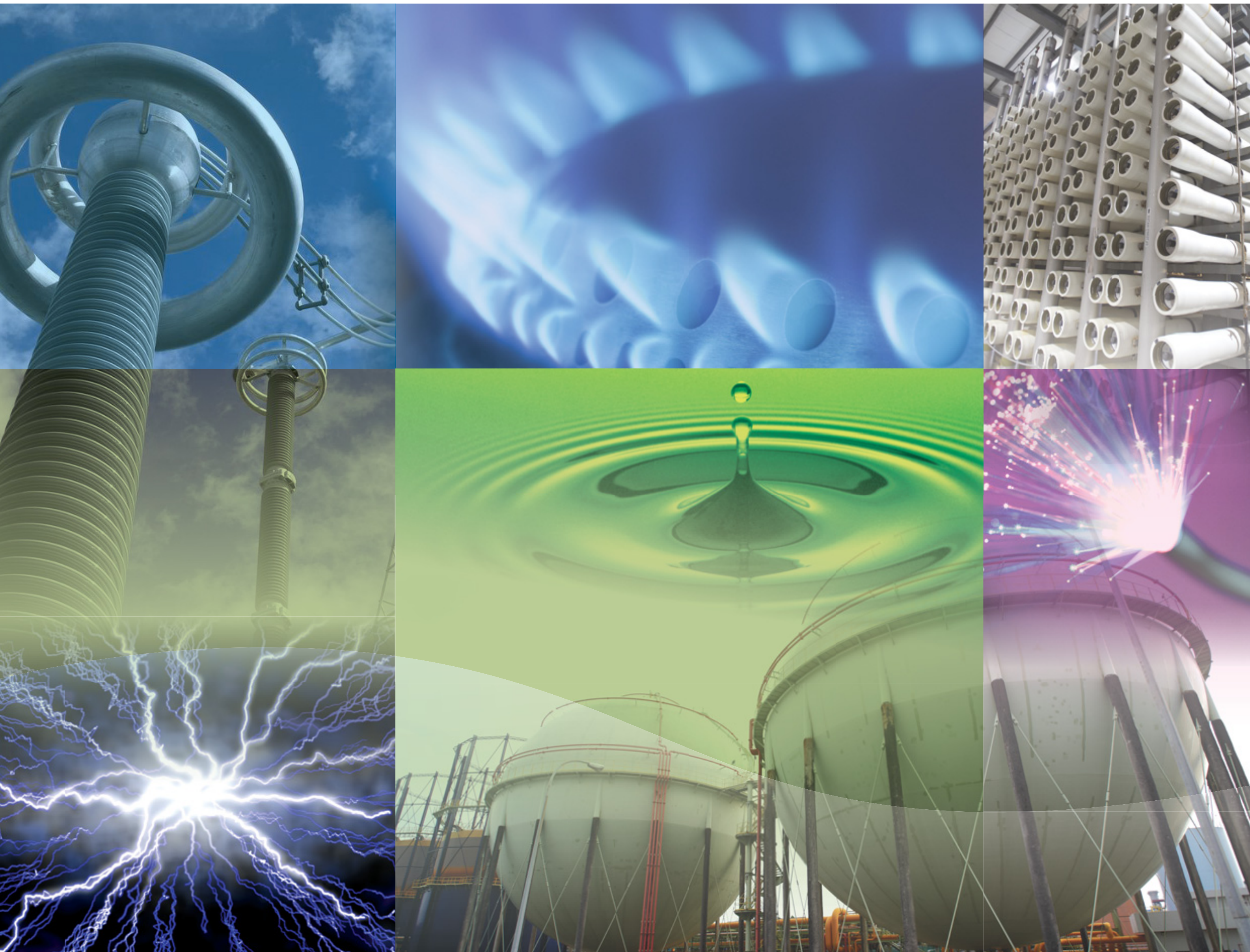
CITYSPRING
Infrastructure Trust

ANNUAL REPORT 2009



SUSTAINING VALUE

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Glossary

Basslink	Basslink Group of Companies
City Gas	City Gas Trust
CitySpring or Trust	CitySpring Infrastructure Trust
CitySpring Group or Group	CitySpring, City Gas, SingSpring and Basslink
SingSpring	SingSpring Trust
Temasek	Temasek Holdings (Private) Limited
Trustee-Manager	CitySpring Infrastructure Management Pte. Ltd.

Corporate Profile

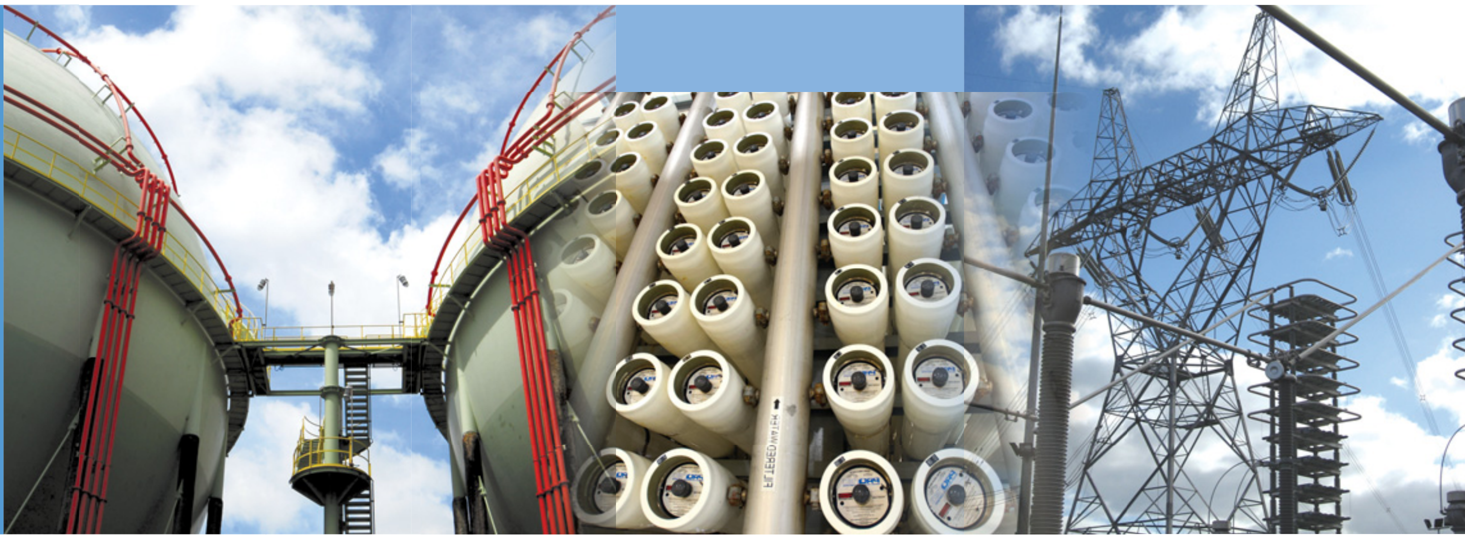
CitySpring Infrastructure Trust is the first infrastructure trust registered with the Monetary Authority of Singapore. As a pioneer in a new asset class in Singapore, and with sponsorship from Temasek, CitySpring was established with the principal objective of investing in infrastructure assets and providing unitholders with long-term, regular and predictable distributions and the potential for long-term capital growth.

