



Results Briefing for 2Q FY09 (Jul – Sep 2008)

11 Nov 2008

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1 **Business Fundamentals**

2 **Financial Results**

3 **Business Highlights**

No Near-term Re-financing Needs

- All financing structured to match cashflow of operating assets
- No re-financing needs till Aug 2011

Defensive Nature of Utility Businesses

- City Gas, SingSpring and Basslink provide essential utility services
- City Gas derives its cashflow from a diverse and stable customer base with more than 600,000 customers
- SingSpring's and Basslink's cashflows are underpinned by long-term contracts of 20 and 25 years respectively. These contracts are availability based and hence not affected by volume or utilisation

Sustainability of Distribution Payouts

- Distribution is supported by cash earnings* from our existing businesses (ie not relying on leverage)
- We have significant cash over and above our distribution requirement

*Note:

- 1 Cash Earnings is defined as EBITDA adjusted for non-cash items and lease receivable, less cash interest, cash tax, upfront financing fees and maintenance capex, and before principal repayment of debt and minority interest

Debt Structure	Type	Amount	Due Date	Interest Rate Hedging
CitySpring	Corporate Loan	S\$370 million	Aug 2011	50%
City Gas	Term Loan	S\$128 million	Feb 2012	100%
SingSpring	Amortising Term Loan	S\$149 million	Fully repaid by 2024	75%
Basslink	MTN	A\$486 million	Aug 2015	100%*
	CIB	A\$190 million	Aug 2017	Fixed rate
	CIB	A\$190million	Aug 2019	Fixed rate

- No refinancing till Aug 2011
- Interest rate hedging in place. No significant interest rate exposure
- Majority of debt were taken for the acquisition of Basslink. S&P's and Moody's reaffirmed investment grade rating for Basslink in Sep/Oct 2008

*Note:

1 Hedging in excess of A\$486m via the 25-year floating interest rate hedge with Hydro Tasmania

	Revenue Driver	Customer
Basslink	<ul style="list-style-type: none"> • > 85% contracted revenue based on availability 	Hydro Tasmania
SingSpring	<ul style="list-style-type: none"> • 100% contracted revenue based on availability 	Public Utilities Board
City Gas	<ul style="list-style-type: none"> • Stable revenue from diverse and large customer base of >600,000. 	>600,000 domestic, commercial and industrial customers

Basslink, SingSpring and City Gas provide essential utilities to communities

- Our distribution policy since IPO is as follows:
 - Distributions are funded from cash earnings
 - Distributions are made after debt servicing requirements and working capital needs
 - CitySpring takes into consideration any significant non-recurring items in respect of either cash earnings or capital expenditure
- Surplus cash accumulated as at 30 Sep 2008 is 3.7x of quarterly distribution

- Investment in Basslink is 75% funded by A\$ bonds and 25% by equity contribution from CitySpring
- Borrowings in local currency provides a natural hedge against foreign exchange exposure
- Sufficient A\$ cash is hedged to meet distribution requirement
- A\$/S\$ weakness will not affect our projected distribution for FY09

