



Results Briefing for 1Q FY12

1 August 2011

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- Total cash earnings⁽¹⁾ for the quarter ended 30 Jun 2011 (“1Q FY12”) was S\$ 3.6 million
- For 1Q FY12, CitySpring will pay a distribution per unit (“DPU”) of 1.05 Singapore cents

(1) *Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest*

City Gas

- City Gas recorded lower cash earnings of \$4.1 million for the quarter compared to \$13.1 million in the previous corresponding quarter due mainly to under recovery of fuel costs.
- Its customer base grew by 2% from 623,200 as at the end of 1Q FY11 to about 636,890 as at the end of 1Q FY12.
- City Gas recorded 3.9% higher average daily town gas sales volume in 1QFY12 compared to that in the previous corresponding quarter.
- Town gas volume growth has improved for most segments of the market served by City Gas compared to a year ago, and in particular, the hospitality and F&B segments were key contributors to this growth.
- City Gas has obtained approval from the Energy Market Authority to adjust its general gas tariff upwards by 9% from 1 August 2011.

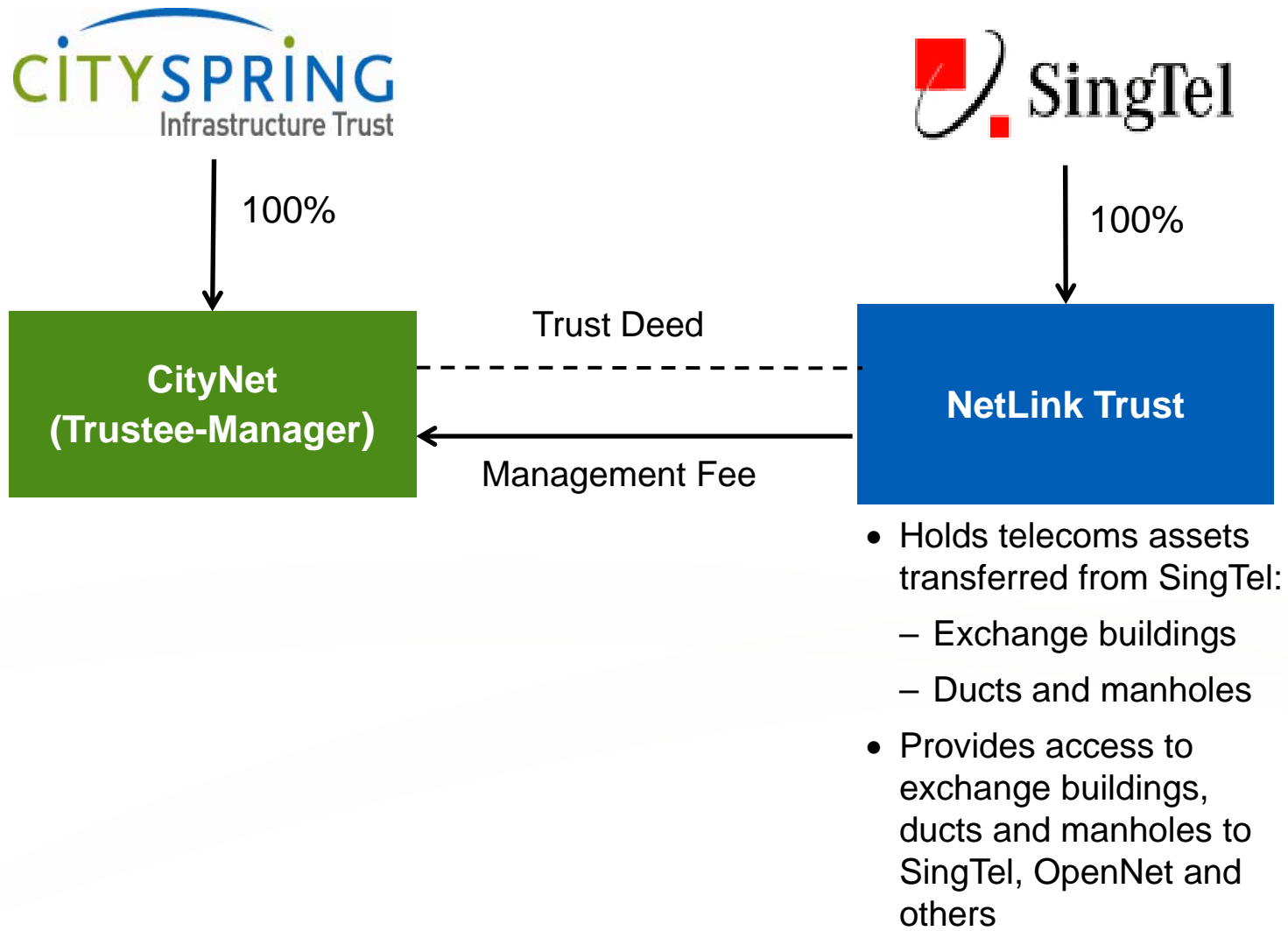
SingSpring

- SingSpring achieved total cash earnings of S\$4.4 million for the quarter.
- SingSpring continues to maintain record of 100% availability and met all the terms under the Water Purchase Agreement with the PUB.
- For 1Q FY12, SingSpring supplied an average of 34,999 m³ of water per day to PUB, representing about 26% of the SingSpring plant capacity.

Basslink

- Basslink achieved cash earnings of negative A\$0.5 million for the quarter.
- Lower cash earnings was due mainly to negative CRSM⁽¹⁾ payment of A\$4.9 million and marine cable survey cost of A\$1.9 million which is required once in two years.
- Achieved cumulative availability of 99.93% for the 6 months ended 30 June 2011.
- Basslink Telecoms has contributed more than 10% of Basslink Group 1Q FY12 revenue.

