

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

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CITYSPRING INFRASTRUCTURE TRUST
(Reg. No. 2007001)

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

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.

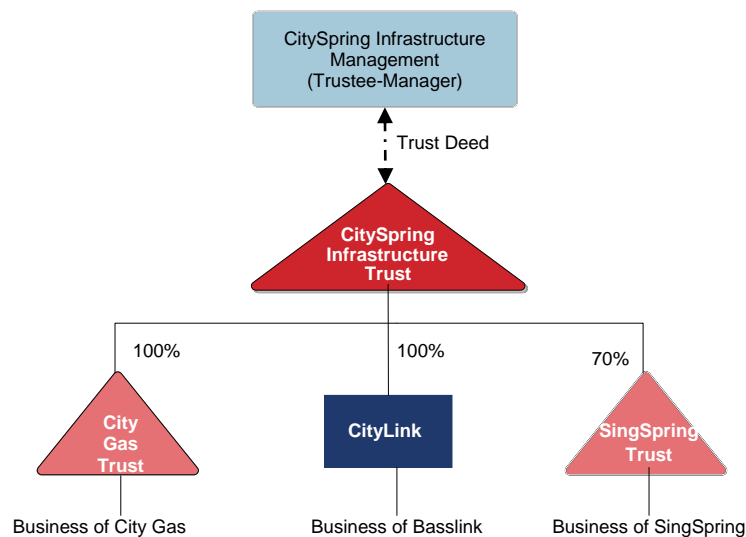
The initial assets of CitySpring are 100% owned City Gas Trust, the sole producer and retailer of town gas and the sole user of the low-pressured piped town gas network in Singapore and 70% owned SingSpring Trust, the sole supplier of desalinated water to the Public Utilities Board, Singapore's national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

The acquisition of the assets and business undertakings of the initial assets were only completed on 12 February 2007 which was the official listing date. There were no operating activities for the period prior to 12 February 2007. The first reporting period for CitySpring was from 5 January 2007 to 31 March 2007.

CitySpring completed the acquisition of Basslink on 31 August 2007 from National Grid International Ltd ("National Grid") for an enterprise value of A\$1,177 million (approximately S\$1,521 million).

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.

The enlarged CitySpring Group is shown in the chart below.



CitySpring Infrastructure Management Pte. Ltd. as Trustee-Manager of CitySpring Infrastructure Trust had issued a Circular dated 24 January 2008 ("Basslink Circular") to seek the approval of Unitholders for, among other things, the ratification of the acquisition of Basslink and the issue of new units pursuant to an equity fund raising to be undertaken by CitySpring. The Basslink Circular included projections for the Enlarged CitySpring Group for the periods from 5 January 2007 to 31 March 2008 and 1 April 2008 to 31 March 2009 (FY 2009). The pro-rated projections for FY 2009 in paragraph 9 are those of the Enlarged CitySpring Group as disclosed in the Basslink Circular.

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

Consolidated Income Statement

	Quarter			9 months ended		
	01/10/08 to 31/12/08	01/10/07 to 31/12/07	Change	01/04/08 to 31/12/08	01/04/07 to 31/12/07 Note (a)	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	101,153	97,801	3.4	301,469	238,925	26.2
Other (loss)/income	(19,857)	8,981	N/M	(21,145)	10,435	N/M
Expenses						
Fuel and electricity costs	(30,390)	(30,062)	(1.1)	(112,463)	(80,085)	(40.4)
Transportation costs	(17,737)	(17,599)	(0.8)	(53,564)	(52,321)	(2.4)
Depreciation and amortisation	(12,151)	(14,262)	14.8	(40,083)	(27,199)	(47.4)
Staff costs	(4,362)	(4,541)	3.9	(13,952)	(12,090)	(15.4)
Operations and maintenance costs	(4,145)	(4,544)	8.8	(12,191)	(10,575)	(15.3)
Finance costs	(22,039)	(22,649)	2.7	(66,779)	(35,480)	(88.2)
Management fee	(880)	(1,232)	28.6	(2,708)	(4,278)	36.7
Other operating expenses	(10,035)	(9,648)	(4.0)	(27,143)	(21,848)	(24.2)
Total expenses	(101,739)	(104,537)	2.7	(328,883)	(243,876)	(34.9)
(Loss)/profit before income tax	(20,443)	2,245	N/M	(48,559)	5,484	N/M
Income tax (expense)/credit	(793)	6,676	N/M	(1,035)	6,547	N/M
Net (loss)/profit after tax	(21,236)	8,921	N/M	(49,594)	12,031	N/M
Attributable to:						
Unitholders of the Trust	(21,253)	8,665	N/M	(49,811)	12,455	N/M
Minority interest	17	256	(93.4)	217	(424)	N/M
	(21,236)	8,921	N/M	(49,594)	12,031	N/M