1 Business Fundamentals

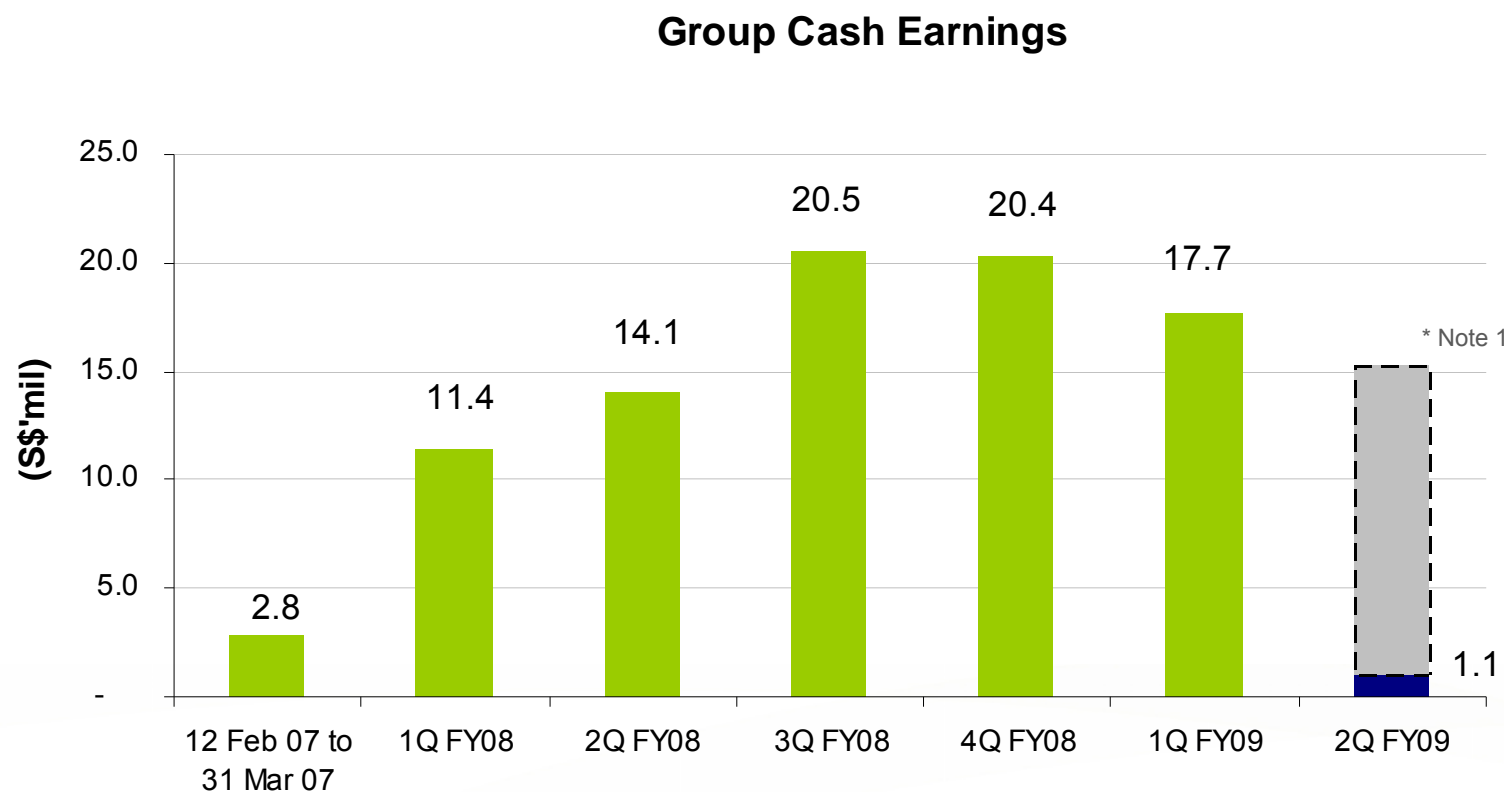
2 Financial Results

3 Business Highlights

Consolidated Income Statement	2Q FY09		2Q FY08	1H FY09		1H FY08
	Actual S\$'000	Projection S\$'000	Actual S\$'000	Actual S\$'000	Projection S\$'000	Actual S\$'000
Revenue	100,945	94,317	76,639	200,316	188,634	141,124
Other income	4,462	697	2,723	8,889	1,394	3,417
Total expenses	(120,197)	(104,151)	(78,545)	(227,144)	(208,302)	(139,339)
(Loss)/profit before fair value changes on DFI and income tax	(14,790)	(9,137)	817	(17,939)	(18,274)	5,202
Fair value (loss)/gain on DFI	(13,754)	-	1,041	(10,177)	-	(1,963)
(Loss)/profit before income tax	(28,544)	(9,137)	1,858	(28,116)	(18,274)	3,239
Income tax (expense)/credit	(8,168)	166	17	(242)	332	(129)
Net (loss)/profit after income tax	(36,712)	(8,971)	1,875	(28,358)	(17,942)	3,110
EBITDA	7,324	26,883	19,389	42,000	53,766	28,187
Cash earnings	1,076	10,929	14,089	18,821	21,858	25,491
Cash earnings less MI	(163)	10,324	13,145	16,444	20,648	23,680

