



Results Briefing for FY11

25 May 2011

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1 **Overview**

2 **Group Financial Results**

3 **Subsidiaries' Financial Results**

- FY11 (Apr 2010 to Mar 2011)
 - Total cash earnings⁽¹⁾ for the year ended 31 Mar 2011 (“FY11”) amounted to S\$75 million versus S\$58 million for the previous financial year
- 4Q FY11
 - For 4Q FY11, CitySpring will pay a distribution per unit (“DPU”) of 1.05 Singapore cents. This is in line with the previous guidance provided
- Annual DPU of 4.20 Singapore cents targeted for FY12⁽²⁾

(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

(2) Barring unforeseen circumstances and assuming no material changes to the Group in FY12

(S\$ million)	FY10	FY11
Group Cash Earnings	57.9	74.9
Distribution to Unitholders	39.4	41.2

City Gas

- City Gas achieved total cash earnings of \$47.1 million for FY11
- Its customer base grew by about 2% from 620,200 as at the end of 4Q FY10 to about 632,600 as at the end of 4Q FY11
- Town gas volume growth has improved for most segments and in particular, the hospitality and F&B segments
- Average daily town gas dispatched in FY11 continued to be encouraging at about 824,000 cubic metres, compared to the average of 788,000 cubic metres during last financial year
- 100% plant availability and record daily gas dispatched of 946,930 cubic metres during Chinese New Year Eve

SingSpring

- Achieved total cash earnings of S\$17.4 million for FY11
- Continues to maintain record of 100% availability and met all the terms under the Water Purchase Agreement with PUB
- Supplied an average of 38,850 m³ of water per day to PUB, representing 28% of the SingSpring plant's capacity
- Successfully completed HACCP⁽¹⁾ annual surveillance audit on 1 Apr 2011

(1) HACCP stands for Hazard Analysis Critical Control Point. It is a food safety management system.

Basslink

- Achieved cash earnings of A\$15.7 million for FY11
- CRSM⁽²⁾ was negative A\$16.7 million for FY11
- Achieved cumulative availability of 97.12% for the 12 months ended 31 Dec 2010
- Cumulative availability for the three months ended 31 Mar 2011 was 100%
- Basslink Telecoms has contributed more than 10% of Basslink Group FY11 revenue

⁽²⁾ 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, but there is no assurance that such objective will 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).

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Group Financial Results

Group Consolidated Income Statement

	4Q FY11 Actual S\$'000	4Q FY10 Actual S\$'000	Change %	FY11 Actual S\$'000	FY10 Actual S\$'000	Change %
Revenue	109,810	117,969	(6.9)	424,479	388,147	9.4
Other income	3,760	828	354.1	6,907	2,678	157.9
Other gains /(losses) - net	115	(67)	N/M	535	(695)	N/M
Total expenses	(116,488)	(115,005)	(1.3)	(440,830)	(413,060)	(6.7)
(Loss)/profit before fair value changes on DFI and income tax	(2,803)	3,725	N/M	(8,909)	(22,930)	61.1
Fair value (loss)/gain on DFI	(1,377)	(1,670)	17.5	(7,258)	6,153	N/M
(Loss)/profit before income tax	(4,180)	2,055	N/M	(16,167)	(16,777)	3.6
Income tax (expense)/credit	(2,523)	(6)	N/M	(5,762)	26,004	N/M
Net (loss)/profit after income tax	(6,703)	2,049	N/M	(21,929)	9,227	N/M
EBITDA	30,037	36,550	(17.8)	120,977	120,770	0.2
Cash earnings ⁽¹⁾	16,119	23,448	(31.3)	74,894	57,853	29.5
Cash earnings less NCI	15,092	22,417	(32.7)	70,659	53,265	32.7

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*

	4Q FY11	4Q FY10	FY11	FY10
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Earnings	16,119	23,448	74,894	57,853
Applied as follows:				
Principal Repayment of SingSpring Loan	(2,370)	(2,246)	(9,295)	(9,463)
Non-controlling interest	(1,027)	(1,031)	(4,235)	(4,588)
Distribution to Unitholders	(10,289)	(10,289)	(41,156)	(39,442)

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.