N/M - Not meaningful

Notes:

- (a) CitySpring's acquisition of Basslink was completed on 31 August 2007. The results for the comparative figures for the 9 months ended 31 December 2007 comprises the results of the initial assets of City Gas Trust and SingSpring Trust and the results of Basslink since acquisition date on 31 August 2007.
- (b) For the quarter ended 31 December 2008, other loss of S\$19.9 million comprises mainly S\$22.3 million non-cash fair value loss on derivative financial instruments, which is partly reduced by realised gain on derivative financial instruments of S\$1.0 million, interest income of S\$0.7 million and other cash income of S\$0.7 million. The non-cash fair value loss relates mainly to the over hedged portion of the 25-year floating interest rate hedge. The floating interest rate hedge provides Basslink with a hedge against the floating interest rate of its medium term bonds.

For the quarter ended 31 December 2007, other income of S\$9.0 million comprises mainly realised gain on derivative financial instruments of S\$1.6 million, non-cash fair value gain on derivative financial instruments of S\$5.4 million, interest income of S\$1.3 million and other cash income of S\$0.7 million.

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Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

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

Balance Sheet (Group)

	31/12/08	31/03/08
	S\$'000	S\$'000
ASSETS		
Non-current assets		
Derivative financial instruments	-	96,558
Finance lease receivable	180,262	185,474
Other assets	224	235
Property, plant and equipment	1,043,223	1,308,973
Intangibles	452,240	473,897
Total non-current assets	1,675,949	2,065,137
Current assets		
Cash and cash equivalents	98,163	105,982
Derivative financial instruments	3,847	50,708
Trade and other receivables	51,945	57,004
Finance lease receivable	6,853	6,657
Inventories	11,931	13,036
Other current assets	1,671	1,818
Total current assets	174,410	235,205
Total assets	1,850,359	2,300,342
LIABILITIES		
Current liabilities		
Trade and other payables	52,107	63,053
Derivative financial instruments	9,519	-
Current tax liabilities	2,509	2,386
Borrowings	8,916	373,634
Total current liabilities	73,051	439,073
Non-current liabilities		
Derivative financial instruments	100,903	18,485
Borrowings	1,507,186	1,345,368
Notes payable to minority interest	15,000	15,000
Deferred tax liabilities	23,297	23,952
Other non-current liabilities	66,610	82,835
Total non-current liabilities	1,712,996	1,485,640
Total liabilities	1,786,047	1,924,713
Net assets	64,312	375,629
EQUITY		
Units issued and reserves attributable to Unitholders of the Trust		
Units in issue	451,157	451,157
Hedging reserve	(210,301)	(3,555)
Translation reserve	(32,247)	(6,376)
Accumulated losses	(156,515)	(81,715)
	52,094	359,511
Minority interest	12,218	16,118
Total Unitholders' funds	64,312	375,629

Notes:

The Group adopts an active risk management strategy and where appropriate would enter into hedging 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 these hedging contracts to be recorded in the profit and loss statements and balance sheets. At 31 December 2008, the Group had a hedging reserve of negative S\$210 million. The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group's business.

The other main changes in the balance sheet items as at 31 December 2008 as compared to 31 March 2008 were the refinancing of short term loan to long term loan and the translation differences on the consolidation of the Basslink Group whose functional currency is Australian Dollars.

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

Balance Sheet (Trust)

	31/12/08	31/03/08
	S\$'000	S\$'000
ASSETS		
Non-current assets		
Long-term receivables	230,570	230,570
Investment in subsidiaries	155,135	155,135
Total non-current assets	385,705	385,705
Current assets		
Cash and cash equivalents	29,179	7,027
Derivative financial instruments	9	-
Trade and other receivables	342,955	6,053
Other current assets	15	34
Total current assets	372,158	13,114
Total assets	757,863	398,819
LIABILITIES		
Current liabilities		
Trade and other payables	1,328	2,781
Current tax liabilities	42	8
Total current liabilities	1,370	2,789
Non-current liabilities		
Borrowings	362,752	-
Total non-current liabilities	362,752	-
Total liabilities	364,122	2,789
Net assets	393,741	396,030
EQUITY		
Units issued and reserves attributable to Unitholders of the Trust		
Units in issue	451,157	451,157
Accumulated losses	(57,416)	(55,127)
Total Unitholders' funds	393,741	396,030

