



Results Briefing for 1Q FY2010

11 Aug 2009

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- Total cash earnings⁽¹⁾ for the quarter ended 30 Jun 2009 (“1Q FY10”) was S\$13.9 million
- For 1Q FY10, CitySpring will pay a distribution per unit (“DPU”) of 1.75 Singapore cents, in line with the target distribution guidance

(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*

City Gas

- City Gas achieved total cash earnings of S\$7.3 million for the quarter
- City Gas continues to pursue a multi-application sales strategy. An example is its recent contract to supply piped gas for cooking, water heating and clothes drying to a new service apartment development at Rangoon Road

SingSpring

- SingSpring achieved total cash earnings of S\$4.7 million for the quarter
- SingSpring continues to maintain record of 100% availability and met all the terms under the WPA with PUB
- For Q1 FY10, SingSpring supplied an average of 33,433 m³ of water per day to PUB, representing 24.5% of the SingSpring plant's capacity

Basslink

- Basslink achieved cash earnings of A\$5.0 million for the quarter
- Cumulative availability for the six months ended 30 Jun 2009 was 99.66%
- Basslink Telecoms' network was commissioned on 3 July 2009, and started carrying customers' traffic
- Basslink Telecoms' official launch was held on 16 July 2009 with Federal Communications Minister and Tasmanian Premier as guests of honour

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- All three businesses of CitySpring have performed to expectation in 1Q FY10
- The lower cash earnings of S\$13.9 million in 1Q FY10 compared to S\$17.7 million in 1Q FY09 is mainly due to:
 - **City Gas**
Short-term volatility in cash earnings due to time-lag in adjusting tariff to reflect actual fuel cost
 - **Basslink**
Termination of the Telecoms Agreement (“TA”) with the State of Tasmania and the resultant loss in revenue from this termination. This termination paves the way for Basslink to launch its telecoms project without the revenue-sharing arrangement under the TA. The telecoms network was officially launched on 16 July 2009 and is now carrying traffic from several customers

Group Financial Results

Group Consolidated Income Statement

Consolidated Income Statement	1Q FY10	1Q FY09	
	Actual S\$'000	Actual S\$'000	Change %
Revenue	82,833	99,371	(16.6)
Other income	623	1,543	(59.6)
Other gains - net	270	2,884	(90.6)
Total expenses	(86,975)	(106,947)	18.7
Loss before fair value changes on DFI and income tax	(3,249)	(3,149)	(3.2)
Fair value gain on DFI	7,945	3,577	122.1
Profit before income tax	4,696	428	N/M
Income tax credit	19,662	7,926	148.1
Net profit after income tax	24,358	8,354	191.6
EBITDA	35,402	34,676	2.1
Cash earnings ⁽¹⁾	13,866	17,745	(21.9)
Cash earnings less MI	12,693	16,607	(23.6)

DFI - Derivative financial instruments

⁽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*

Group Cash Earnings	FY08* S\$'000	FY09 S\$'000	1Q FY10 S\$'000
Cash Earnings	69,164	60,940	13,866
Principal Repayment of SingSpring Loan	(3,498)	(4,100)	(2,366)
Minority Interests	(4,073)	(4,237)	(1,173)
Distribution to Unitholders	(34,376)	(34,300)	(8,574)
Net Balance	27,217	18,303	1,753

** for the financial period from 5 Jan 07 to 31 Mar 08*

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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City Gas Financial Results	1Q FY10	1Q FY09	
	Actual S\$'000	Actual S\$'000	Change %
Revenue	56,510	72,655	(22.2)
Other income	248	319	(22.3)
Other gains - net	218	103	111.7
Expenses			
Fuel and electricity costs	(20,881)	(33,659)	38.0
Transportation costs	(17,861)	(17,840)	(0.1)
Depreciation and amortisation	(4,099)	(3,990)	(2.7)
Staff costs	(3,691)	(4,274)	13.6
Finance costs ⁽¹⁾	(7,391)	(4,249)	(73.9)
Other operating expenses	(6,183)	(8,217)	24.8
Total expenses	(60,106)	(72,229)	16.8
(Loss)/profit before income tax	(3,130)	848	N/M
Income tax credit/(expense)	515	(374)	N/M
Net (loss)/profit after income tax	(2,615)	474	N/M
EBITDA	8,345	9,047	(7.8)
Cash earnings	7,248	8,051	(10.0)

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$7.3 million compared to S\$8.1 million in the corresponding quarter. This was due mainly to the impact of a lower gas tariff although operating expenses for the quarter also declined. The general gas tariff of 15.14 cents per kWh was implemented on 1 February 2009, in response to lower feedstock costs for gas production. This compared to a tariff of 19.34 cents per kWh in the corresponding quarter.