DFI - Derivative financial instruments

- 2Q FY09 cash earnings was affected by time-lag in recovery of City Gas' fuel cost, upfront fee of S\$7.8m for corporate loan and lower facility fee and CRSM from Basslink
- Total expenses for 2Q FY09 include a number of non-cash items: amortisation and depreciation, non-cash interest indexation expense and marked-to-market loss for a 25-year floating interest rate hedge. The hedge, which is currently in-the-money, provides Basslink with a hedge against the floating interest rate of its medium term bonds
- Net profit for 2Q FY09 was also lower than projections mainly due to the time-lag issues and the non-cash expenses mentioned above and the reversal of deferred tax assets previously recognised



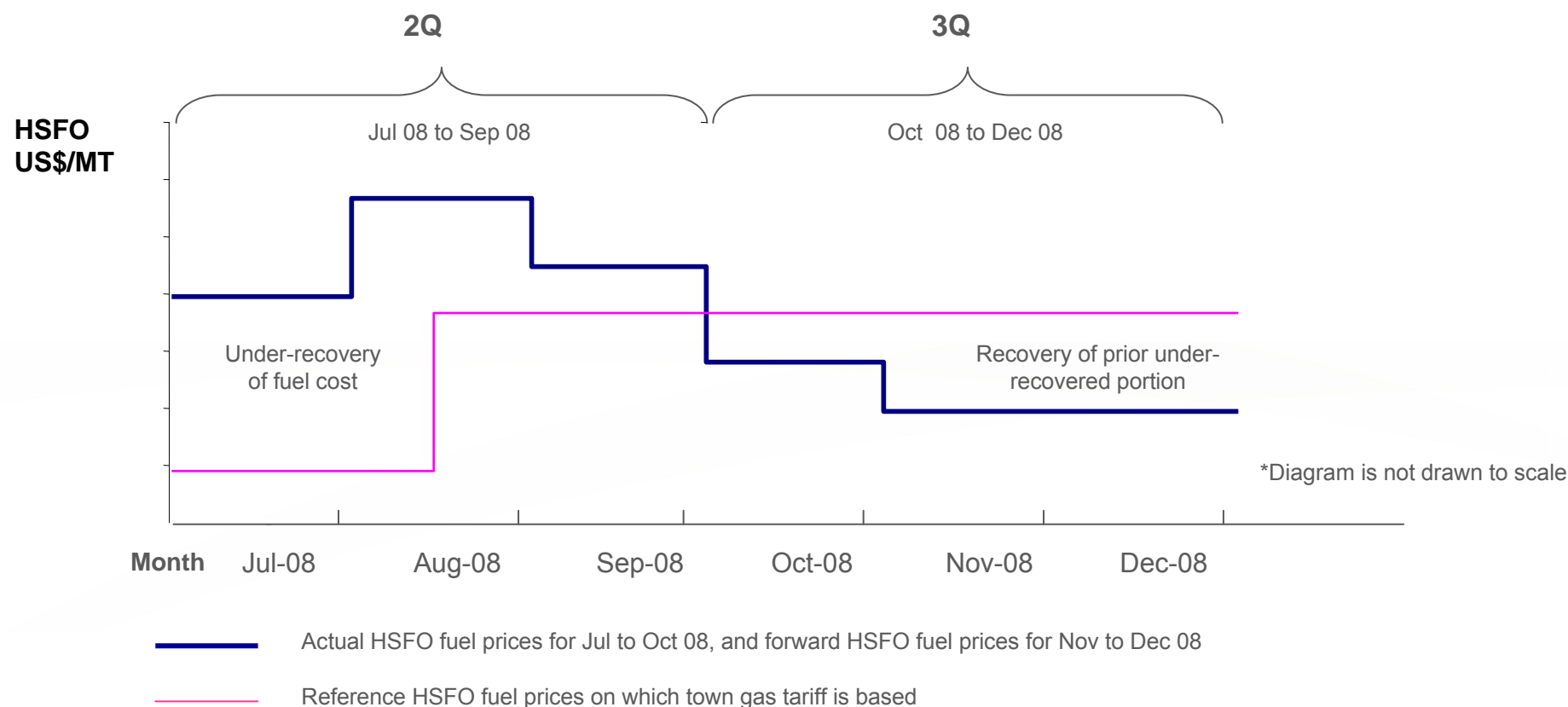
*Note:

