

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

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**CITYSPRING INFRASTRUCTURE TRUST  
(Reg. No. 2007001)**

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

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**INTRODUCTION**

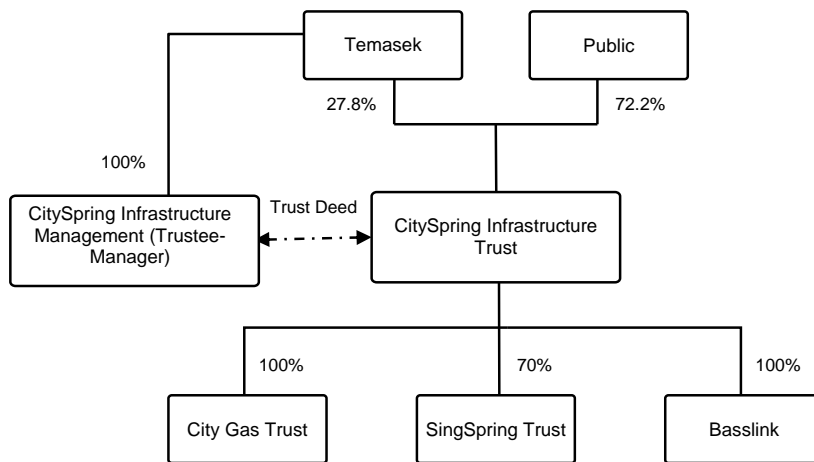
CitySpring Infrastructure Trust ("CitySpring") was constituted under a trust deed dated 5 January 2007. CitySpring Infrastructure Management Pte. Ltd. ("Trustee-Manager") was appointed the Trustee-Manager. CitySpring was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 February 2007.

CitySpring's objective is to invest in infrastructure assets and to provide Unitholders with long-term regular and predictable distributions.

The initial assets of CitySpring and its subsidiaries ("CitySpring Group") are 100%-owned City Gas Trust, the sole producer and retailer of town gas and the sole user of the low-pressured piped town gas network in Singapore and 70%-owned SingSpring Trust, the sole supplier of desalinated water to the Public Utilities Board, Singapore's national water agency.

CitySpring Group completed the acquisition of Basslink on 31 August 2007. Basslink is a 370 km high voltage electricity interconnector between the electricity grids of the States of Tasmania and Victoria in Australia. 290 km of the link is laid under the Bass Strait, making Basslink the world's second longest undersea electricity transmission cable. Embedded in the interconnector are fibre optic cables. Basslink Telecoms Pty Ltd a wholly owned subsidiary of CitySpring successfully commercialised these cables when it commenced carrying commercial traffic from July 2009.

The CitySpring Group is shown in the chart below.



**Background to Analysing Financial Statements**

**Cash earnings**

We measure our performance using cash earnings, instead of accounting profits or losses. Cash earnings is a better indicator of our performance to our Unitholders on the basis that infrastructure assets, being capital intensive, tend to show accounting losses due to fairly large amount of non-cash depreciation charges.

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.

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**INTRODUCTION (cont'd)**

**Background to Analysing Financial Statements (cont'd)**

**Hedging Rationale**

SingSpring and Basslink have long-term 20 and 25 years contracts respectively with state-owned utilities. These contracts are availability-based and produce steady cash flows which are largely not affected by volume or utilisation. As these assets, together with City Gas, have been acquired using partly debt financing at variable interest rate, the CitySpring Group may enter into long-term contracts to protect these cash flows from interest rate risk pursuant to its active risk management policy. This policy is consistent with the CitySpring Group's stated objective of delivering regular and stable distributions to unitholders.

Accounting standards require movements in the fair value of held-for-trading contracts to be recorded in the income statements and hedging contracts to be recognised in hedging reserve. Such movements are non-cash in nature and do not reflect the fundamental value of the Group's businesses. Due to the long term nature of these contracts, movements in fair value of these contracts can be significant.

**Debt and gearing**

All of our operating units utilise non-recourse financing that is specifically structured to match the stable and long-term contracted cash flows from their customers. Generally, our philosophy towards our overall debt structure is to ensure that all of our businesses have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time are able to service their debt obligations promptly and reliably. This ensures that we have an optimal capital structure with the flexibility for us to execute our growth strategies.