SingSpring Financial Results	1Q FY10	1Q FY09	
	Actual S\$'000	Actual S\$'000	Change %
Revenue	8,174	6,454	26.7
Other income	4	20	(80.0)
Other gains - net	-	1,224	N/M
Expenses			
Fuel and electricity costs	(1,879)	(1,969)	4.6
Depreciation and amortisation	(912)	(912)	-
Operation & maintenance costs	(1,644)	(1,620)	(1.5)
Finance costs ⁽¹⁾	(1,960)	(2,054)	4.6
Other operating expenses	(340)	(259)	(31.3)
Total expenses	(6,735)	(6,814)	1.2
Profit before fair value changes on DFI and income tax	1,443	884	63.2
Fair value gain on DFI	-	377	N/M
Profit before income tax	1,443	1,261	14.4
Income tax expense	(270)	(304)	11.2
Net profit after income tax	1,173	957	22.6
EBITDA	4,311	4,207	2.5
Cash earnings	4,720	4,604	2.5

⁽¹⁾ Includes QPDS interest payable to CitySpring and MI

The SingSpring desalination plant continued to achieve 100% availability and recorded healthy cash earnings of S\$4.7 million for the quarter.

Basslink Financial Results	1Q FY10	1Q FY09	
	Actual A\$'000	Actual A\$'000	Change %
Revenue	16,206	15,715	3.1
Other income	317	832	(61.9)
Other gains - net	10	1,029	(99.0)
Expenses			
Fuel and electricity costs	(69)	(24)	(187.5)
Staff costs	(469)	(438)	(7.1)
Operation & maintenance costs	(771)	(521)	(48.0)
Depreciation and amortisation	(6,942)	(7,110)	2.4
Finance costs	(11,542)	(13,780)	16.2
Other operating expenses	(717)	(882)	18.7
Total expenses	(20,510)	(22,755)	9.9
Loss before fair value changes on DFI and income tax	(3,977)	(5,179)	23.2
Fair value gain on DFI	7,094	2,482	185.8
Profit/(loss) before income tax	3,117	(2,697)	N/M
Income tax credit	17,340	6,681	159.5
Profit after income tax	20,457	3,984	N/M
EBITDA	21,284	17,361	22.6
Cash earnings	4,952	5,648	(12.3)

Basslink's cash earnings for the quarter of A\$5.0 million (S\$5.5 million) no longer includes any revenue from the Telecoms Agreement ("TA") with the State of Tasmania. As advised previously, this agreement was terminated to enable Basslink to launch its telecoms services without the revenue sharing arrangement under the TA. It has thus been carrying traffic for several corporate customers since 3 July 2009.