⁽¹⁾ Commercial Risk Sharing Mechanism ("CRSM") is a mechanism provided under the Basslink Services Agreement ("BSA") between Hydro Tasmania and Basslink for the sharing of the market risk associated with participating in the National Electricity Market of Australia. The objective of the parties in setting this mechanism was for the net payments to be zero in the long term, though there is no assurance such objective could be met. However, in the short term, CRSM payments could fluctuate and affect the revenues of Basslink under the BSA. CRSM payments are based on the differences between the high and low Victorian electricity pool prices, subject to a maximum of a +25% increase (i.e., a payment to Basslink) and -20% decrease (i.e., a payment from Basslink) of the unadjusted facility fee under the BSA.



- CityNet, a wholly-owned subsidiary of CitySpring, has been appointed as the trustee-manager for NetLink Trust (“NetLink”).
- NetLink is a business trust set up to own Singapore-based telecommunication infrastructure assets transferred from SingTel.
- The establishment of NetLink and the management of this trust by a neutral party is to meet the “open access” requirements of Infocomm Development Authority of Singapore (“IDA”).
- For acting as the trustee-manager of NetLink, CityNet will receive an annual management fee of approximately S\$2.1 million. Additionally, CityNet may receive an incentive fee if it secures new customers for access and use of the NetLink’s assets.
- The assets and liabilities of NetLink will not be consolidated into the financial statements of CitySpring as NetLink is 100% beneficially owned by SingTel.
- CitySpring already owns and manages Basslink Telecoms, a wholesale broadband telecoms service provider in Australia. CitySpring believes this trustee-manager role of NetLink is a unique, valuable opportunity to manage telecommunication infrastructure assets in Singapore, which could be leveraged for future investment and growth in the telecommunication sector in Singapore and elsewhere.