As such, consolidated debt-to-equity ratio at the CitySpring level is not a relevant measure of our indebtedness.

**Energy costs**

At City Gas Trust, fuel costs consists mainly of the cost of natural gas. This is in turn recoverable from the fuel component of the town gas tariffs determined by the Energy Market Authority. On a long term basis, changes in fuel costs are expected to have no impact on City Gas Trust as fuel costs are passed through to the end-users. 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 therefore be evident if there are sharp changes in fuel prices.

At SingSpring Trust, the energy cost is recovered from PUB in accordance with the principles set out in the Water Purchase Agreement.

At Basslink, energy costs do not form a substantial portion of its operating expenses relative to its other operating costs.

**Other Income**

Other income includes interest income, rental income and other miscellaneous operating income.

**Other gains / (losses) – net**

This includes realised gains or losses and fair value gains or losses from held-for-trading financial assets and currency exchange gains or losses.

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Income Statement

	<b>1Q FY11</b>	<b>1Q FY10</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>103,870</b>	<b>82,833</b>	<b>25.4</b>
<b>Other income</b>	<b>700</b>	<b>508</b>	<b>37.8</b>
<b>Other (losses)/gains - net</b>	<b>(7,420)</b>	<b>7,992</b>	<b>N/M</b>
<b>Expenses</b>			
Fuel and electricity costs	(36,253)	(22,614)	(60.3)
Transportation costs	(18,745)	(17,861)	(4.9)
Depreciation and amortisation	(13,481)	(12,785)	(5.4)
Staff costs	(3,127)	(4,227)	26.0
Operation and maintenance costs	(5,200)	(3,978)	(30.7)
Finance costs	(21,031)	(18,311)	(14.9)
Management fee	(1,460)	(873)	(67.2)
Other operating expenses	(7,018)	(5,988)	(17.2)
Total expenses	(106,315)	(86,637)	(22.7)
<b>(Loss)/profit before income tax</b>	<b>(9,165)</b>	<b>4,696</b>	<b>N/M</b>
Income tax (expense)/credit	(12,691)	19,662	N/M
<b>Net (loss)/profit after income tax</b>	<b>(21,856)</b>	<b>24,358</b>	<b>N/M</b>
<b>(Loss)/profit attributable to:</b>			
Unitholders of the Trust	(22,096)	24,006	N/M
Non-controlling interest	240	352	(31.8)
	<b>(21,856)</b>	<b>24,358</b>	<b>N/M</b>

N/M - Not meaningful

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

(ii) Consolidated Statement of Comprehensive Income

	1Q FY11	1Q FY10
	S\$'000	S\$'000
<b>Net (loss)/profit after income tax</b>	<b>(21,856)</b>	<b>24,358</b>
<b>Other comprehensive (loss)/income:</b>		
Cash flow hedges:		
- Fair value (losses)/gains	(31,044)	46,222
- Transfer to income statement	2,001	345
Translation differences relating to consolidation of foreign subsidiaries	(12,081)	15,138
<b>Other comprehensive (loss)/income, net of tax</b>	<b>(41,124)</b>	<b>61,705</b>
<b>Total comprehensive (loss)/income</b>	<b>(62,980)</b>	<b>86,063</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Unitholders of the Trust	(62,977)	85,441
Non-controlling interest	(3)	622
	<b>(62,980)</b>	<b>86,063</b>

(iii) Additional Information

	1Q FY11	1Q FY10	Change
	S\$'000	S\$'000	%
<b>EBITDA</b>	<b>24,721</b>	<b>35,402</b>	<b>(30.2)</b>
<b>Cash earnings<sup>1</sup></b>	<b>17,800</b>	<b>13,866</b>	<b>28.4</b>

<sup>1</sup> 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

**CITYSPRING INFRASTRUCTURE TRUST**  
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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

1(b)(i) **Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Balance Sheet (Group)**