1 Overview

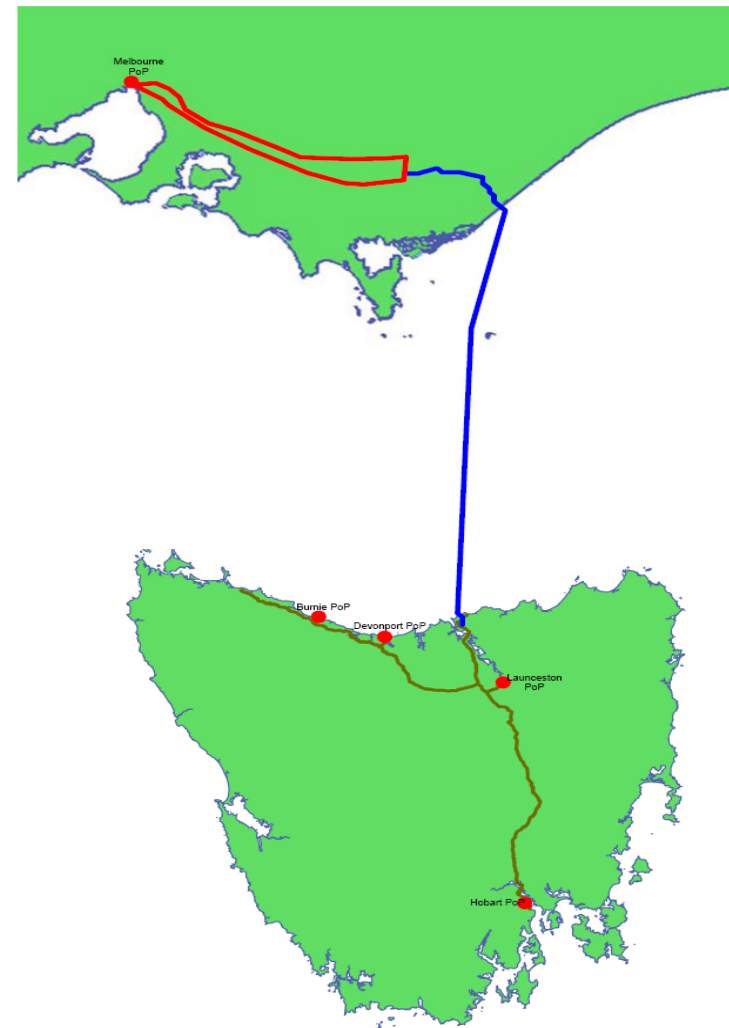
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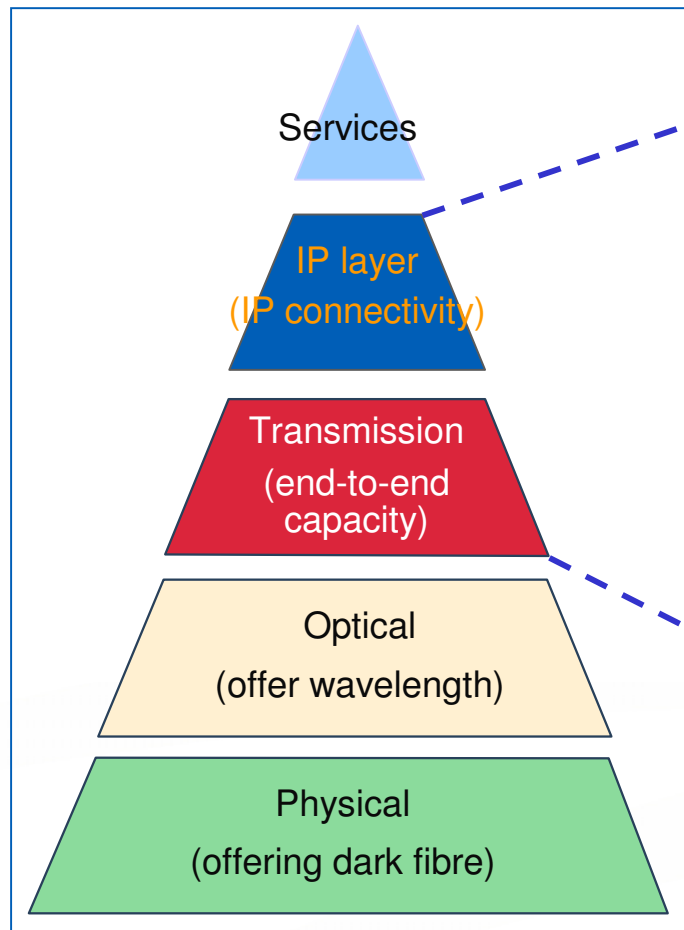
- Embedded within the Basslink Interconnector are 4 pairs of unlit fibre optic cables
- Basslink has established a new business unit, Basslink Telecoms, and invested in advanced telecoms equipment to light up the fibres and offer telecoms services between Hobart in Tasmania and Melbourne in Victoria, Australia
- The telecoms network was commissioned on 3 July 2009. It was officially launched by Tasmania Premier David Bartlett and Federal Minister for Broadband, Communications and the Digital Economy, Senator Stephen Conroy on 16 July 2009
- Telecoms is very strategic to Tasmania as the State has been suffering from a lack of backhaul alternatives. Basslink now provides an alternative backhaul connection between Tasmania and mainland Australia which frees Tasmania from the previous monopoly
- Basslink's fibres now link Tasmania to mainland Australia; connecting on the Victoria side to critical national and international telecoms infrastructure. Traffic from Basslink's inaugural customers is now flowing through our network. We expect to sign up more customers in the near future
- Strong demand for telecoms capacity across the Bass Strait is expected. The Australian government has recently launched the National Broadband Network (NBN) initiative, and Tasmania has been chosen as the first state to implement this initiative