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

	31/12/08	31/03/08
	S\$'000	S\$'000
Secured bank loans		
Amount repayable within one year	8,916	373,634
Amount repayable after one year	1,507,186	1,345,368
	1,516,102	1,719,002

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 CitySpring Infrastructure Management Pte. Ltd. (as Trustee-Manager of CitySpring Infrastructure Trust) ("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 CityLink Investments Pte Ltd ("CityLink") held by the Trustee-Manager and a corporate guarantee issued by CityLink.

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Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

- 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 for the quarter ended 31 December 2008

	Quarter		9 months ended	
	01/10/08 to 31/12/08	01/10/07 to 31/12/07	01/04/08 to 31/12/08	01/04/07 to 31/12/07
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net (loss)/profit	(21,236)	8,921	(49,594)	12,031
Adjustments for:				
Income tax expense/(credit)	793	(6,676)	1,035	(6,547)
Depreciation and amortisation	12,151	14,262	40,083	27,199
Finance costs	22,039	22,649	66,779	35,480
Interest income	(736)	(1,251)	(3,292)	(2,071)
Fair value loss/(gain) on derivative financial instruments	22,273	(5,378)	32,450	(3,415)
Property, plant and equipment written off	58	-	58	-
(Gain)/loss on disposal of property, plant and equipment	-	(239)	44	(273)
Unrealised translation losses/(gain)	1,341	(81)	2,957	(81)
Operating cash flow before working capital changes	36,683	32,207	90,520	62,323
Changes in working capital				
Trade and other receivables	5,020	781	8,938	731
Inventories	526	420	1,105	963
Trade and other payables	(11,811)	(977)	(10,084)	329
Income tax paid	-	(10,422)	-	(20,422)
Interest received	757	1,258	3,299	2,042
Interest paid	(16,127)	(18,118)	(52,140)	(23,551)
Net cash generated from operating activities	15,048	5,149	41,638	22,415
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,131)	(173)	(1,534)	(264)
Proceeds from sale of property, plant and equipment	-	397	66	609
Acquisition of subsidiaries, net of cash acquired	-	(8,695)	-	(1,409,567)
Net cash used in investing activities	(1,131)	(8,471)	(1,468)	(1,409,222)
Cash flows from financing activities				
Increase in restricted cash	(353)	(835)	(3,860)	(29,866)
Proceeds from units issued by subsidiary to minority interest	-	-	-	144
Net proceeds from borrowings	-	-	361,585	1,545,065
Repayment of borrowings	(700)	(783)	(371,935)	(78,481)
Distribution paid to unitholders of the Group	(8,575)	(7,839)	(24,989)	(18,698)
Distribution paid by subsidiary to its minority unitholder	(810)	(141)	(2,451)	(498)
Net cash (used in)/generated from financing activities	(10,438)	(9,598)	(41,650)	1,417,666
Net increase/ (decrease) in cash and cash equivalents	3,479	(12,920)	(1,480)	30,859
Effect of currency translation on cash and cash equivalents	(2,647)	(1,534)	(5,301)	(9,751)
Cash and cash equivalents at beginning of the period	60,451	85,188	68,064	49,626
Cash and cash equivalents at end of the period	61,283	70,734	61,283	70,734

Notes:

- (a) Included in trade and other payables is the settlement of transaction costs in relation to previous year's acquisition of subsidiary which had been accrued for.

- (b)

Cash and short term deposits as at 31 December
Less: Restricted cash
Cash and cash equivalents