	<b>As at 30 June 2010</b>	<b>As at 31 March 2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits	128,657	132,975
Derivative financial instruments	6,254	12,720
Trade and other receivables	47,515	52,795
Finance lease receivables	7,262	7,188
Inventories	13,667	13,552
Other current assets	6,047	2,933
<b>Total current assets</b>	<b>209,402</b>	<b>222,163</b>
<b>Non-current assets</b>		
Derivative financial instruments	46,855	95,419
Finance lease receivables	169,503	171,368
Other assets	4,058	4,538
Property, plant and equipment	1,152,994	1,257,152
Intangibles	432,026	438,807
<b>Total non-current assets</b>	<b>1,805,436</b>	<b>1,967,284</b>
<b>Total assets</b>	<b>2,014,838</b>	<b>2,189,447</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Derivative financial instruments	-	2,207
Trade and other payables	70,520	75,606
Current tax liabilities	1,457	2,520
Borrowings	9,180	9,025
<b>Total current liabilities</b>	<b>81,157</b>	<b>89,358</b>
<b>Non-current liabilities</b>		
Derivative financial instruments	21,213	20,540
Borrowings	1,441,761	1,528,671
Notes payable to non-controlling interest	15,000	15,000
Deferred tax liabilities	22,468	21,928
Other non-current liabilities	78,173	85,255
<b>Total non-current liabilities</b>	<b>1,578,615</b>	<b>1,671,394</b>
<b>Total liabilities</b>	<b>1,659,772</b>	<b>1,760,752</b>
<b>Net assets</b>	<b>355,066</b>	<b>428,695</b>
<b>EQUITY</b>		
<b>Unitholders' funds</b>		
Units in issue	680,245	680,245
Hedging reserve	(78,720)	(49,920)
Translation reserve	(28,714)	(16,633)
Accumulated losses	(227,739)	(195,354)
	345,072	418,338
Non-controlling interest	9,994	10,357
<b>Total unitholders' funds</b>	<b>355,066</b>	<b>428,695</b>

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

**1(b)(i) Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd)**

**Balance Sheet (Trust)**

	<b>As at 30 June 2010</b>	<b>As at 31 March 2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits	52,899	41,087
Trade and other receivables	309,985	325,197
Other current assets	16	26
<b>Total current assets</b>	<b>362,900</b>	<b>366,310</b>
<b>Non-current assets</b>		
Long-term receivables	230,570	230,570
Investment in subsidiaries	155,135	155,135
<b>Total non-current assets</b>	<b>385,705</b>	<b>385,705</b>
<b>Total assets</b>	<b>748,605</b>	<b>752,015</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,904	1,895
Current tax liabilities	44	34
<b>Total current liabilities</b>	<b>1,948</b>	<b>1,929</b>
<b>Non-current liabilities</b>		
Borrowings	141,133	140,873
<b>Total non-current liabilities</b>	<b>141,133</b>	<b>140,873</b>
<b>Total liabilities</b>	<b>143,081</b>	<b>142,802</b>
<b>Net assets</b>	<b>605,524</b>	<b>609,213</b>
<b>EQUITY</b>		
<b>Unitholders' funds</b>		
Units in issue	680,245	680,245
Accumulated losses	(74,721)	(71,032)
<b>Total unitholders' funds</b>	<b>605,524</b>	<b>609,213</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

	<b>30/06/10</b>	<b>31/03/10</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured bank loans</b>		
Amount repayable within one year	9,180	9,025
Amount repayable after one year	1,441,761	1,528,671
	<b>1,450,941</b>	<b>1,537,696</b>

**Details of any collateral at CitySpring**

The bank borrowings are secured over the assets and business undertakings of City Gas Trust, SingSpring Trust and Basslink Group. The loan granted to SingSpring Trust is also secured by a charge over the units in SingSpring Trust held by the Trustee-Manager and Hyflux Ltd, and a charge over the shares held by the Trustee-Manager in SingSpring Pte Ltd. The corporate loan granted to CitySpring is secured over its assets and business undertakings, including a charge over the units in City Gas Trust, and the shares in City Gas Pte Ltd and in CityLink Investments Pte Ltd ("CityLink"), the holding company of Basslink, held by the Trustee-Manager. CityLink has provided a corporate guarantee for the corporate loan.