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Subsidiaries' Financial Results

City Gas

	4Q FY11 Actual S\$'000	4Q FY10 Actual S\$'000	Change %	FY11 Actual S\$'000	FY10 Actual S\$'000	Change %
Revenue	77,747	73,608	5.6	308,192	258,788	19.1
Other income	2,944	284	N/M	3,463	884	N/M
Other (losses)/gains - net	(28)	(82)	65.9	(67)	(96)	30.2
Expenses						
Fuel and electricity costs	(37,530)	(30,946)	(21.3)	(133,589)	(109,259)	(22.3)
Transportation costs	(19,594)	(18,350)	(6.8)	(76,975)	(72,485)	(6.2)
Depreciation and amortisation	(3,859)	(3,952)	2.3	(15,650)	(16,344)	4.2
Staff costs	(4,888)	(5,734)	14.8	(16,050)	(17,612)	8.9
Finance costs ⁽¹⁾	(7,311)	(7,311)	-	(29,671)	(29,649)	(0.1)
Other operating expenses	(9,108)	(9,037)	(0.8)	(32,621)	(30,193)	(8.0)
Total expenses	(82,290)	(75,330)	(9.2)	(304,556)	(275,542)	(10.5)
(Loss)/profit before income tax	(1,627)	(1,520)	(7.0)	7,032	(15,966)	N/M
Income tax credit/(expense)	243	586	(58.5)	(1,256)	2,645	N/M
Net (loss)/profit after income tax	(1,384)	(934)	(48.2)	5,776	(13,321)	N/M
EBITDA	9,520	9,728	(2.1)	52,284	29,973	74.4
Cash earnings	8,077	8,548	(5.5)	47,117	25,478	84.9

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$47.1 million in FY11 compared to S\$25.5 million in FY10. 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 we fully recover our fuel costs over a period of time.

	4Q FY11 Actual S\$'000	4Q FY10 Actual S\$'000	Change %	FY11 Actual S\$'000	FY10 Actual S\$'000	Change %
Revenue	9,200	15,024	(38.8)	38,700	41,981	(7.8)
Other income	16	4	N/M	579	16	N/M
Expenses						
Fuel and electricity costs	(2,758)	(6,773)	59.3	(12,332)	(13,963)	11.7
Depreciation and amortisation	(912)	(912)	-	(3,648)	(3,648)	-
Operating and maintenance costs	(1,749)	(3,397)	48.5	(7,371)	(9,175)	19.7
Finance costs ⁽¹⁾	(2,336)	(2,480)	5.8	(9,762)	(8,374)	(16.6)
Other operating expenses	(380)	(363)	(4.7)	(1,515)	(1,319)	(14.8)
Total expenses	(8,135)	(13,925)	41.6	(34,628)	(36,479)	5.1
Profit before income tax	1,081	1,103	(2.0)	4,651	5,518	(15.7)
Income tax expense	(188)	(198)	5.1	(829)	(974)	14.9
Net profit after income tax	893	905	(1.3)	3,822	4,544	(15.9)
EBITDA	4,329	4,491	(3.6)	18,056	17,524	3.0
Cash earnings	4,226	4,239	(0.3)	17,367	18,548	(6.4)

⁽¹⁾ Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$17.4 million in FY11 compared to S\$18.5 million in FY10.

	4Q FY11 Actual A\$'000	4Q FY10 Actual A\$'000	Change %	FY11 Actual A\$'000	FY10 Actual A\$'000	Change %
Revenue	17,887	23,460	(23.8)	61,758	72,009	(14.2)
Other income	402	411	(2.2)	1,732	1,406	23.2
Other (losses)/gains - net	(7)	5	N/M	(3)	27	N/M
Expenses						
Fuel and electricity costs	(70)	(78)	10.3	(273)	(292)	6.5
Depreciation and amortisation	(7,034)	(7,037)	0.0	(28,159)	(28,056)	(0.4)
Staff costs	(802)	(756)	(6.1)	(2,607)	(2,514)	(3.7)
Operation and maintenance costs	(1,070)	(1,069)	(0.1)	(4,153)	(3,733)	(11.2)
Finance costs	(13,744)	(13,777)	0.2	(56,011)	(52,814)	(6.1)
Other operating expenses	(954)	(947)	(0.7)	(3,761)	(3,660)	(2.8)
Total expenses	(23,674)	(23,664)	(0.0)	(94,964)	(91,069)	(4.3)
Loss before fair value changes on DFI and income tax	(5,392)	212	N/M	(31,477)	(17,627)	(78.6)
Fair value (loss)/gain on DFI	(1,063)	(1,475)	27.9	(5,777)	5,236	N/M
Loss before income tax	(6,455)	(1,263)	(411.1)	(37,254)	(12,391)	(200.6)
Income tax (expense)/credit	(2,016)	(630)	(220.0)	(2,860)	20,057	N/M
Net (loss)/profit after income tax	(8,471)	(1,893)	(347.5)	(40,114)	7,666	N/M
EBITDA	13,928	19,140	(27.2)	45,213	67,073	(32.6)
Cash earnings	4,703	10,784	(56.4)	15,702	22,153	(29.1)

Basslink's cash earnings for FY11 was A\$15.7 million compared to A\$22.2 million in FY10. The lower cash earnings in FY11 was due to negative CRSM payments which was partially offset by contributions from its telecoms services which has been carrying traffic from July 2009.