- Basslink Telecoms, as a wholesale service provider, offers **basic IP connectivity and transmission capacity** from PoPs⁽¹⁾ in Tasmania via Bass Strait to PoPs in Melbourne
- 2 PoPs in Hobart, Tasmania – PipeNetwork and Aurora Datacentres
- 2 PoPs in Melbourne – Primus and NextGen Datacentres



Note:-

1 Points of presence



Services

- Basslink Telecoms offers **basic IP connectivity and transmission capacity** from PoPs in Tasmania via Bass Strait to PoPs in Melbourne
 - SDH Service (STM1 –STM16)
 - Ethernet (20Mbps and above)

Target customers

- Prospective customers would be infrastructure-based telecoms operators (ISPs, mobile service providers, etc) and government institutions

- The lighting up of the Basslink fibres is viewed as a significant milestone in the history of Tasmania. It not only introduces broadband competition into the market but also enables the Government to further develop IT infrastructure and attracts bandwidth-intensive businesses into the island
- Prospects of telecoms demand growth in Tasmania remains very good as broadband penetration remains low due to the previous lack of choice of providers
- As the first focus of the Australian Government's National Broadband Network (NBN) initiative, Tasmania is fast-tracking the rollout of its fibre-to-the-premises (FTTP) network which would deliver speeds of 100Mbps, connecting over 200,000 Tasmania households and businesses. This will have a knock-on effect on capacity demand across the Bass Strait

Appendix

Group Financial Results

Group Consolidated Balance Sheet

Consolidated Balance Sheet	As at 30 Jun 09 S\$'000	As at 31 Mar 09 S\$'000
ASSETS		
Cash and cash equivalents	125,691	125,934
Derivative financial instruments	97,510	19,733
Trade and other receivables	40,994	43,956
Inventories	12,506	12,379
Intangibles	442,934	441,187
Finance lease receivables	183,749	185,474
Property, plant and equipment	1,180,775	1,079,389
Other assets	8,054	5,518
Total assets	2,092,213	1,913,570
LIABILITIES		
Trade and other payables	63,239	68,665
Derivative financial instruments	27,338	28,483
Borrowings	1,657,082	1,557,116
Notes payable to minority unitholder	15,000	15,000
Other liabilities	103,544	95,784
Total liabilities	1,866,203	1,765,048
Net Assets	226,010	148,522
Units in issue	451,157	451,157
Hedging reserve	(58,982)	(105,279)
Translation reserve	(29,420)	(44,557)
Accumulated losses	(150,057)	(165,489)
	212,698	135,832
Minority interest	13,312	12,690
Total Unitholders' funds	226,010	148,522

Consolidated Cash Flow Statement	1Q FY10 Actual S\$'000	1Q FY09 Actual S\$'000
Cash flows from operating activities		
Net profit after tax	24,358	8,354
Non-cash adjustments	10,150	23,803
Operating cash flow before working capital changes	34,508	32,157
Changes in operating assets and liabilities	(20,675)	(17,417)
Net cash from operating activities	13,833	14,740
Cash flows from investing activities		
Purchase of property, plant and equipment	(500)	(226)
Proceeds from sale of property, plant and equipment	-	66
Net cash used in investing activities	(500)	(160)
Cash from financing activities		
Increase in restricted cash	(3,920)	(1,012)
Repayment of borrowings	(2,366)	(699)
Distributions paid to unitholders of the Trust	(8,574)	(7,839)
Distributions paid by subsidiary to its minority unitholder	-	(741)
Net cash used in financing activities	(14,860)	(10,291)
Net (decrease)/increase in cash and cash equivalents	(1,527)	4,289
Cash and cash equivalents at beginning of the period	96,848	68,064
Effect of currency translation on cash and cash equivalents	(2,636)	1,024
Cash and cash equivalents at end of the period ⁽¹⁾	92,685	73,377

⁽¹⁾ Excludes restricted cash of S\$33,006 and S\$38,930 respectively

Group Cash Earnings	1Q FY10 Actual S\$'000	1Q FY09 Actual S\$'000
EBITDA	35,402	34,676
Add/(less):		
Lease receivable repayment	1,725	1,660
Cash interest	(15,698)	(15,304)
Fair value gain on derivative financial instruments	(7,945)	(3,577)
Other non-cash flow expenses	470	516
Maintenance capital expenditure incurred	(88)	(226)
Cash earnings	13,866	17,745
Less: Cash earnings attributable to MI	(1,173)	(1,138)
Cash earnings less MI	12,693	16,607