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Cash Flow Statement**

	<b>1Q FY11</b>	<b>1Q FY10</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net (loss)/profit after income tax	(21,856)	24,358
Adjustments for:		
Income tax expense/(credit)	12,691	(19,662)
Depreciation and amortisation	13,481	12,785
Finance costs	21,031	18,311
Interest income	(626)	(390)
Fair value loss/(gain) on derivative financial instruments	6,112	(7,945)
Property, plant and equipment written off	-	4
Unrealised translation loss/(gain)	231	(362)
Operating cash flow before working capital changes	31,064	27,099
Changes in working capital :		
Inventories	(115)	(127)
Trade and other receivables	4,253	2,520
Trade and other payables	(4,808)	(8,949)
<b>Cash generated from operations</b>	<b>30,394</b>	<b>20,543</b>
Interest received	675	386
Interest paid	(17,341)	(14,505)
Income tax paid	(1,073)	-
<b>Net cash generated from operating activities</b>	<b>12,655</b>	<b>6,424</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(68)	(500)
<b>Net cash used in investing activities</b>	<b>(68)</b>	<b>(500)</b>
<b>Cash flows from financing activities</b>		
Increase in restricted cash	(445)	(1,620)
Repayment of borrowings	(2,250)	(2,366)
Distributions paid to unitholders of the Trust	(10,289)	(8,575)
Distributions paid by subsidiary to non-controlling interest	(360)	-
<b>Net cash used in financing activities</b>	<b>(13,344)</b>	<b>(12,561)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(757)</b>	<b>(6,637)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>98,928</b>	<b>96,848</b>
Effect of currency translation on cash and cash equivalents	(1,986)	2,474
<b>Cash and cash equivalents at end of the period (Note a)</b>	<b>96,185</b>	<b>92,685</b>

**Note a:**

	<b>As at</b>	<b>As at</b>
	<b>30 June 2010</b>	<b>30 June 2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and short term deposits as at 30 June	128,657	125,691
Less: Restricted cash	(32,472)	(33,006)
<b>Cash and cash equivalents</b>	<b>96,185</b>	<b>92,685</b>

Restricted cash represents the amount of cash and cash equivalents pledged to the bank as security for the bank loans extended to CitySpring, SingSpring Trust and the Basslink Group.



**CITYSPRING INFRASTRUCTURE TRUST**  
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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in unit or (ii) changes in unit other than those arising from capitalisation issues and distributions to unitholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<u>Group</u>	Attributable to Unitholders of the Trust				Non-controlling Interest	Total
	Units in Issue	Hedging Reserve	Translation Reserve	Accumulated Losses		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2011</b>						
Balance as at 1 April 2010	680,245	(49,920)	(16,633)	(195,354)	418,338	10,357
Total comprehensive loss	-	(28,800)	(12,081)	(22,096)	(62,977)	(3)
Distributions paid	-	-	-	(10,289)	(10,289)	(360)
<b>Balance as at 30 June 2010</b>	<b>680,245</b>	<b>(78,720)</b>	<b>(28,714)</b>	<b>(227,739)</b>	<b>345,072</b>	<b>9,994</b>
<b>2010</b>						
Balance as at 1 April 2009	451,157	(105,279)	(44,557)	(165,489)	135,832	12,690
Total comprehensive income	-	46,297	15,138	24,006	85,441	622
Distributions paid	-	-	-	(8,575)	(8,575)	-
<b>Balance as at 30 June 2009</b>	<b>451,157</b>	<b>(58,982)</b>	<b>(29,419)</b>	<b>(150,058)</b>	<b>212,698</b>	<b>13,312</b>

Trust

	Units in Issue	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
<b>2011</b>			
Balance as at 1 April 2010	680,245	(71,032)	609,213
Total comprehensive income	-	6,600	6,600
Distributions paid	-	(10,289)	(10,289)
<b>Balance as at 30 June 2010</b>	<b>680,245</b>	<b>(74,721)</b>	<b>605,524</b>
<b>2010</b>			
Balance as at 1 April 2009	451,157	(61,560)	389,597
Total comprehensive income	-	4,850	4,850
Distributions paid	-	(8,575)	(8,575)
<b>Balance as at 30 June 2009</b>	<b>451,157</b>	<b>(65,285)</b>	<b>385,872</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30/06/10	As at 31/03/10
Total issued units	979,931,008	979,931,008

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited nor reviewed by the Auditor.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those described in the audited financial statements for the financial year ended 31 March 2010.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standards, what has changed, as well as the reasons for, and the effect of, the change**

With effect from 1 April 2010, the Group adopted the following new or amended Singapore Financial Reporting Standards ("FRS") which are relevant to the Group's operations:

- Amendment to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- FRS 27 (revised) Consolidated and Separate Financial Statements
- FRS 103 (revised) Business Combinations

The adoption of the above FRS does not have any significant impact on the financial statements.