31/12/08	31/12/07
S\$'000	S\$'000
98,163	108,657
(36,880)	(37,923)
61,283	70,734

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

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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 capitalization issues and distributions to unitholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	← <u>Attributable to Unitholders of the Trust</u> →						
	Units in Issue	Hedging Reserve	Translation reserve	Accumulated Losses	Total	Minority interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2008							
Balance at 1 April 2008	451,157	(3,555)	(6,376)	(81,715)	359,511	16,118	375,629
Net change in hedging reserve	-	29,039	-	-	29,039	1,739	30,778
Currency translation differences	-	-	12,523	-	12,523	-	12,523
Net income recognised directly in equity	-	29,039	12,523	-	41,562	1,739	43,301
Net profit for the financial period	-	-	-	8,067	8,067	287	8,354
Total recognised income	-	29,039	12,523	8,067	49,629	2,026	51,655
Distributions paid	-	-	-	(7,839)	(7,839)	(741)	(8,580)
Balance at 30 June 2008	451,157	25,484	6,147	(81,487)	401,301	17,403	418,704
Net change in hedging reserve	-	(62,105)	-	-	(62,105)	(1,881)	(63,986)
Currency translation differences	-	-	(37,056)	-	(37,056)	-	(37,056)
Net loss recognised directly in equity	-	(62,105)	(37,056)	-	(99,161)	(1,881)	(101,042)
Net loss for the financial period	-	-	-	(36,625)	(36,625)	(87)	(36,712)
Total recognised expenses	-	(62,105)	(37,056)	(36,625)	(135,786)	(1,968)	(137,754)
Distributions paid	-	-	-	(8,575)	(8,575)	(900)	(9,475)
Balance at 30 September 2008	451,157	(36,621)	(30,909)	(126,687)	256,940	14,535	271,475
Net change in hedging reserve	-	(173,680)	-	-	(173,680)	(1,524)	(175,204)
Currency translation differences	-	-	(1,338)	-	(1,338)	-	(1,338)
Net loss recognised directly in equity	-	(173,680)	(1,338)	-	(175,018)	(1,524)	(176,542)
Net loss for the financial period	-	-	-	(21,253)	(21,253)	17	(21,236)
Total recognised expenses	-	(173,680)	(1,338)	(21,253)	(196,271)	(1,507)	(197,778)
Distributions paid	-	-	-	(8,575)	(8,575)	(810)	(9,385)
Balance at 31 December 2008	451,157	(210,301)	(32,247)	(156,515)	52,094	12,218	64,312
2007							
Balance at 1 April 2007	391,191	1,008	-	(56,078)	336,121	19,534	355,655
Net change in hedging reserve	-	(2,289)	-	-	(2,289)	(984)	(3,273)
Net loss recognised directly in equity	-	(2,289)	-	-	(2,289)	(984)	(3,273)
Net profit/(loss) for the financial period	-	-	-	2,114	2,114	(879)	1,235
Total recognised (expenses)/income	-	(2,289)	-	2,114	(175)	(1,863)	(2,038)
Units issued	59,966	-	-	-	59,966	-	59,966
Distributions paid	-	-	-	(3,510)	(3,510)	(93)	(3,603)
Balance at 30 June 2007	451,157	(1,281)	-	(57,474)	392,402	17,578	409,980
Net change in hedging reserve	-	(1,385)	-	-	(1,385)	(191)	(1,576)
Currency translation differences	-	-	8,217	-	8,217	-	8,217
Net (loss)/income recognised directly in equity	-	(1,385)	8,217	-	6,832	(191)	6,641
Net profit for the financial period	-	-	-	1,676	1,676	199	1,875
Total recognised (expenses)/income	-	(1,385)	8,217	1,676	8,508	8	8,516
Distributions paid	-	-	-	(7,349)	(7,349)	(264)	(7,613)
Balance at 30 September 2007	451,157	(2,666)	8,217	(63,147)	393,561	17,322	410,883
Net change in hedging reserve	-	17,488	-	-	17,488	404	17,892
Currency translation differences	-	-	(13,803)	-	(13,803)	-	(13,803)
Net income/(loss) recognised directly in equity	-	17,488	(13,803)	-	3,685	404	4,089
Net profit for the financial period	-	-	-	8,665	8,665	256	8,921
Total recognised income/(expenses)	-	17,488	(13,803)	8,665	12,350	660	13,010
Distributions paid	-	-	-	(7,839)	(7,839)	(141)	(7,980)
Balance at 31 December 2007	451,157	14,822	(5,586)	(62,321)	398,072	17,841	415,913

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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 capitalization issues and distributions to unitholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Trust

	Units in Issue	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
2008			
Balance at 1 April 2008	451,157	(55,127)	396,030
Net profit/total recognised income for the financial period	-	10,090	10,090
Distributions paid	-	(7,839)	(7,839)
Balance at 30 June 2008	451,157	(52,876)	398,281
Net profit/total recognised income for the financial period	-	6,584	6,584
Distributions paid	-	(8,575)	(8,575)
Balance at 30 September 2008	451,157	(54,867)	396,290
Net profit/total recognised income for the financial period	-	6,026	6,026
Distributions paid	-	(8,575)	(8,575)
Balance at 31 December 2008	451,157	(57,416)	393,741
2007			
Balance at 1 April 2007	391,191	(66,845)	324,346
Net profit/total recognised income for the financial period	-	7,534	7,534
Units issued	59,966	-	59,966
Distributions paid	-	(3,510)	(3,510)
Balance at 30 June 2007	451,157	(62,821)	388,336
Net profit/total recognised income for the financial period	-	8,611	8,611
Distributions paid	-	(7,349)	(7,349)
Balance at 30 September 2007	451,157	(61,559)	389,598
Net profit/total recognised income for the financial period	-	8,387	8,387
Distributions paid	-	(7,839)	(7,839)
Balance at 31 December 2007	451,157	(61,011)	390,146

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

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.