1 Overview

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Group Financial Results

Group Consolidated Income Statement

	1Q FY12	1Q FY11	
	Actual S\$'000	Actual S\$'000	Change %
Revenue	110,664	103,870	6.5
Other income	994	700	42.0
Other gain/(losses) - net	269	(1,308)	N/M
Total expenses	(123,872)	(106,315)	(16.5)
Loss before fair value changes on DFI and income tax	(11,945)	(3,053)	N/M
Fair value loss on DFI	(1,488)	(6,112)	75.6
Loss before income tax	(13,433)	(9,165)	(46.6)
Income tax expense	(862)	(12,691)	93.2
Net loss after income tax	(14,295)	(21,856)	34.6
EBITDA	22,188	24,721	(10.2)
Cash earnings ⁽¹⁾	3,626	17,800	(79.6)
Cash earnings less NCI	2,561	16,803	(84.8)

N/M - Not meaningful

DFI - Derivative financial instruments

NCI - Non-controlling interest

(1) Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest

Group Financial Results

Group Cash Earnings

	1Q FY12	1Q FY11
	S\$'000	S\$'000
Cash Earnings	3,626	17,800
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(2,370)	(2,250)
Non-controlling interest	(1,065)	(997)
Distribution to Unitholders	(10,289)	(10,289)

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.

The lower cash earnings was mainly due to:

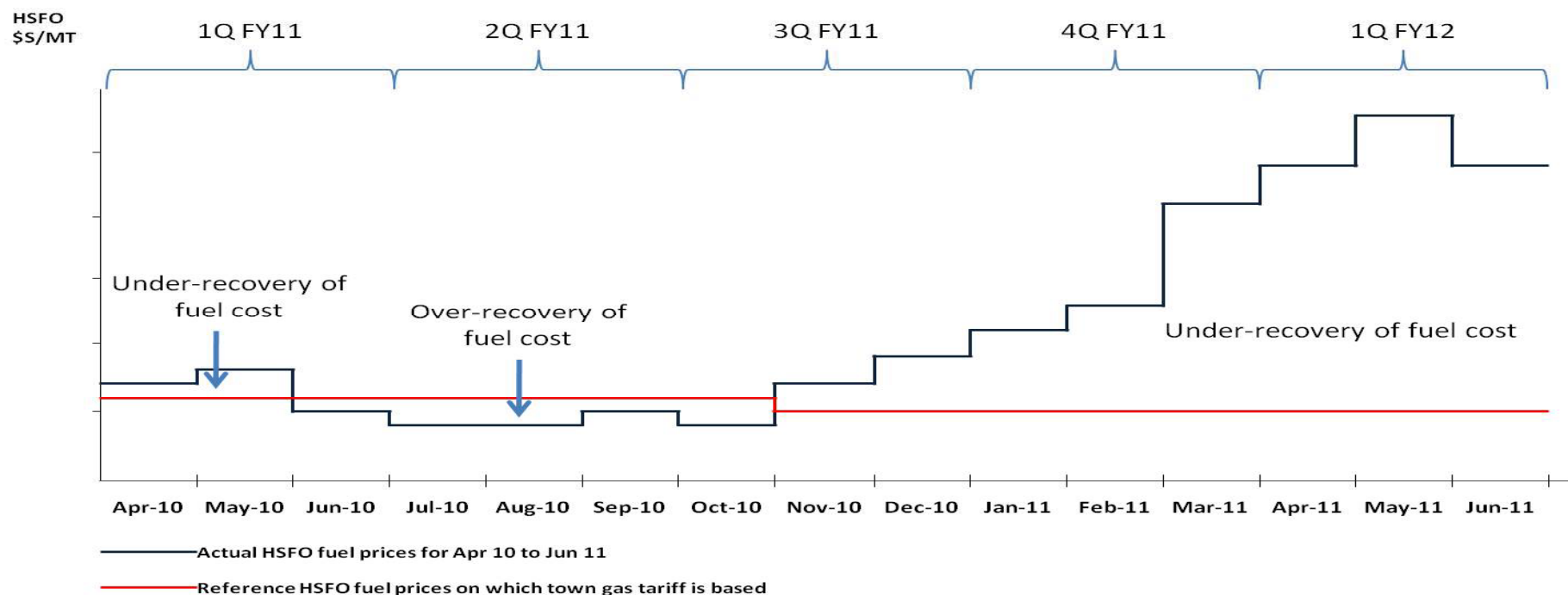
Time lag in reflecting the cost pass-through in tariffs. The sharp increase in fuel cost for City Gas in 1Q is not fully reflected in the tariffs. The tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time