**6. Earnings per unit of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

**6.1 Earnings per unit and distribution per unit for the financial period**

	<b>1Q FY11</b>	<b>1Q FY10</b>
(i) Weighted average number of units	979,931,008	489,965,504
(ii) (Loss)/earnings per unit for the period based on the weighted average number of units in issue (cents)		
- Basic and diluted	(2.25)	4.90
(iii) Number of units issued at end of period	979,931,008	489,965,504
(iv) Distribution per unit for the period (cents)	1.05 <sup>(*)</sup>	1.75

<sup>(\*)</sup> Post Rights

**6.2 Cash earnings per unit for the financial period**

	<b>1Q FY11</b>	<b>1Q FY10</b>
Cash earnings per unit for the period based on the weighted average number of units in issue (cents)		
- Basic and diluted	1.82	2.83

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.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

**7. Net asset value (for the issuer and the group) per unit based on the total number of issued units excluding treasury shares at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

**Net asset value (“NAV”) per unit based on units issued at the end of the period**

	Group		Trust	
	30/06/10	31/03/10	30/06/10	31/03/10
Net asset value per unit (S\$)	0.35	0.43	0.62	0.62

The Group NAV per unit before hedging and translation reserves is S\$0.46 as at 30 June 2010 and S\$0.49 as at 31 March 2010.

The number of units used for computation of actual NAV per unit is 979,931,008 which is the number of units in issue as at 30 June 2010 and 31 March 2010.

The Group adopts an active risk management strategy and where appropriate would enter into contracts to protect its cash flow. This policy is consistent with the Group’s stated objective of delivering regular and stable distributions to unitholders. Accounting standards require movements in the fair value of held-for-trading contracts to be recorded in the income statement and of hedging contracts to be recognised in the hedging reserve. At 30 June 2010, the Group had a hedging reserve of negative S\$78.2 million (31 March 2010: negative S\$49.9 million). The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group’s businesses.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**8.1 Income Statement (1Q FY11 vs 1Q FY10)**

**Revenue**

Group revenue for 1Q FY11 was S\$103.9 million which was S\$21.0 million higher than 1Q FY10.

At City Gas Trust, revenue of S\$75.2 million in 1Q FY11 was higher than its revenue of S\$56.5 million in 1Q FY10. This was due mainly to higher tariffs charged in response to higher feedstock costs for gas production.

SingSpring’s revenue of S\$10.6 million in 1Q FY11 was higher than its revenue of S\$8.2 million in 1Q FY10. The higher revenue was due to higher electricity cost incurred which was passed through to PUB and due to higher dispatch level of 37% for the quarter compared to 25% during the corresponding quarter.

Basslink’s revenue of A\$14.7 million in 1Q FY11 was lower compared to A\$16.2 million in 1Q FY10 due to lower CRSM<sup>2</sup> payment and lower facility fee. Basslink suffered an outage in April 2010 resulting in reduced facility fee for that month. These were partly offset by revenue from its telecoms services which commenced carrying commercial traffic from July 2009.

**Other income**

This comprises interest income and other miscellaneous income. Other income for 1Q FY11 was S\$0.7 million which was higher than S\$0.5 million recorded in 1Q FY10 due mainly to higher interest income.

**Other (losses)/gains – net**

Other losses – net of S\$7.4 million in 1Q FY11 and other gains – net of S\$8.0 million in 1Q FY10 were mainly due to fair value movement on derivative financial instruments respectively.

<sup>2</sup> Commercial Risk Sharing Mechanism relates to the sharing of market risk payment under the Basslink Service Agreement with Hydro Tasmania

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**

***Operating Expenses***

Fuel and electricity costs of S\$36.2 million in 1Q FY11 were higher than the costs of S\$22.6 million in 1Q FY10 due to higher fuel cost for City Gas Trust.

Depreciation and amortisation costs of S\$13.5 million in 1Q FY11 were higher compared to S\$12.8 million due to higher currency translation rate applied in the current period.

Finance costs of S\$21.0 million in 1Q FY11 were higher compared to S\$18.3 million due mainly to higher currency translation rate in the current quarter which was partially offset by lower finance costs from lower corporate debt during the quarter.