Following a successful Initial Public Offering ("IPO"), CitySpring was listed on the Main Board of Singapore Exchange Securities Trading Limited on 12 February 2007.

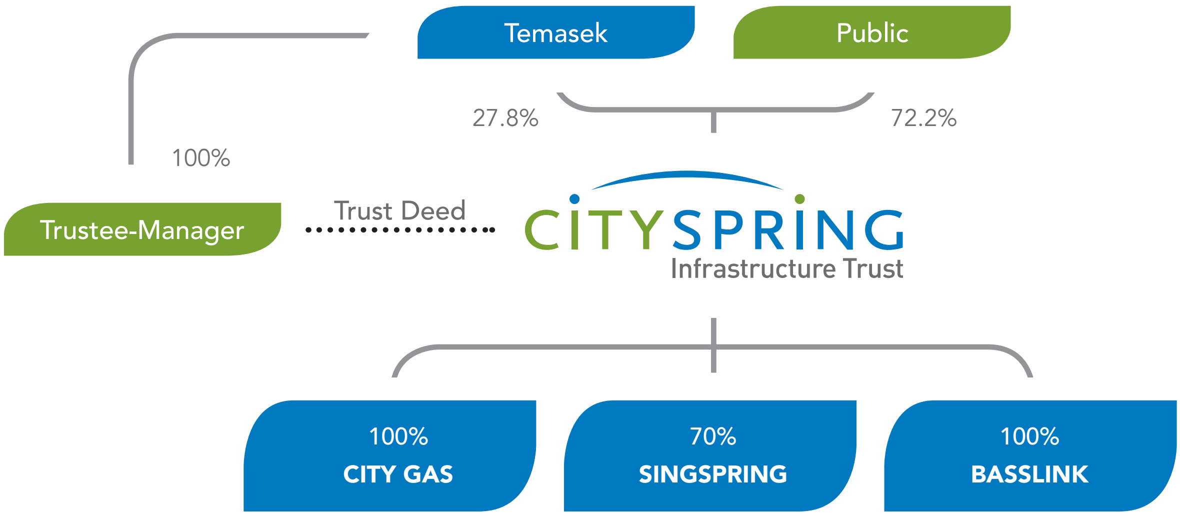
CitySpring's initial assets comprised 100% of City Gas, the sole producer and retailer of town gas and the sole user of the low-pressure piped town gas network in Singapore and 70% of SingSpring, the sole supplier of desalinated water to the Public Utilities Board, Singapore's national water agency.

In August 2007, CitySpring completed the acquisition of 100% of Basslink, which owns and operates the interconnector between the Tasmanian and Victorian electricity grids via a high voltage submarine cable across the Bass Strait.

CitySpring aims to position itself as a leading player in the growing infrastructure sector, by achieving growth through acquisitions and optimizing the cashflow generating capacity of its underlying assets.



Group Structure



CitySpring's portfolio comprises 100% of City Gas, 70% of SingSpring and 100% of Basslink. These businesses are high-quality and unique assets, with strong track records and predictable cashflow.

City Gas

The history of City Gas spans more than a century, dating back to 1862. The business was originally set up as the Singapore Gas Company, before becoming a unit of the Public Utilities Board in 1963. The business was later organised into City Gas and subsequently became a subsidiary of Temasek following a restructuring of Singapore's gas industry.

City Gas is currently the sole producer and retailer of town gas in Singapore and also the sole user of the low-pressure piped town gas supply network in the country. Its production facility, Senoko Gasworks, is Singapore's only town gas production facility, with a capacity of 1.6 million m^3 per day. City Gas also markets gas appliances and offers comprehensive after-sales customer service.

SingSpring

SingSpring owns and operates Singapore's first and only large-scale seawater desalination plant which commenced commercial operations in December 2005. With a supply capacity of 136,380 m^3 of desalinated potable water per day, the plant is an essential service provider meeting approximately 10% of Singapore's current water needs.

The desalination plant, which is located in Tuas, Singapore, utilises advanced, cost and energy-efficient reverse osmosis technology. It was the largest membrane-based seawater desalination plant in the world at the time of its completion and at that time also had one of the largest reverse osmosis trains in the world.

SingSpring and Singapore's national water agency - the Public Utilities Board - entered into a long-term 20-year Water Purchase Agreement commencing in December 2005. This provides CitySpring with long-term, regular and predictable cashflow.

Basslink

Basslink owns and operates a 370-km high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia.

Basslink interconnector was until recently the world's longest sub-sea electricity cable in operation. It was constructed to allow Tasmania to participate in the Australian National Electricity Market.

Basslink provides CitySpring with long-term, regular and predictable cashflow, most of which are derived from a 25-year term Basslink Services Agreement with Hydro-Electric Corporation, an entity owned by the State of Tasmania.

The commercialisation of Basslink's telecoms activities is well underway. It is expected that Basslink Telecoms will begin operation offering broadband capacity between Hobart, Tasmania and Melbourne, Victoria by the middle of 2009.

Chairman's Statement

Dear Unitholders,

Much has already been written about the unprecedented turmoil in the financial markets in the last 18 months or so. For the infrastructure industry which tends to be capital intensive, the tightening of credit availability has posed particular challenges. Against this background, CitySpring has been able to differentiate itself by securing long-term cost effective financing for all of its businesses. The average life of the remaining term of all of our debt is over six years, and our cashflow comfortably covers all debt servicing. I believe that we have been able to differentiate ourselves successfully for the following reasons:

- From the date of our inception, we took the view that we should only pay distributions from operating cashflow to ensure sustainability;
- Two of our businesses, SingSpring and Basslink, generate revenues from long-term contracts with state-owned utilities, whilst City Gas is the sole producer and retailer of town gas in Singapore. This contrasts with other infrastructure portfolios which may be more susceptible to changes in the economic environment; and
- We have a strong independent Board whose duty is very clearly defined to look after the interests of all unitholders. During the year, I have established a number of committees to further strengthen the work of the Board.