	31/12/08	31/3/08
Total issued units	<u>489,965,504</u>	<u>489,965,504</u>

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.

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

Not applicable.

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

Yes.

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

The adoption of interpretations effective for the financial year commencing 1 April 2008 did not result in any substantial changes to the accounting policies and methods of computation.

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

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

Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the financial period

	Actual	Actual	Actual	Actual
	01/10/08 to 31/12/08	01/10/07 to 31/12/07	01/04/08 to 31/12/08	01/04/07 to 31/12/07
(i) Weighted average number of units	489,965,504	489,965,504	489,965,504	489,310,322
(ii) (Loss)/earnings per unit for the period based on the weighted average number of units in issue (cents) - Basic and diluted	(4.34)	1.77	(10.17)	2.54
(iii) Number of units issued at end of period	489,965,504	489,965,504	489,965,504	489,965,504
(iv) Distribution per unit for the period (cents)	1.75	1.60	5.25	4.70

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	
	Actual 31/12/08	Actual 31/03/08	Actual 31/12/08	Actual 31/03/08
Net asset value per unit (S\$)	0.11	0.73	0.80	0.81

The Group NAV per unit before hedging and translation reserves is S\$0.60 as at 31 December 2008 and S\$0.75 as at 31 March 2008.

The number of units used for computation of actual NAV per unit is 489,965,504 which is the number of units in issue as at 31 December 2008 and 31 March 2008.

The Group adopts an active risk management strategy and where appropriate would enter into hedging 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 these hedging contracts to be recorded in the profit and loss statements and balance sheets. At 31 December 2008, the Group had a hedging reserve of negative S\$210 million. The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group’s business.

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.**

See Para 1 (a) and Para 1 (b)(i) on page 2 and 3 respectively.

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

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 expenses.

Our cash earnings is defined as EBITDA adjusted for non-cash items and lease receivable, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and minority interest.

Hedging Rationale

SingSpring and Basslink have long-term 20 to 25 years contracts respectively with state-owned utilities. These contracts are availability based and hence not affected by volume or utilization producing steady cash flows. As part of its active risk management policy, the Group may enter into long-term hedging contracts to protect these cash flows. 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 these hedge contracts to be recorded in the balance sheets and profit and loss statements. 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 hedges, movements in fair value can be significant.

Debt and gearing

At CitySpring, all of our operating units utilises non-recourse financing that are specifically structured to match the stable and long-term contracted cashflows from its customers. Generally, our philosophy towards our overall debt structure is to ensure that all of our businesses must have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably. This ensures that our capital structure remains optimal in providing us with the flexibility to execute our growth strategies.

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

Energy costs

At City Gas Trust, its fuel costs consist mainly of the costs of natural gas which in turn are 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 is expected to have no impact on City Gas Trust as fuel costs are pass 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 changes daily. Short term impact may be evident if there are sharp changes in fuel prices.

At SingSpring Trust, its energy costs for its first three years of commercial operations vary with the cost of fuel. To reduce the volatility of its energy exposure, SingSpring Trust has taken the step of contracting energy hedges to cover this exposure by structuring its hedge position according to SingSpring Trust's projected capacity utilisation. With effect from 16 December 2008, the above energy costs arrangement ceased and SingSpring Trust's energy cost has been rebased in accordance with the principals set out in the WPA based on the new contracted energy agreement.