- 1 After adjusting for time-lag in the recovery of City Gas' fuel cost, upfront fee for the corporate loan, and partial recovery of facility fee at Basslink, the cash earnings would have been approximately S\$15.1m

The lower cash earnings was mainly due to:

- ***Time lag in reflecting the cost pass-through in tariffs.*** The sharp increase in fuel cost for City Gas in 2Q is not fully reflected in the tariffs. City Gas is expected to recover in 3Q the under-recovery of fuel cost in 2Q
- ***Lower facility fee due to outages.*** Over 3Q and 4Q, Basslink is expected to recover part of its loss in facility fee due to the outage in 2Q
- ***One-off upfront fee paid to DBS for the corporate loan***
- ***Negative CRSM***, which is expected to have a neutral effect in the long run despite fluctuation in the shorter term due to volatility in the pool prices in Victoria, Australia

- On a long term basis, changes in fuel costs is expected to 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.
- Actual fuel cost for Jul to Sep period was much higher than the fuel cost assumed in the tariff set for this period resulting in significant under-recovery. The under-recovery will be recovered in the next quarter.



- CitySpring has secured a 3-year term loan with DBS to replace the equity bridge loan for the acquisition of Basslink
- This loan takes advantage of the debt capacity at CitySpring, and has flexible prepayment terms without penalty
- 2Q cash earnings was affected by the 2% upfront fee paid for this loan
- All-in interest cost for this loan is approximately 4 to 4.5% per annum
- Publicly traded bonds with remaining tenor of 3 to 4 years for Singapore corporates (e.g. DBS, Singapore Power, CapitaCommercial Trust and Senoko Power) have yield to maturity that ranges from 3.2% to 5.3%

S\$'000	12 Feb to 31 Mar 07	1Q FY08	2Q FY08	3Q FY08	4Q FY08	1Q FY09	2Q FY09
Cash Earnings	2,808	11,402	14,089	20,515	20,350	17,745	1,076 *
Principal Repayment of SingSpring Loan	(450)	(783)	(783)	(783)	(699)	(699)	(701)
Minority Interests	(350)	(868)	(944)	(1,030)	(881)	(1,138)	(1,239)
Distribution to Unitholders	(3,510)	(7,349)	(7,839)	(7,839)	(7,839)	(8,574)	(8,574)
Net Balance	(1,502)	2,402	4,523	10,863	10,931	7,334	(9,438)
Cumulative Net Balance		900	5,423	16,286	27,217	34,551	25,113

We measure our performance using cash earnings, instead of accounting profits or losses. Accounting profits are affected by non-cash items such as depreciation and amortisation, accounting taxes and etc. Cash earnings, on the other hand, serves as a better indicator of our performance to our Unitholders.