CitySpring was established by our Sponsor, Temasek, as an investment platform for both institutional and retail investors to participate in the growing demand for infrastructure in Asia and beyond. Our objective remains to provide long-term, regular and predictable distributions with the potential for long-term capital growth. In this regard, we have been able to meet our guidance for FY2009 of delivering a distribution per unit of 7.0 Singapore cents, which is an increase of 11.1% over that for the previous 12 months. This is paid out of total cash earnings for the group of $61 million.

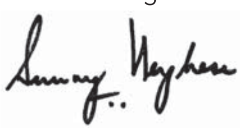
Going forward, we will seek to maximize the value of the existing portfolio, and continue to pursue both organic and inorganic growth opportunities. In each case, we will assess rigorously whether the particular opportunity in question meets our requirements for stability in cashflow, adequate risk mitigation and value creation.

I want to thank my fellow Directors on the CitySpring Board for their dedication and good counsel. They have been unwavering in their support for CitySpring, and many of them have taken on additional duties as members of newly formed committees to assist the work of the Board. We also welcome the appointment of Mr. Haresh Jaisinghani Rupchand as an Independent Director to deepen the expertise of the Board. Mr. Jaisinghani was previously the President of AES, a leading power company, for Asia, Middle East and CIS, and he is now a member of our Audit Committee as well as the recently formed Finance and Investment Committee amongst others.

The management and staff of CitySpring have worked tirelessly to deliver the results contained in this report. I want to thank them for their hard work and commitment.

Most importantly, we are grateful to our unitholders for their strong support amidst challenging market conditions. During the year, the Trustee-Manager has met a number of you in various forums. A significant event was the Investors Day Conference in November 2008 which was attended by over 600 investors. We will endeavour to continue to provide our investors with access to clear information and opportunities to meet the management.

Building sustainable value is a key focus for the Board and Trustee-Manager. I am confident that, with the strategies that we have put in place, we are well positioned to achieve this goal on a long-term basis.



Sunny Verghese
Chairman
26 June 2009

Chief Executive Officer's Report

I am pleased to report that CitySpring has delivered a strong performance for FY2009. Cash earnings, a key indicator of our financial performance, was $61 million for the 12 months ended 31 March 2009. This compares with $69 million for the period from 5 January 2007 to 31 March 2008 reported in our inaugural annual report.

In line with our guidance, distribution to unitholders in FY2009 was 7.0 Singapore cents per unit, which is 11.1% higher than the distribution made for the period from 1 April 2007 to 31 March 2008. All of our distributions are paid from operating cashflow which have remained stable given that they are based either on long-term contracts as in the case of SingSpring and Basslink, or a business with a strong market position as in the case of City Gas.

Maximizing the Value of Existing Businesses

CitySpring's primary objective is to deliver steady long-term distributions to our unitholders. In FY2009, we focused on enhancing the cashflow generation capability of our assets, and pursued asset enhancement strategies for organic growth.

For City Gas, the strategy is to continue to grow the customer base which now numbers more than 600,000 and persuade our customers to use gas for more appliances. During the year, various initiatives were launched to achieve both of these objectives. For example, energy efficient appliances for water heating and clothes drying were introduced to encourage our residential customers to increase their gas consumption. Likewise, large scale central water heating systems were successfully installed in several hotels to increase our market share in this important commercial sector. With a diversified customer base and a large portion of gas used for essential purposes such as cooking, City Gas is well positioned to meet the challenges of the current economic environment.

Our focus for SingSpring is to continue our track record of 100% availability and meet all of the requirements of the Water Purchase Agreement with the Public Utilities Board ("PUB"). As Singapore's only desalination plant, SingSpring is a strategic asset in the nation's water supply system. In February 2009, with the then prevailing dry weather conditions, SingSpring was able to meet PUB's requirement for 100% utilisation for a consecutive period of 26 days.

Availability is also the key driver for cashflow from Basslink. As the only electricity interconnector between Tasmania and mainland Australia, Basslink interconnector serves to enhance the security of electricity supply in Tasmania, and enable Hydro-Electric Corporation ("HEC") to participate in the National Electricity Market in Australia. Basslink has a long-term contract to provide availability to HEC which is wholly owned by the State of Tasmania. Despite experiencing unscheduled outages during the financial year, Basslink achieved cumulative availability of 94.64% for the 12 months ended 31 December 2008. Cumulative availability for the three months ended 31 March 2009 was 99.32%.

Although each of City Gas, SingSpring and Basslink are distinct standalone businesses, we believe that we can create more value by managing them as an integrated group. Consequently, we have established a group wide Senior Management Team comprising senior executives from all of the businesses. This Senior Management Team meets regularly to discuss group strategy, share best practices, cross-fertilise ideas, and generally to provide camaraderie and support for each other. Special task forces are established to examine particular issues. One such example is our group committee on occupational Health, Safety, Security and Environment. The work of this committee helps us to manage our operational risks and brings other benefits to the group. In addition, although each of our businesses is different in nature, there are still benefits to be gained from combining the purchases of certain goods and services such as insurance.

Another area of focus is to identify asset enhancement opportunities to generate organic growth. Basslink interconnector was built with fibre optic cables bundled with the electricity interconnector. After a thorough analysis of all options available to maximize the value of these cables, we have decided to offer wholesale backhaul services. When fully operational, Basslink will be the only alternative carrier of telecommunications traffic across the Bass Strait. This will provide choice to consumers in Tasmania and enable us to generate additional revenues. Our decision has been welcomed by the Tasmanian Government, which has plans to build extensive information technology infrastructure across the State. This should further generate demand for bandwith across the Bass Strait and is a good example of an organic growth opportunity that we have identified from our portfolio.

Risk Management

The key focus of our risk management strategy is to protect the stability of our cashflow. There are many layers to this strategy which can be briefly described as follows:

- Invest in businesses which should be inherently stable. Businesses such as City Gas, SingSpring and Basslink, which provide an essential service to the communities that they serve typically have this feature;

- Mitigate operational risks by adopting prudent operating practices. This involves continuous review of all aspects of operations and maintenance. This could range from assessing the adequacy of spares that we carry to routinely testing the robustness of our business continuity and disaster recovery plans;

- Prudent financial management. Our debt levels are deliberately sized to ensure that we retain financial flexibility to meet our operational requirements, as well as contingencies that may arise. The majority of our debt does not fall due until 2015, 2017 and 2019. These are bonds which have been issued by Basslink, and have recently been reaffirmed as investment grade by both Standard & Poor's and Moody's. Our remaining debt is in the form of bank loans, of which the one with the shortest remaining tenor does not fall due until August 2011. For SingSpring, we have a fully amortising loan that matures in 2024.