Other operating expenses of S\$7.0 million in 1Q FY11 were higher compared to S\$6.0 million in 1Q FY10 due mainly to higher currency translation rate and higher marketing expense in the current period.

***Cash earnings***

1Q FY11 cash earnings was S\$17.8 million which was S\$3.9 million higher than in 1Q FY10.

City Gas Trust recorded cash earnings of S\$13.1 million in 1Q FY11 compared to S\$7.3 million in 1Q FY10. City Gas Trust' short term profit margins can be affected by movements in fuel costs. This is because City Gas Trust 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 therefore potentially a mis-match between City Gas' fuel costs and tariffs, although the tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time.

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$4.1 million in 1Q FY11 compared to S\$4.7 million in 1Q FY10. The lower cash earnings in 1Q FY11 was due to higher finance costs from higher fixed interest rate on the hedged portion of the loan as contracted with lenders under the financing agreement.

Basslink's cash earnings for 1Q FY11 was A\$2.5 million compared to A\$5.0 million in 1Q FY10. The lower cash earnings in 1Q FY11 was due to lower facility fee as a result of the April 2010 unplanned outage and lower CRSM payment which was offset by contributions from its telecoms services which has been carrying traffic from July 2009.

**8.2 Balance Sheet**

Total assets as at 30 June 2010 was S\$2,015 million which was lower than total assets of S\$2,189 million as at 31 March 2010. This was mainly due to depreciation charges for property plant and equipment, amortisation charges for intangible assets other than goodwill, effect of translation of overseas subsidiary asset balances at a lower closing rate at 30 June 2010 as compared with 31 March 2010 and the effects of mark-to-market changes in the derivative financial instruments.

Total liabilities as at 30 June 2010 was S\$1,660 million which was lower than total liabilities of S\$1,761 million as at 31 March 2010. This was mainly due to repayment of bank loan, effect of translation of overseas subsidiary liability balances at a lower closing rate at 30 June 2010 as compared with 31 March 2010 and the effects of mark-to-market changes in the derivative financial instruments.

Total unitholders funds as at 30 June 2010 was S\$355 million which was lower than total unitholders funds of S\$429 million as at 31 March 2010. This was mainly due to net profit after tax recorded for the quarter ended 30 June 2010, distribution to unitholders, the effects of mark-to-market changes in the derivative financial instruments on hedging reserve and effect of translation at a lower closing rate at 30 June 2010 as compared with 31 March 2010.

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**

**8.3 Cashflow**

Cash and cash balances as at 30 June 2010 was S\$96.2 million which was an increase of S\$3.5 million compared to S\$92.7 million as at 31 March 2010. This was mainly due to the increase in net cash generated from operating activities which increased from S\$6.4 million for the quarter ended 30 June 2009 to S\$12.7 million for the quarter ended 30 June 2010. This was partly utilised to fund the increase in distribution to unitholders which increased from S\$8.6 million for the quarter ended 30 June 2009 to S\$10.3 million for the quarter ended 30 June 2010.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast statement for financial year 2011 has been disclosed.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The underlying performance of the three assets in the Group is expected to remain stable. Basslink and SingSpring have long-term contracts with state-owned utilities. Basslink Telecoms, which commenced services from July 2009, has sold capacity to several internet service providers in Tasmania and is operating as expected. In Singapore, the opening of the two integrated resorts and a number of prime shopping malls in the Orchard Road area, all of which have significant food and beverage businesses should have a positive impact on town gas consumption.

City Gas Trust's cash earnings could fluctuate depending on changes in tariffs in response to changes in fuel costs. The tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time. City Gas Trust has maintained its gas tariff for households for the quarter commencing August 2010.

As disclosed since 3Q FY10, Basslink Pty Ltd ("Basslink") and Hydro Tasmania ("HT") are in discussions with regard to the interpretation of certain terms of the Basslink Services Agreement ("BSA") for the application to the commercial risk sharing mechanism ("CRSM") calculations. The outcome of the discussions may have an impact on the CRSM calculations for calendar year 2009. Based on HT's purported interpretation of these terms, HT had claimed an additional A\$6.9m in CRSM payment for calendar year 2009. The Group has taken legal advice on these issues. No provision for any liabilities against the Group arising from these discussions has been made in the financial statements.