*Note:

1 Cash earnings is after deduction of upfront fee for the corporate loan at CitySpring

1 Business Fundamentals

2 Financial Results

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City Gas Financial Results	2Q FY09		2Q FY08
	Actual S\$'000	Projection S\$'000	Actual S\$'000
Revenue	77,361	64,938	61,405
Other income	163	273	401
Operating expenses			
Fuel and electricity costs	(44,438)	(28,343)	(24,633)
Transportation costs	(17,987)	(17,237)	(17,497)
Staff costs	(4,217)	(4,175)	(3,847)
Finance costs ⁽¹⁾	(4,277)	(4,234)	(4,282)
Depreciation and amortisation	(4,002)	(4,028)	(4,022)
Other operating expenses	(6,246)	(7,122)	(6,235)
Total expenses	(81,167)	(65,139)	(60,516)
(Loss)/profit before income tax	(3,643)	72	1,290
Income tax credit/(expenses)	794	(20)	(270)
(Loss)/profit after income tax	(2,849)	52	1,020
EBITDA	4,596	8,301	9,495
Cash earnings	3,570	7,198	8,538

- Volume of gas sold increased by 2.7% over projection in 2Q
- City Gas obtained regulatory approval on 1 Nov 2008 to maintain current tariff despite a drop in fuel cost. This enables the recovery of the under-recovered fuel cost for 2Q
- The number of customer accounts had exceeded 600,000 in 2Q
- Introduced new 8-litre gas water heaters in 4 out of 5 HDB DBSS developments
- Linked up with a 3rd retail chain to retail gas appliances. The three retailers are HomeFix, Gain City and NTUC hypermart

⁽¹⁾ Includes QPDS interest payable to CitySpring

SingSpring Financial Results	2Q FY09		2Q FY08
	Actual S\$'000	Projection S\$'000	Actual S\$'000
Revenue	6,498	7,248	6,451
Other income	1,479	-	674
Operating expenses			
Operations & maintenance costs	(1,610)	(1,478)	(1,462)
Fuel and electricity costs	(1,888)	(2,986)	(2,003)
Depreciation and amortisation	(912)	(910)	(912)
Finance costs ⁽¹⁾	(2,045)	(2,265)	(2,239)
Other operating expenses	(323)	(372)	(231)
Total expenses	(6,778)	(8,011)	(6,847)
Profit/(loss) before fair value changes on DFI and income tax	1,199	(763)	278
Fair value (loss)/gain on DFI	(2,018)	-	99
(Loss)/profit after income tax	(819)	(763)	377
Income tax credit	529	186	287
(Loss)/profit after income tax	(290)	(577)	664
EBITDA	2,117	2,411	3,494
Cash earnings	4,948	2,829	3,964

- SingSpring has shown steady financial performance
- SingSpring continues to achieve 100% water production availability

⁽¹⁾ Includes QPDS interest payable to CitySpring and MI

Basslink Financial Results	2Q FY09		2Q FY08 ⁽¹⁾
	Actual A\$'000	Projection A\$'000	Actual A\$'000
Revenue			
Facility fee	15,035	16,737	5,289
CRSM	(1,982)	-	1,322
Incentive availability adjustment	-	224	-
Unearned revenue for interest free loan	210	210	66
Telecoms Revenue	564	559	180
Total revenue	13,827	17,730	6,857
Other income	1,835	325	1,244
Operating Expenses			
Fuel and electricity costs	(70)	(72)	(24)
Staff costs	(432)	(545)	(156)
Operations & maintenance costs	(547)	(628)	(159)
Depreciation and amortisation	(7,220)	(7,145)	(2,430)
Finance costs	(15,002)	(15,913)	(5,028)
Other operating expenses	(903)	(990)	(1,661)
Total expenses	(24,174)	(25,293)	(9,458)
Loss before fair value changes on DFI and income tax	(8,512)	(7,238)	(1,357)
Fair value (loss)/gain on DFI	(9,159)	-	735
Loss before income tax	(17,671)	(7,238)	(622)
Income tax expense	(7,343)	-	-
Loss after income tax	(25,014)	(7,238)	(622)
EBITDA	3,706	15,495	6,428
Cash earnings	3,854	3,443	3,610

- Basslink suffered an unplanned outage in July 2008 which resulted in reduction of A\$2m in facility fee, of which A\$1m is expected to be recovered by calendar year end
- CRSM has been affected by the cool summer temperature
- Fair value loss on DFI is due to reduction in interest rates applied to fair value FIRD, which is a floating interest rate hedge with Hydro Tasmania

⁽¹⁾ This represents the results for September 2007 only as the Basslink acquisition was completed on 31 August 2007.