- Insurance and hedging. We purchase a comprehensive set of insurances for all of our businesses, including cover against business interruption. This is augmented by cash reserves, which we have established, to be used for debt servicing if the need arises. We have deliberately financed the majority of our investment in Basslink by issuing long dated Australian Dollar bonds in order to match the currency in which Basslink's revenue is generated. In addition, given that our businesses generate long-term stable cashflow, we enter into long-term hedges to protect these cashflow from movements in, for example, interest rates. Currently, the majority of our interest rate exposure is hedged. As a consequence, we are required by the accounting standards to record changes in the fair value of these hedges. This has had an impact on our balance sheet and income statement. However, all of the impact is non-cash in nature and do not affect the fundamentals of our businesses.

Staying Disciplined for Long-term Interests

Apart from developing strategies for organic growth, we continue to review investment opportunities. Whilst market conditions have generated many such potential opportunities, we remain highly disciplined in our approach. We will only pursue opportunities which meet our requirements for long-term stable cashflow, and value accretion to our unitholders.

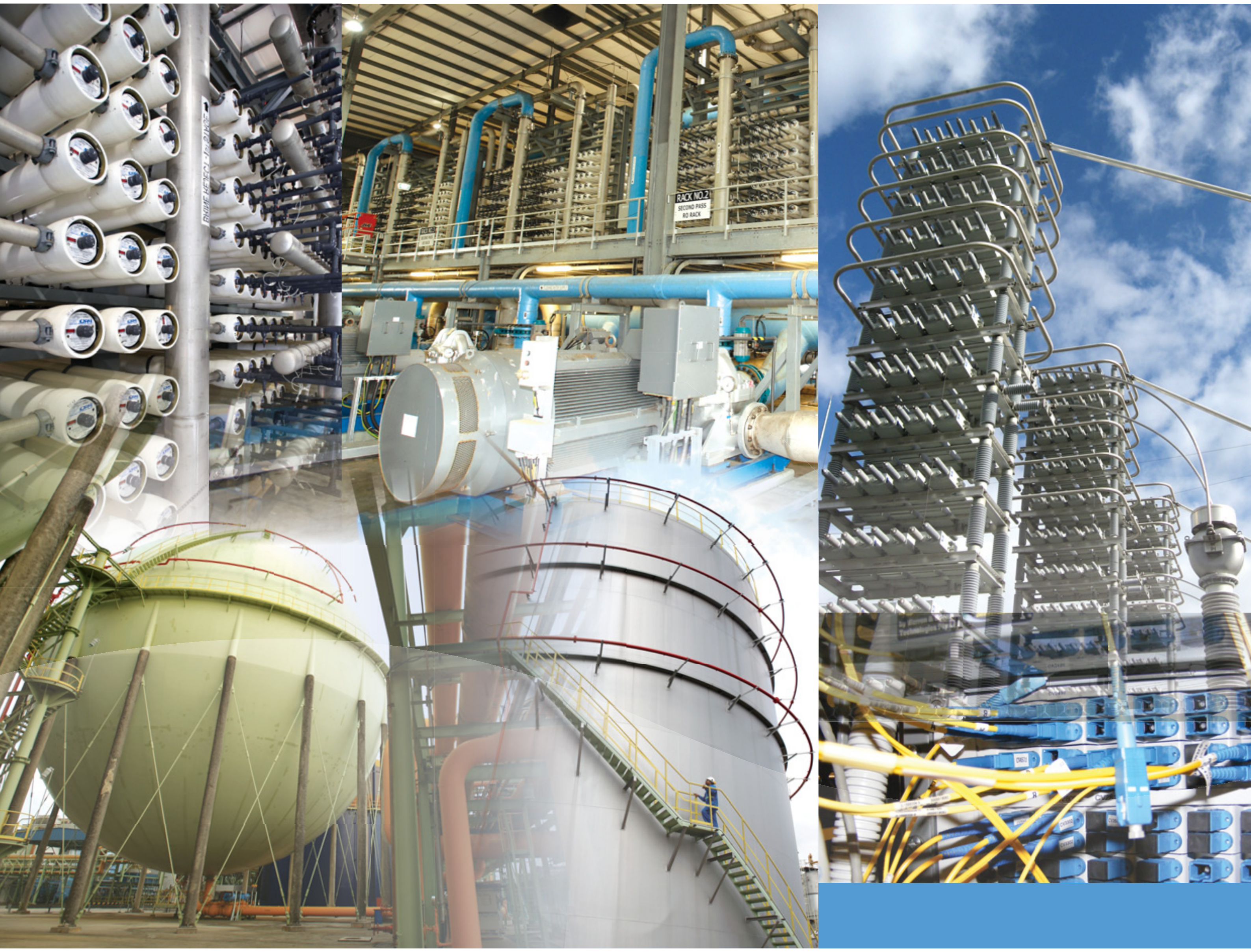
Outlook

We will continue to focus on maximizing the value of our existing businesses and remain highly disciplined in assessing growth opportunities. CitySpring will continue to build on its track record of delivering strong cashflow and stable distributions. Especially in an uncertain market, we believe that this will enable us to build sustainable value for our unitholders.

Au Yeung Fai
Chief Executive Officer
26 June 2009

Sustaining Value

Stable Earnings and Long-Term Capital Growth	CitySpring offers two investment propositions: (1) defensive earnings and thus stable distributions in a volatile market, and (2) long-term capital appreciation through organic growth and acquisitions of new assets in Asia's growing infrastructure market.
Attractive Distribution Track Record	As a business trust, CitySpring's distribution is based on cash earnings and thus not constrained by accounting profits. The distributions are supported by strong operating cashflow. DPU grew by 11.1% to 7.0 Singapore cents in FY2009 compared to 6.3 cents for the corresponding prior 12-month period.
High Quality Assets	The existing portfolio consists of diversified utility assets, i.e. electricity, gas and water, which are operating either as regulated sole suppliers or under long term contracts. The current three assets provide essential services and are of significant economic importance to the countries that they operate in.
Strong Management and Operational Experience	CitySpring Group and Trustee-Manager have in-depth operating experience and expertise in managing the assets.
Prudent Capital Structure	Non-recourse financing at each operating asset level is structured to match the cashflow profile of the asset. Optimal debt sizing ensures reliable servicing of the respective non-recourse loans.
Strong Sponsorship	Temasek is CitySpring's largest unitholder and it supports CitySpring's aim to position itself as a leading player in the infrastructure sector.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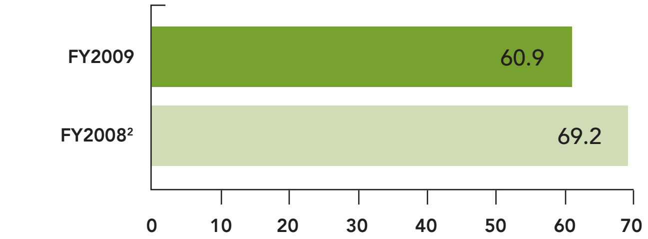
Performance Highlights