In line with CitySpring's acquisition strategy the Trustee-Manager continues to consider a number of possible acquisition opportunities and will announce further details as to such opportunities in compliance with applicable disclosure requirements should such opportunities materialise. There can be no assurance that any of these opportunities will be realised.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2010**

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**11. Distributions**

**(a) Current financial period reported on**

Any distributions declared for the current financial period	:	Yes
Amount	:	S\$10,289,275
Distribution period	:	From 01/04/2010 to 30/06/2010
Distribution type	:	Cash, Tax-Exempt Income
Distribution rate	:	1.05 Singapore cents per unit <sup>(*)</sup>
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of CitySpring.

<sup>(\*)</sup> Post Rights

**(b) Corresponding Period of the Immediately Preceding Financial Period**

Any distributions declared for the current financial period	:	Yes
Amount	:	S\$8,574,396
Distribution period	:	From 01/04/2009 to 30/06/2009
Distribution type	:	Cash, Tax-Exempt Income
Distribution rate	:	1.75 Singapore cents per unit
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of CitySpring.

**(c) Date Payable** : 17 September 2010

**(d) Books closure date** : The Transfer Books and Register of CitySpring Infrastructure Trust will be closed from 5.00 p.m. on 27 August 2010 for the purposes of determining each unitholder's entitlement to the distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with units at 5.00 p.m. on 27 August 2010 will be entitled to the distribution to be paid on 17 September 2010.

**12. If no distribution has been declared/recommended, a statement to that effect**

Not applicable.

**CITYSPRING INFRASTRUCTURE TRUST**  
**(Reg. No. 2007001)**

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**13. INTERESTED PARTY TRANSACTIONS**

Name of Interested Person	Aggregate value of all interested person transactions conducted during the financial period under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus and Circular seeking unitholders approval for Basslink acquisition (excluding transactions less than \$100,000)	
	<b>1Q FY11 S\$'000</b>	<b>1Q FY10 S\$'000</b>
<b>(a) Sales</b>		
Powergas Limited	103	1,138
SATS Catering Pte Ltd	1,309	817
<b>(b) Reimbursement of expenses</b>		
Powergas Limited	1,067	-
<b>(c) Purchases</b>		
Aetos Security Management Pte Ltd	143	126
Gas Supply Pte Ltd	29,990 <sup>3</sup>	19,192
Powergas Limited	19,229	18,699
SembCorp Power	1 <sup>4</sup>	1,249
SP Services Limited	3,210 <sup>5</sup>	2,989
SPI PowerNet Pty Ltd	171	131
<b>(d) Leasing of Assets (Rental Charges)<sup>6</sup></b>		
Powergas Limited	99	99
SP Services Limited	60	50
<b>(e) Management Fee Expense</b>		
CitySpring Infrastructure Management Pte. Ltd.	1,538	951

CitySpring Infrastructure Management Pte. Ltd. (as Trustee-Manager of CitySpring Infrastructure Trust) and its subsidiaries does not have a shareholders' mandate pursuant to Rule 920 in relation to interested party transactions for financial periods ended 30 June 2010 and 30 June 2009.

<sup>3</sup> This includes the value of purchases of additional natural gas under the supplemental gas purchase agreement dated 16 May 2008, as approved by independent unitholders at the extraordinary general meeting held on 3 July 2008

<sup>4</sup> Amount represents adjustments made to previous quarters billings

<sup>5</sup> This includes the value of services rendered by SP Services Limited under the renewed utilities support services agreement dated 1 June 2009 as approved by independent unitholders at the extraordinary general meeting held on 22 July 2009

<sup>6</sup> Total contract value exceeds S\$100,000

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**14. Confirmation by the Board pursuant to Rule 705(4)**

The Board of CitySpring Infrastructure Management Pte. Ltd. (as Trustee-Manager of CitySpring Infrastructure Trust) has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results of the Group for the quarter ended 30 June 2010 to be false or misleading in any material aspect.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD  
CITYSPRING INFRASTRUCTURE MANAGEMENT PTE. LTD.  
(COMPANY REGISTRATION NO. 200614377M)  
AS TRUSTEE-MANAGER OF CITYSPRING INFRASTRUCTURE TRUST

Susanna Cher  
Company Secretary

Singapore  
12 August 2010