Cash earnings	4,604	2,829	3,703

- SingSpring's cash earnings for 1Q FY09 is S\$4.6m, which is 63% higher than projection. The improved cash earnings is due to higher realised gain on commodity swaps
- SingSpring continues to achieve 100% water production availability

⁽¹⁾ Includes QPDS interest payable to CitySpring and MI

Basslink Financial Results	1Q FY09	
	Actual A\$'000	Projection A\$'000
Revenue		
Facility fee	16,733	16,737
CRSM	(1,786)	-
Incentive availability adjustment	-	224
Unearned revenue for interest free loan	210	210
Telecoms Revenue	558	559
Total revenue	15,715	17,730
Other income	4,343	325
Operating Expenses		
Fuel and electricity costs	(24)	(72)
Staff costs	(438)	(545)
Operations & maintenance costs	(521)	(628)
Depreciation and amortisation	(7,110)	(7,145)
Finance costs	(13,780)	(15,913)
Other operating expenses	(882)	(990)
Total expenses	(22,755)	(25,293)
Loss before income tax	(2,697)	(7,238)
Income tax credit	6,681	-
Profit/(loss) after income tax	3,984	(7,238)
EBITDA	17,361	15,495
Cash earnings	5,648	3,443

- Basslink's cash earnings for 1Q FY09 is A\$5.6m, which is 64% higher than projection. Higher cash earnings were due to savings achieved in operating expenses and realised interest income from interest rate hedge. This has been partly offset by the unplanned outage in June 2008 (see below) which resulted in lower base facility fee and negative CRSM due to the cool summer temperatures
- There was one unplanned outage in June and another in July. Both incidents have been rectified
- The financial impact of these outages due to lower availability should be below A\$1.1m for FY09. Overall, Basslink is expected to meet its projections for FY09 due to lower insurance expenses and higher income from its interest rate hedge

1 Financial Results

2 Business Highlights

3 Outlook

- CitySpring continues to actively review investment opportunities
- The present environment has created many such potential opportunities
- We believe that the present environment could persist for some time
- We remain disciplined in pursuing yield and value accretive acquisitions as valuations become more compelling
- Debt financing for attractive assets is available albeit on slightly different terms

- All of our businesses are fully funded with no immediate refinancing needs.
- We are also well hedged from interest rate movements
- SingSpring and Basslink have revenues which are backed by long-term contracts with no market/tariff risks
- City Gas manages its fuel cost impact through regular tariff adjustments, and therefore continues to perform well

CitySpring is well positioned to operate successfully through the current business environment

Appendix

Consolidated Balance Sheet	As at 30 Jun 08 S\$'000	As at 31 Mar 08 S\$'000
ASSETS		
Cash and cash equivalents	112,307	105,982
Derivative financial instruments	187,591	147,266
Trade and other receivables	53,138	57,004
Inventories	12,448	13,036
Intangibles	473,230	473,897
Finance lease receivable	190,471	192,131
Property, plant and equipment	1,344,296	1,308,973
Other assets	11,816	2,053
Total assets	2,385,297	2,300,342
LIABILITIES		
Trade and other payables	64,358	63,053
Derivative financial instruments	8,562	18,485
Borrowings	1,763,860	1,719,002
Notes payable to minority interest	15,000	15,000
Other liabilities	114,813	109,173
Total liabilities	1,966,593	1,924,713
Net Assets	418,704	375,629
Unitholders' funds	401,301	359,511
Minority interest	17,403	16,118
Total Unitholders' funds	418,704	375,629

Consolidated Cash Flow Statement	1Q FY09 Actual S\$'000	1Q FY08 ⁽¹⁾ Actual S\$'000
Cash flows from operating activities		
Net profit	8,354	1,235
Non-cash adjustments	22,857	10,567
Operating cash flow before working capital changes	31,211	11,802
Changes in operating assets and liabilities	(17,417)	(8,665)
Net cash from operating activities	13,794	3,137
Cash flows from investing activities		
Purchase of property, plant and equipment	(226)	(23)
Proceeds from sale of property, plant and equipment	66	-
Net cash used in investing activities	(160)	(23)
Cash from financing activities		
Increase in restricted cash	(66)	(1,649)
Proceeds from units issued by subsidiary to minority interest	-	144
Repayment of borrowings	(699)	(783)
Distribution paid to unitholders of the Group	(7,839)	(3,510)
Distribution paid to minority interest	(741)	(93)
Net cash used in financing activities	(9,345)	(5,891)
Net increase/(decrease) in cash and cash equivalents	4,289	(2,777)
Cash and cash equivalents at beginning of the period	68,064	49,626
Effect of foreign exchange rate changes on consolidation	1,024	-
Cash and cash equivalents at end of the period ⁽²⁾	73,377	46,849

⁽¹⁾ Does not include Basslink

⁽²⁾ Excludes restricted cash of S\$38,930 and S\$9,706 respectively