GROUP CASH EARNINGS[1]

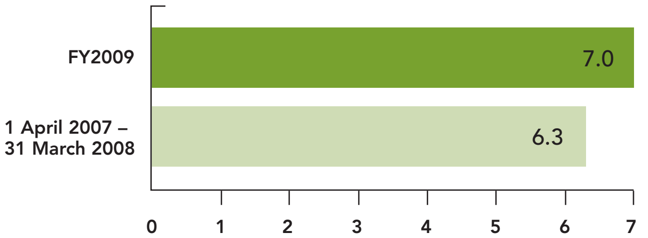
($'million)



- Total cash earnings for the year ended 31 March 2009 ("FY2009") amounted to $60.9 million versus $69.2 million for the period from 5 January 2007 to 31 March 2008 ("FY2008")
- CitySpring has delivered steady performance across all businesses for FY2009

DISTRIBUTION PER UNIT

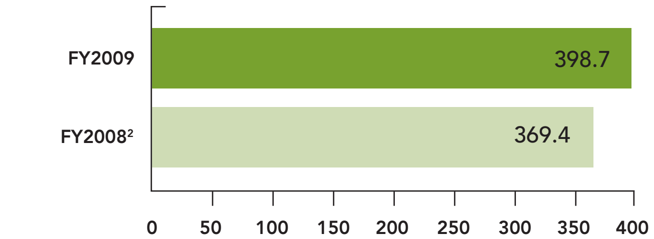
(Singapore cents)



- CitySpring has delivered a distribution per unit ("DPU") of 7.0 Singapore cents for FY2009, which is 11.1% higher than the DPU paid for the corresponding prior 12-month period. This is in line with our distribution guidance
- CitySpring's distributions are paid from net operating cashflow

GROUP REVENUE

($'million)



- Group revenue for FY2009 was $398.7 million, which is 7.9% higher than that in FY2008

[1] Cash Earnings is defined as EBITDA adjusted for non-cash items and lease receivables, less cash interest, cash tax, upfront financing fees and maintenance capex and before principal repayment of debt and minority interest.

[2] FY2008 covers the period from 5 January 2007 to 31 March 2008.

Financial Review

CitySpring achieved total cash earnings of $60.9 million for the year ended 31 March 2009 ("FY2009") compared to $69.2 million for the period from 5 January 2007 to 31 March 2008 ("FY2008").

The Trustee-Manager believes that cash earnings provide a better measure of CitySpring's performance. Unlike profit before tax or EBITDA, it is not impacted by non-cash items and accounting treatment.

Total distribution per unit ("DPU") for FY2009 is 7.0 Singapore cents, which is 11.1% higher than the DPU of 6.3 Singapore cents for the corresponding prior 12-month period.

Summary of Results

($'000)	FY2009	FY2008*
Revenue	398,739	369,387
Other income	5,469	4,980
Other(losses)/gains - net	(22,776)	18,891
Total expenses	(432,476)	(446,844)
Loss before income tax	(51,044)	(53,586)
Income tax credit	1,293	1,564
Net loss after tax	(49,751)	(52,022)
Cash earnings	60,940	69,164
DPU (cents)	7.00	7.08

* FY2008 covers the period from 5 January 2007 to 31 March 2008 and includes only 7 months of Basslink's results since its acquisition.

CitySpring's assets, namely City Gas, SingSpring and Basslink, turned in stable performances against a backdrop of tough economic conditions. The steady and predictable cashflows from these assets are underpinned by long-term contracts with customers or, in the case of City Gas, a strong market position.

For FY2009, City Gas recorded higher cash earnings due to higher gross margins resulting from changes in tariff and fuel costs. The company had secured regulatory approval to increase its tariff in the second quarter amidst the prevailing high fuel prices then. City Gas went on to record higher cash earnings on the increased tariff as fuel prices fell significantly during the third quarter. It subsequently obtained regulatory approval to reduce its gas tariff with effect from 1 February 2009.

SingSpring, the sole supplier of desalinated water to Singapore's Public Utilities Board, continued to deliver steady results, achieving 100% water production availability throughout the year.

Basslink achieved cumulative availability of 94.64% for the 12 months ended 31 December 2008. Cumulative availability for the three months ended 31 March 2009 was 99.32%.

The CitySpring Group adopts an active risk management strategy, and where appropriate, would enter into hedging contracts to protect its cashflow. 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 income statements and balance sheets. While such changes in fair value affect the net profit, they are non-cash in nature, and do not reflect the fundamental value nor impact the cash earnings of the Group's businesses.

Operations Review

City Gas seeks to maintain its market leading position in gas retailing by focusing on the needs of its customers, providing a high quality of service and offering value for money.

CITY GAS

Business Objectives

City Gas is currently the sole producer and retailer of town gas in Singapore. It seeks to maintain its market leading position in gas retailing by focusing on the needs of its customers, providing a high quality of service and offering value for money.

To build customer and brand loyalty, City Gas will continue to provide safe, reliable and clean energy solutions to its customers. City Gas seeks growth by expanding into complementary businesses such as retailing of natural gas and offering multiple gas applications to its broad customer base in the residential, commercial and industrial segments.

By maintaining its operational efficiency as a gas producer and competitiveness as a gas retailer, City Gas aims to contribute positively to the performance of CitySpring.

Earnings Review

For the financial year, City Gas recorded higher cash earnings of $48.8 million compared to $38.0 million for the previous financial period due to changes in tariff and fuel price. When fuel prices were high in the second quarter, regulatory approval was obtained to increase tariff. Fuel prices then decreased sharply in the third quarter whilst regulatory approval to reduce the gas tariff was effective only from 1 February 2009. Contributions from City Gas can fluctuate from quarter to quarter depending on changes in tariff in response to changes in fuel costs. However, over time, these fluctuations should leave City Gas neutral to the effect of changes in fuel costs.

Market Review

In Singapore, the energy market suffered because of the economic downturn. Notwithstanding this, City Gas' revenue continued to grow for the year due mainly to a strong first half driven by new projects.