Appendix

Financial Results

Group Consolidated Balance Sheet

Consolidated Balance Sheet	As at 30 Sept 08 S\$'000	As at 31 Mar 08 S\$'000
ASSETS		
Cash and cash equivalents	99,422	105,982
Derivative financial instruments	90,593	147,266
Trade and other receivables	54,035	57,004
Inventories	12,457	13,036
Intangibles	461,461	473,897
Finance lease receivable	188,793	192,131
Property, plant and equipment	1,169,367	1,308,973
Other assets	4,982	2,053
Total assets	2,081,110	2,300,342
LIABILITIES		
Trade and other payables	63,131	63,053
Derivative financial instruments	15,484	18,485
Borrowings	1,615,638	1,719,002
Notes payable to minority interest	15,000	15,000
Other liabilities	100,382	109,173
Total liabilities	1,809,635	1,924,713
Net Assets	271,475	375,629
Unitholders' funds	256,940	359,511
Minority interest	14,535	16,118
Total Unitholders' funds	271,475	375,629

Financial Results

Group Consolidated Cash Flow Statement

Consolidated Cash Flow Statement	2Q FY09 Actual S\$'000	2Q FY08 Actual S\$'000
Cash flows from operating activities		
Net (loss)/profit	(36,712)	1,875
Non-cash adjustments	59,338	16,439
Operating cash flow before working capital changes	22,626	18,314
Changes in operating assets and liabilities	(9,830)	(4,185)
Net cash from operating activities	12,796	14,129
Cash flows from investing activities		
Purchase of property, plant and equipment	(177)	(68)
Proceeds from sale of property, plant and equipment	-	212
Acquisition of subsidiaries net of cash acquired	-	(1,400,872)
Net cash used in investing activities	(177)	(1,400,728)
Cash from financing activities		
Increase in restricted cash	(3,441)	(27,382)
Net proceeds from borrowings	361,585	1,545,065
Repayment of borrowings	(370,536)	(76,915)
Distribution paid to unitholders of the Group	(8,575)	(7,349)
Distribution paid to minority interest	(900)	(264)
Net cash (used in)/generated from financing activities	(21,867)	1,433,155
Net (decrease)/increase in cash and cash equivalents	(9,248)	46,556
Cash and cash equivalents at beginning of the period	73,377	46,849
Effect of foreign exchange rate changes on consolidation	(3,678)	(8,217)
Cash and cash equivalents at end of the period ⁽¹⁾	60,451	85,188

⁽¹⁾ Excludes restricted cash of S\$38,971 and S\$37,088 respectively

Group Cash Earnings	2Q FY09		2Q FY08	1H FY09		1H FY08
	Actual	Projection	Actual	Actual	Projection	Actual
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
EBITDA	7,324	26,883	19,389	42,000	53,766	28,187
(Less)/ add:						
Lease receivable repayment	1,678	1,657	1,619	3,338	3,314	3,220
Net finance cost	(22,005)	(22,163)	(9,485)	(42,184)	(44,326)	(12,011)
Non-cash interest indexation expense	5,979	4,101	1,027	10,561	8,202	1,027
Upfront fee for corporate loan	(7,797)	-	-	(7,797)	-	-
Fair value loss/(gain) on derivative financial instruments	13,754	-	(1,041)	10,177	-	1,963
Other non-cash flow expenses	2,319	588	2,649	3,128	1,176	3,198
Maintenance capital expenditure incurred	(176)	(137)	(69)	(402)	(274)	(93)
Cash earnings	1,076	10,929	14,089	18,821	21,858	25,491
Less: Cash earnings attributable to MI	(1,239)	(605)	(944)	(2,377)	(1,210)	(1,811)
Cash earnings less MI	(163)	10,324	13,145	16,444	20,648	23,680