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

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

Current Quarter vs Projection

	Actual	Projection	
	01/10/08 to 31/12/08	01/10/08 to 31/12/08	Change
	S\$'000	S\$'000	%
Revenue	101,153	94,317	7.2
Other income - excluding fair value changes on derivative financial instruments	2,416	697	246.5
Expenses			
Fuel and electricity costs	(30,390)	(31,418)	3.3
Transportation costs	(17,737)	(17,237)	(2.9)
Depreciation and amortisation	(12,151)	(13,856)	12.3
Staff costs	(4,362)	(4,855)	10.2
Operations and maintenance costs	(4,145)	(4,047)	(2.4)
Finance costs	(22,039)	(22,621)	2.6
Management fee	(880)	(2,217)	60.3
Other operating expenses	(10,035)	(7,900)	(27.0)
Total expenses	(101,739)	(104,151)	2.3
Profit/(loss) before fair value changes on derivative financial instruments and income tax	1,830	(9,137)	N/M
Fair value loss on derivative financial instruments	(22,273)	-	N/M
Loss before income tax	(20,443)	(9,137)	(123.7)
Income tax (expense)/credit	(793)	166	N/M
Net loss after tax	(21,236)	(8,971)	(136.7)
Attributable to:			
Unitholders of the Trust	(21,253)	(8,798)	(141.6)
Minority interest	17	(173)	N/M
	(21,236)	(8,971)	(136.7)
N/M - Not meaningful			
EBITDA	13,011	26,883	(51.6)
Cash earnings ⁽¹⁾	20,286	10,929	85.6

Notes:

- (a) The projection figures are derived by prorating the projection disclosed in the Basslink Circular to unitholders dated 24 January 2008. The projections do not take into account fair value changes in 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 capital expenditure, and before principal repayment of debt and minority interest

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

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

The actual cash earnings for the quarter was 85.6% higher compared to the projected cash earnings. Some of the key variances include:

- From time to time, contribution from City Gas Trust could fluctuate from quarter to quarter depending on changes in tariffs in response to changes in fuel costs. Over a period, these fluctuations should leave City Gas Trust neutral to the effect of changes in fuel costs. During this quarter, City Gas Trust recorded higher cash earnings from a sharp decrease in fuel prices. This compares with much lower cash earnings during the previous quarter as a result of significantly higher fuel prices. City Gas Trust has since obtained regulatory approval to reduce its gas tariffs for the three months beginning 1 February 2009.
- Recovery of A\$1 million in facility fee by Basslink due to higher cumulative availability at calendar year end compared with the previous quarter.
- Negative CRSM² at Basslink and the payment of a one-off premium for a two-year interest rate floor to protect the cash flows of the over hedged portion of floating interest rate hedge at Basslink ("Over Hedged FIRD").

CitySpring Group adopts an active risk management strategy, and where appropriate, would enter into hedging 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 these hedging contracts to be recorded in the profit and loss statements and balance sheets. Actual EBITDA for the quarter was 51.6% lower than projected EBITDA mainly due to the above stated reasons and due to the non-cash fair value loss of S\$22.3 million on Over Hedged FIRD at Basslink. The floating interest rate hedge provides Basslink with a hedge on its variable rate medium term bonds. In view of the declining interest rate, the Group has since purchased an interest rate floor to protect the Over Hedged FIRD.

At 31 December 2008, the Group had a hedging reserve of negative S\$210 million. The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group's business.

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

Forward looking prospects

The underlying performance of the three assets in the Group is expected to continue to remain stable. Basslink and SingSpring have long-term contract with state-owned utilities whilst City Gas Trust is the sole producer of town gas to a diversified base of over 600,000 customers in Singapore.

The Group does not have any re-financing requirements until 2011.

CitySpring Trust is expected to meet the projected distribution of 7 cents for the financial year ending 31 March 2009.

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

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

11. Distributions

(a) Current financial period reported on

Any distributions declared for the current financial period	:	Yes
Amount	:	S\$8,574,396
Distribution period	:	From 01/10/2008 to 31/12/2008
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. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of CitySpring.

(b) Corresponding Period of the Immediately Preceding Financial Period

Any distributions declared for the current financial period	:	Yes
Amount	:	S\$7,839,448
Distribution period	:	From 01/10/2007 to 31/12/2007
Distribution type	:	Cash, Tax-Exempt Income
Distribution rate	:	1.60 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. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of CitySpring.

(c) Date Payable : 17 March 2009

(d) Books closure date : The Transfer Books and Register of CitySpring Infrastructure Trust will be closed from 5.00 p.m. on 2 March 2009 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 2 March 2009 will be entitled to the Distribution to be paid on 17 March 2009.

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

Not applicable.

CITYSPRING INFRASTRUCTURE TRUST
(Reg. No. 2007001)

Financial Statement And Distribution Announcement for the Quarter ended 31 December 2008

13. 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 interim financial results of the Group for the quarter ended 31 December 2008 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
13 February 2009