In the residential segment of approximately 1.1 million households, about 770,000 households have piped access to town gas. Of this group, more than 75% of households are users of town gas.

In the commercial town gas segment, competition from LPG suppliers remained intense in some sub-segments such as hawker centres and eating houses.

In the industrial town gas segment, gas demand dropped as major users like electronics and printing companies which were affected by the economic downturn reduced production. However, the food processing segment registered growth even though it is a highly competitive segment as customers have a choice of using town gas, LPG or diesel.

Operating Review

During the financial year, City Gas was granted two tariff adjustments by the Energy Market Authority of Singapore ("EMA") – a tariff increase from 15 August 2008 and a tariff reduction from 1 February 2009 – reflecting changes in fuel costs.

On 16 May 2008, City Gas signed a Supplemental Gas Purchase Agreement with Gas Supply Pte Ltd for the additional purchase of 35.16 trillion Btu of natural gas over a period of 15 years.

City Gas continued to build on its market leading position in Singapore. The number of customers grew by 2.2% to reach about 608,000 as at the end of March 2009 compared to a year ago.

While town gas is traditionally used for cooking, City Gas launched various initiatives to promote the use of gas appliances such as water heaters and gas dryers among consumers. These appliances are more energy efficient and environmentally friendly than similar electrical appliances.

City Gas worked with property developers and the Housing Development Board ("HDB") to provide the town gas networks necessary for the use of these gas appliances. City Gas' new 8-litre gas water heaters is popular with HDB households. The gas water heater is also specified in five out of the six new HDB Design Build Sell Scheme projects. Working with partners, City Gas has also successfully introduced the use of piped gas for the central hot water heating system at 13 new hotels. It intends to build on this success and target other new developments.

To reinforce its strong commitment in the food and beverages industry, City Gas has been the official town gas provider for the Singapore Food Festival for four consecutive years. Last year, for the second year running, City Gas also organised the 'City Gas Singapore Chef Awards', an event to recognise and award young talented chefs who have created uniquely Singaporean dishes. This event was well publicised in both the local and regional media.

Other marketing initiatives included the hosting of regular promotional events and participation in various fairs, such as the Home & Deco Fair which featured cooking classes by celebrity chefs. City Gas also tapped the print media to further strengthen its brand and leadership position.

City Gas also worked closely with suppliers of gas appliances on festive promotions at its showroom, in conjunction with Mother's Day, National Day and the year-end festive season.

City Gas launched its e-newsletter, REACH, to share successful gas projects and best practices among gas industry players. It partnered Shin Min Daily News for the 'City Gourmet Hunt', targeted at hawker centres. The top 10 hawker stalls for nasi lemak, char kway teow, laksa and toast bread and coffee were chosen by the public from May to November 2008 from 109 hawker centres in Singapore. An award was also given for the best hawker centre. The event was very well received by hawkers and supported by the National Environment Agency.

These marketing programmes have contributed to the increase in revenue and are expected to remain an integral part of City Gas' strategy to develop sustainable revenue streams in the long-term.

For the natural gas market, City Gas is supplying natural gas to customers on Jurong Island and to a number of pharmaceutical plants in the Tuas and Jurong areas.

In the area of customer service, City Gas continued with its training programme for its staff and contractors last year. Excellent customer service is one of the competitive differentiators that the company enjoys. Independent audits were conducted and customers rated services offered by City Gas more highly in 2008 than in 2007.

Business Outlook

EMA granted City Gas Pte Ltd (as Trustee) the Gas Retailer Licence on 31 March 2008 and the Gas Shipper Licence on 7 April 2008. Both licences are for a term of 10 years.

The restructuring of the natural gas market was completed on 15 September 2008. There is now open access of the natural gas transmission and distribution network to all licensed shippers. This means that all natural gas, whether piped from Malaysia or Indonesia will be channelled into a common network.

As the sole licence holder from EMA for the production and retailing of town gas, City Gas has been able to consistently strengthen its market position through its multi-pronged strategy aimed at various customer segments.

City Gas expects to benefit from the growth of the residential and hospitality-related segments with the opening of the two integrated resorts and the provision of gas pipelines to new hotels in Singapore.

To boost demand, City Gas is planning a series of multi-gas appliances campaigns through product bundling, targeting at existing and new residential customers. These campaigns are likely to increase piped gas penetration as it provides cost efficient solutions for water heating and clothes drying in addition to other benefits such as convenience and safety.

With a broad and diversified customer base as well as its sales and marketing initiatives, City Gas is well positioned to continue to deliver stable cash earnings to CitySpring.

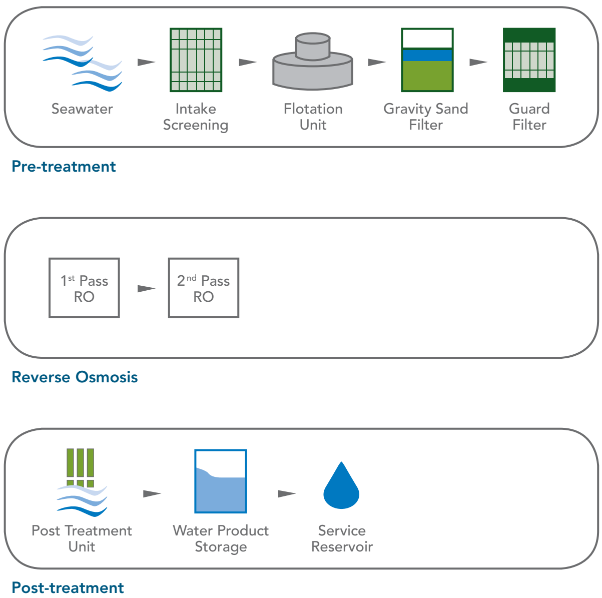
SingSpring ensures that the quality of desalinated water it produces meets all the requirements under the Water Purchase Agreement with Singapore's Public Utilities Board.

SINGSPRING

Business Objectives

SingSpring ensures that the quality of desalinated water it produces meets all the requirements under the Water Purchase Agreement ("WPA") with Singapore's Public Utilities Board ("PUB"). SingSpring is committed to make available 100% of the plant's capacity to PUB for the term of the WPA.

The SingSpring plant harnesses reverse osmosis ("RO") technology, which is reliable and effective in its energy use, as part of its water desalination process. The plant also adopts an advanced energy recovery system, which makes it cost effective and energy efficient. SingSpring anticipates that the RO technology will remain viable in the long term, and taken together with the continuous efforts and investments required to operate and maintain the SingSpring plant, expects the plant to be able to supply desalinated water beyond the term of the WPA.