Appendix

Group Financial Results

Group Consolidated Balance Sheet

	As at 31 Mar 11 \$'000	As at 31 Mar 10 \$'000
ASSETS		
Cash and bank deposits	159,094	132,975
Derivative financial instruments	87,687	108,139
Trade and other receivables	49,802	52,795
Inventories	13,184	13,552
Intangibles	428,063	438,807
Finance lease receivables	171,368	178,556
Property, plant and equipment	1,234,503	1,257,152
Other assets	7,570	7,471
Total assets	2,151,271	2,189,447
LIABILITIES		
Trade and other payables	80,812	75,606
Derivative financial instruments	16,500	22,747
Borrowings	1,566,247	1,537,696
Notes payable to non-controlling interest	15,000	15,000
Other liabilities	115,400	109,703
Total liabilities	1,793,959	1,760,752
Net Assets	357,312	428,695
Units in issue	680,245	680,245
Hedging reserve	(56,785)	(49,920)
Translation reserve	(16,489)	(16,633)
Accumulated losses	(259,586)	(195,354)
	347,385	418,338
Non-controlling interest	9,927	10,357
Total Unitholders' funds	357,312	428,695

Group Financial Results

Group Consolidated Cash Flow Statement

	4Q FY11 Actual S\$'000	4Q FY10 Actual S\$'000	FY11 Actual S\$'000	FY10 Actual S\$'000
Cash flows from operating activities				
Net (loss)/profit after income tax	(6,703)	2,049	(21,929)	9,227
Non-cash adjustments	38,114	36,280	150,680	105,312
Operating cash flow before working capital changes	31,411	38,329	128,751	114,539
Changes in operating assets and liabilities	(16,119)	(18,002)	(49,213)	(64,114)
Net cash generated from operating activities	15,292	20,327	79,538	50,425
Cash flows from investing activities				
Purchase of property, plant and equipment	(454)	(691)	(1,391)	(3,163)
Proceeds from sale of property, plant and equipment	10	-	17	-
Net cash used in investing activities	(444)	(691)	(1,374)	(3,163)
Cash from financing activities				
Increase in restricted cash	(26,348)	(815)	(25,800)	(377)
Repayment of borrowings	(2,370)	(2,246)	(9,295)	(236,963)
Net proceeds raised from issue of units	-	-	-	227,838
Distributions paid to unitholders of the Trust	(10,289)	(10,289)	(41,156)	(37,728)
Distributions paid by subsidiary to non-controlling interest	(300)	(2,100)	(1,770)	(3,360)
Net cash used in financing activities	(39,307)	(15,450)	(78,021)	(50,590)
Net (decrease)/increase in cash and cash equivalents	(24,459)	4,186	143	(3,328)
Cash and cash equivalents at beginning of the period	123,222	93,871	98,928	96,848
Effect of currency translation on cash and cash equivalents	62	871	(246)	5,408
Cash and cash equivalents at end of the period ⁽¹⁾	98,825	98,928	98,825	98,928

⁽¹⁾ Excludes restricted cash of S\$60,269 and S\$34,047 respectively

Group Financial Results

Group Cash Earnings

	4Q FY11 Actual S\$'000	4Q FY10 Actual S\$'000	FY11 Actual S\$'000	FY10 Actual S\$'000
EBITDA	30,037	36,550	120,977	120,770
Add/(less):				
Other cash receipt	1,459	1,706	13,228	6,918
Net finance cost	(16,500)	(16,467)	(65,713)	(65,827)
Fair value loss/(gain) on DFI	1,377	1,670	7,258	(6,153)
Unit issue expenses	-	-	-	1,321
Other non-cash flow expenses	294	171	347	1,469
Maintenance capital expenditure incurred	(548)	(182)	(1,203)	(645)
Cash earnings	16,119	23,448	74,894	57,853
Less: Cash earnings attributable to NCI	(1,027)	(1,031)	(4,235)	(4,588)
Cash earnings less NCI	15,092	22,417	70,659	53,265