One-off loan upfront fees of S\$ 3.8 million paid to DBS for CitySpring's corporate loan and City Gas' senior term loan

Negative CRSM of A\$ 4.9 million (approximately S\$ 6.4 million)

Marine cable survey costs of A\$ 1.9 million (approximately S\$ 2.5 million) incurred once in two years for the Basslink Interconnector

Cash earnings at City Gas can be affected by movements in fuel costs. This is because City Gas can only change the tariffs at which it charges its customers once every three months, whereas fuel costs fluctuate on the open market more frequently. From quarter to quarter, there is potentially a mis-match between City Gas' fuel costs and tariffs, although the tariff adjustments mechanism is designed to ensure that City Gas fully recovers its fuel costs over a period of time. As shown in the chart below, actual fuel cost from November 2010 to June 2011 was much higher than the reference fuel cost assumed in the tariff set for the period, resulting in significant accumulated under-recovery. City Gas is expected to recover the under-recovery of fuel cost over time.



*Chart is not drawn to scale

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Overview

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Group Financial Results

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Subsidiaries' Financial Results

Subsidiaries' Financial Results

City Gas

	1Q FY12 Actual S\$'000	1Q FY11 Actual S\$'000	Change %
Revenue	81,292	75,213	8.1
Other income	231	86	168.6
Other gains/(losses) - net	72	(13)	N/M
Expenses			
Fuel and electricity costs	(43,280)	(32,402)	(33.6)
Transportation costs	(20,136)	(18,745)	(7.4)
Depreciation and amortisation	(3,901)	(3,900)	(0.0)
Staff costs	(3,840)	(2,578)	(49.0)
Finance costs ⁽¹⁾	(7,393)	(7,402)	0.1
Other operating expenses	(7,300)	(7,416)	1.6
Total expenses	(85,850)	(72,443)	(18.5)
(Loss)/profit before income tax	(4,255)	2,843	N/M
Income tax credit/(expense)	648	(482)	N/M
Net (loss)/profit after income tax	(3,607)	2,361	N/M
EBITDA	7,018	14,133	(50.3)
Cash earnings	4,062	13,100	(69.0)

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$4.1 million in 1Q FY12 compared to S\$13.1 million in 1Q FY11. This was due mainly to the impact of time-lag in the adjustment of gas tariffs to reflect actual fuel cost. The tariff setting mechanism is designed to ensure that City Gas fully recovers fuel costs over a period of time.

	1Q FY12 Actual S\$'000	1Q FY11 Actual S\$'000	Change %
Revenue	9,421	10,631	(11.4)
Other income	1	2	(50.0)
Expenses			
Fuel and electricity costs	(3,019)	(3,765)	19.8
Depreciation and amortisation	(912)	(912)	-
Operation and maintenance costs	(1,720)	(2,132)	19.3
Finance costs ⁽¹⁾	(2,317)	(2,493)	7.1
Other operating expenses	(331)	(358)	7.5
Total expenses	(8,299)	(9,660)	14.1
Profit before income tax	1,123	973	15.4
Income tax expense	(193)	(173)	(11.6)
Net profit after income tax	930	800	16.2
EBITDA	4,351	4,376	(0.6)
Cash earnings	4,359	4,134	5.4

⁽¹⁾ Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$4.4 million in 1Q FY12 compared to S\$4.1 million in 1Q FY11.

	1Q FY12	1Q FY11	
	Actual A\$'000	Actual A\$'000	Change %
Revenue	15,149	14,673	3.2
Other income	359	438	(18.0)
Other gains - net	7	-	N/M
Expenses			
Fuel and electricity costs	(73)	(70)	(4.3)
Depreciation and amortisation	(7,048)	(7,057)	0.1
Staff costs	(672)	(447)	(50.3)
Operation and maintenance costs	(2,903)	(983)	(195.3)
Finance costs	(14,191)	(13,990)	(1.4)
Other operating expenses	(1,165)	(747)	(56.0)
Total expenses	(26,052)	(23,294)	(11.8)
Loss before fair value changes on DFI and income tax	(10,537)	(8,183)	(28.8)
Fair value loss on DFI	(1,130)	(4,975)	77.3
Loss before income tax	(11,667)	(13,158)	11.3
Income tax expense	(983)	(9,789)	90.0
Net loss after income tax	(12,650)	(22,947)	44.9
EBITDA	9,218	7,451	23.7
Cash earnings	(501)	2,482	N/M