Earnings Review

SingSpring continued to deliver good results for the year ended 31 March 2009. Cash earnings for the year were $17.4 million which was comparable to the previous financial period. Average dispatch for the financial year was 32% compared with 25% for the previous financial period. SingSpring's energy costs for its first three years of commercial operations vary with the cost of fuel. To reduce the volatility of its energy exposure, it had secured energy hedges to protect its cashflow based on its projected capacity utilisation. During the financial year, SingSpring continued to enjoy gains from these energy hedges until their expiry on 16 December 2008. These energy costs arrangement ceased after 16 December 2008 and SingSpring's energy cost has since been rebased in accordance with the principles set out in the WPA with PUB.

Market Review

The SingSpring desalination plant serves as one of the "Four Taps" in PUB's approach to meet Singapore's water needs. The "Four Taps" are local catchment water, imported water from Johor, NEWater (recycled water) and desalinated water. For this financial year, the plant continues to be an important facility for PUB to ensure sufficient water resources for Singapore, especially during periods of reduced rainfall. Due to the nature of SingSpring's business and the terms of the WPA, SingSpring does not have any direct competitors or a market in which it competes.

Operating Review

SingSpring receives capacity payments from PUB for making available the full water capacity of the desalination plant to PUB. The capacity payments are payable throughout the term of the WPA, regardless of whether the SingSpring plant supplies any water to PUB, and do not vary with the volume of water supplied. This ensures a long-term and predictable cashflow for SingSpring. For the year ended 31 March 2009, SingSpring achieved 100% availability.

SingSpring also receives output payments from PUB for the variable costs in supplying water to PUB. The payment amounts are pegged to the volume of water supplied.

During the year, SingSpring supplied an average of 43,532 m^3 of water per day, representing 32% of the plant's capacity, to PUB.

Business Outlook

SingSpring is committed to make available 100% of the plant's capacity and supply desalinated water to PUB as set out by the terms of the WPA. SingSpring continues to work closely with the O&M operator, Hyflux Engineering Pte Ltd to ensure that it meets its 100% availability target for future periods.

Operations Review

Basslink's main objective is to meet and exceed the 97% availability target for the interconnector. The company is also committed to maintain high standards of operational performance.

BASSLINK

Business Objectives

Basslink's main objective is to meet the 97% availability[1] target for the interconnector. Basslink is also committed to maintain high standards of operational performance and strives to exceed the availability target. It takes a rigorous approach towards ensuring that its infrastructure, networks and systems are reliable in either meeting or even surpassing the requirements under the Basslink Services Agreement ("BSA").

Basslink interconnector's cumulative availability since commercial operations from 28 April 2006 through to 31 March 2009 was 97.62%.

Basslink is also firmly committed to ensuring a safe and injury-free workplace for its employees, while protecting the safety of the public and the environment.

Earnings Review

Basslink's principal source of revenue from the operations of the interconnector is a facility fee payable monthly by Hydro-Electric Corporation ("HEC") under the BSA. The facility fee is based on availability and it is payable in full if Basslink interconnector's cumulative availability, based on calendar year-to-date, is greater than 97%. If Basslink interconnector's cumulative availability is less than 97%, the facility fee is reduced with increasingly greater deductions the greater the shortfall from 97%.

The BSA also provides a Commercial Risk Sharing Mechanism ("CRSM") to share the market risk associated with participating in the National Electricity Market of Australia between HEC and Basslink. The CRSM payments are based on the differences between the high and low Victorian electricity pool prices, subject to caps of a +25% increase (i.e., a payment to Basslink) and a -20% decrease (i.e., a payment from Basslink) to the unadjusted facility fee. The stated intention of this mechanism is to have a neutral impact on both parties over the longer term. The mechanism works on a calendar year basis.

Cash earnings achieved for the year ended 31 March 2009 were A$18.3 million compared to A$20.3 million for the previous 7-month financial period from its acquisition date. Basslink interconnector's recorded cumulative availability was 94.64% for the calendar year ended 31 December 2008. The lower availability was due mainly to two unplanned outages which were caused by equipment failures. During the financial year, Basslink made CRSM payment to its counterparty instead of receiving as in the

[1] Availability is a technical term and is measured under different formula in the BSA and the Basslink Operations Agreement

previous financial period. Historically, 3-month Australia Bank Bill Swap Reference Rate ("BBSW") has been significantly above 4.847%. However, BBSW has dropped below 4.847%. To protect the over-hedged portion of its floating interest rate hedge, Basslink purchased an interest rate floor in November 2008. There is no impact on the net cash finance cost.

Market Review

Most of the electricity generated in Tasmania is hydro-generated, which is constrained by water levels in hydro dams. Periods of low rainfall tend to increase the cost of hydro-generated electricity. Tasmanian electricity demand tends to peak during the winter months due to its cool climate.

In contrast, Victorian electricity generators are primarily coal-fired plants. Victorian electricity demand tends to peak during the summer months as high temperatures typically result in greater electricity consumption for cooling purposes.

As the only electricity interconnector between Tasmania and mainland Australia, Basslink enhances the availability and security of electricity supply to both Tasmania and Victoria. At the same time, the interconnector enables HEC to sell hydro electricity at peak pool prices during the summer months and import electricity from Victoria at base load prices during the winter months.

Operating Review

Basslink achieved a cumulative availability of 96.67% during the financial year. This was below the 97% threshold to earn 100% of the facility fee under the BSA.

The lower availability was mainly due to two unplanned outages which were caused by equipment failures. All damaged equipment restoration cost in the unscheduled outages is being borne by the equipment vendor under its warranty. Cumulative availability for the three months ended 31 March 2009 was 99.32%. Despite the outages, Basslink continues to deliver good operational performance. Basslink interconnector is performing well when compared to the other high-voltage direct current ("HVDC") links based on data sourced from International Council on Large Electric Systems ("CIGRE").

Basslink has met its statutory reporting obligations to, amongst others, the Office of the Tasmanian Energy Regulator, EnergySafe Victoria and the Essential Services Commission. In October 2008, Basslink was flash audited by EnergySafe Victoria on its bushfire mitigation and vegetation management processes. This audit was well received and Basslink met all regulatory requirements.

During the year, Basslink achieved a zero incident rate in respect of health, safety and environmental issues. Basslink has an Operational Environmental Management Plan to ensure that all of its operations are carried out with minimal impact on the environment. All employees are trained on this.

Business Outlook

Basslink is confident of meeting its obligations under the BSA. It continues to engage HEC to ensure that planned outages are carried out with minimal impact on its operations and revenue.