Basslink's cash earnings for 1Q FY12 was negative A\$0.5 million compared to A\$2.5 million in 1Q FY11. The lower cash earnings was mainly due to negative CRSM payments (1Q FY12: negative A\$ 4.9 million; 1Q FY11: negative A\$ 3.9 million) and marine cable survey costs which have been offset by higher contributions from its telecoms services which has been carrying traffic from July 2009.

Appendix

Group Financial Results

Group Consolidated Balance Sheet

	As at 30 Jun 11 \$'000	As at 31 Mar 11 \$'000
ASSETS		
Cash and bank deposits	142,839	159,094
Derivative financial instruments	82,587	87,687
Trade and other receivables	50,823	49,802
Inventories	13,208	13,184
Intangibles	425,571	428,063
Finance lease receivables	169,503	171,368
Property, plant and equipment	1,233,428	1,234,503
Other assets	13,523	7,570
Total assets	2,131,482	2,151,271
LIABILITIES		
Trade and other payables	77,239	80,812
Derivative financial instruments	15,205	16,500
Borrowings	1,578,037	1,566,247
Notes payable to non-controlling interest	15,000	15,000
Other liabilities	115,172	115,400
Total liabilities	1,800,653	1,793,959
Net Assets	330,829	357,312
Units in issue	680,245	680,245
Hedging reserve	(59,140)	(56,785)
Translation reserve	(15,690)	(16,489)
Accumulated losses	(284,449)	(259,586)
	320,966	347,385
Non-controlling interest	9,863	9,927
Total Unitholders' funds	330,829	357,312

Group Financial Results

Group Consolidated Cash Flow Statement

	1Q FY12 Actual S\$'000	1Q FY11 Actual S\$'000
Cash flows from operating activities		
Net loss after income tax	(14,295)	(21,856)
Non-cash adjustments	37,933	52,920
Operating cash flow before working capital changes	23,638	31,064
Changes in operating assets and liabilities	(22,682)	(18,409)
Net cash generated from operating activities	956	12,655
Cash flows from investing activities		
Purchase of property, plant and equipment	(706)	(68)
Proceeds from sale of property, plant and equipment	4	-
Net cash used in investing activities	(702)	(68)
Cash from financing activities		
Increase in restricted cash	(1,755)	(445)
Repayment of borrowings	(2,370)	(2,250)
Payment of loan upfront fee	(3,799)	-
Distributions paid to unitholders of the Trust	(10,289)	(10,289)
Distributions paid by subsidiary to non-controlling interest	(360)	(360)
Net cash used in financing activities	(18,573)	(13,344)
Net decrease in cash and cash equivalents	(18,319)	(757)
Cash and cash equivalents at beginning of the period	98,825	98,928
Effect of currency translation on cash and cash equivalents	102	(1,986)
Cash and cash equivalents at end of the period ⁽¹⁾	80,608	96,185

⁽¹⁾ Excludes restricted cash of S\$62,231 and S\$32,472 respectively

Group Financial Results

Group Cash Earnings

	1Q FY12 Actual S\$'000	1Q FY11 Actual S\$'000
EBITDA	22,188	24,721
Add/(less):		
Other cash receipts	1,520	1,792
Net finance costs	(17,120)	(16,219)
Payment of loan upfront fees	(3,799)	-
Fair value loss on DFI	1,488	6,112
Other non-cash flow expenses	(86)	1,409
Maintenance capital expenditure incurred	(565)	(15)
Cash earnings	3,626	17,800
Less: Cash earnings attributable to NCI	(1,065)	(997)
Cash earnings less NCI	2,561	16,803

DFI – Derivative financial Instruments

NCI – Non-controlling interest