Basslink and the Tasmania Government have terminated the Telecoms Agreement between the two parties, paving the way for Basslink to commercialise its unlit fibre optic cables.

The fibre optic cables link Tasmania to mainland Australia, and connect on the Victoria end to critical national and international telecommunications infrastructure. Basslink's prospective customers would be infrastructure-based telecoms operators - including Internet and mobile service providers - and government institutions.

Development of its telecommunications infrastructure has been a strategic imperative for the State of Tasmania as there is presently only one provider of backhaul connection between Tasmania and mainland Australia.

The lighting up of Basslink's fibre optic cables is a significant milestone in Tasmania's history. Besides introducing competition in the broadband market, this development also enables the State Government to further develop Tasmania's information technology infrastructure and attract bandwidth-intensive businesses to establish a presence on the island.

Over the longer term, Basslink looks forward to potential revenue associated with commercialisation of its fibre optic telecommunications cable.

Board Of Directors

From top left to bottom right -

Sunny George Verghese
Peter Foo Moo Tan
Yeo Wico
Mark Andrew Yeo Kah Chong
Haresh Jaisinghani Rupchand
Margaret Lui-Chan Ann Soo
Au Yeung Fai







Mr Sunny George Verghese
Chairman and Independent Director

Mr Verghese is currently the Group Managing Director and Chief Executive Officer of Olam International Limited ("Olam") and is responsible for the strategic planning, business development and overall management of the Olam Group of companies worldwide. Mr Verghese worked for the Unilever Group in India before he joined the Kewalram Chanrai ("KC") Group in 1986. In 1989, the KC Group mandated him to start a greenfield agricultural products export business for the Group, Olam.

Mr Verghese is the Chairman of International Enterprise Singapore, a statutory board under Singapore's Ministry of Trade & Industry. He is also one of the three Singapore representatives on the ASEAN Business Advisory Council and a member of the Rabobank Food & Agribusiness Asia Advisory Board. In April 2009, Mr Verghese was appointed by the Ministry of Education, Singapore to serve as a member of the National University of Singapore Board of Trustees.

Mr Verghese holds a post graduate management degree from the Indian Institute of Management, Ahmedabad and has also completed the Advanced Management Programme from the Harvard Business School.

Mr Peter Foo Moo Tan
Independent Director

Mr Foo is currently CEO of Fortis Bank S.A./N.V. in Singapore and a member of Fortis Asia Pacific Management Board. He is also a director in the various Fortis subsidiary companies in Singapore. Mr Foo's banking career spans over 20 years and has included various management, trading and sales positions in Chemical Bank, Sumitomo Trust & Banking Co, Bank of America and Bank Austria Creditanstalt. He is also a volunteer with various trade/professional associations and social/community organizations.

Mr Foo graduated from the National University of Singapore in 1987 with an Honours degree in Estate Management and is a CFA charter holder.

Mr Yeo Wico
Independent Director

Mr Yeo is currently a partner of Allen & Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr Yeo has been admitted to the Roll of Solicitors in England and Wales and as an Attorney and Counselor-at-Law in the State of New York. He graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree.

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Yeo is currently an Executive Council member with Al Fahim Holdings (Dubai). Prior to that, he was the Managing Director of the privately held IMC Pan Asia Alliance. Mr Yeo has extensive experience in project finance advisory and structured finance with Schroders and ABN Amro having led advisory teams in both public and private sector infrastructure projects, in sectors like energy and resources, utilities and transportation across Asia, South America and Europe.

Mr Yeo graduated from Oxford University with a MA degree and obtained his LLM from the National University of Singapore. He has also completed Insead's Advanced Management Programme.

Mr Haresh Jaisinghani Rupchand
Independent Director

Mr Jaisinghani is the owner and Managing Director of 3R Capital Private Limited, an investment and project development advisory firm focused on the energy, environmental and infrastructure sector in Asia. From 1994 through 2007, Mr Jaisinghani held various management positions with the AES Corporation, an NYSE listed Fortune 500 global power company, including President of Asia, Middle East and CIS, Corporate Executive Vice President and a member of the Corporate Executive Committee.

Mr Jaisinghani is a graduate of University of Maryland and has an engineering degree from University of Bombay.

Board Of Directors

Ms Margaret Lui-Chan Ann Soo
Director

Ms Lui is currently Managing Director (Investments) at Temasek Holdings (Private) Limited ("Temasek") and is responsible for the investments and portfolio management for Temasek in the infrastructure, industrial and engineering sectors. CitySpring is amongst the infrastructure portfolio companies that she oversees. Ms Lui was also the former head of Temasek's transportation and logistics unit where she led investments for and actively monitored Temasek's transportation portfolio. She currently sits on, among others, the boards of Singapore Cruise Centre Pte Ltd and Brookstone Inc.

Mr Au Yeung Fai
Chief Executive Officer and Director

Prior to joining the Trustee-Manager, Mr Au Yeung was with Barclays Bank Group, JP Morgan and most recently CK Life Sciences Int'l, Inc. ("CK Life Sciences") which is part of the Cheung Kong Group.

During his 17 years in the banking industry, Mr Au Yeung led many transactions in the infrastructure, power and utilities sectors in Asia, Australia, Europe and North America. He advised a number of Asian governments on their privatisation plans for the power industry as well as a number of Asian utility and infrastructure companies on their merger and acquisition plans. He has also arranged financing for infrastructure projects throughout Asia and Europe, and executed investment banking mandates for several of Singapore's leading infrastructure and utility companies.

At CK Life Sciences, Mr Au Yeung was responsible for setting and executing the company's acquisition strategy as well as actively managing the portfolio companies acquired. He served on the board of directors for many of these companies.

Mr Au Yeung read Mathematics and graduated from St. Catharine's College, Cambridge University in 1987. He obtained his Master of Arts from Cambridge University in 1991 and became an Associate of the Chartered Institute of Bankers in the same year.

Senior Management

From top left to bottom right -

Au Yeung Fai
Tong Yew Heng
Ng Yong Hwee
Malcolm Eccles
Susanna Cher Mui Sim
Teo Kwan Hai
Jacqueline Ong
Gerry Chan

Senior Management

Mr Au Yeung Fai
Chief Executive Officer and Director

Please refer to the Board of Directors section

Tong Yew Heng
Chief Financial Officer
Trustee-Manager
Chief Executive Officer and Director
SingSpring

Prior to joining the Trustee-Manager, Mr Tong was with Temasek for 11 years from 1995 to 2006 where he held various positions, including as a director of investments (energy and resources) leading a team responsible for sourcing, evaluating and making investments in the energy and resources sector.

Mr Tong's experience in Temasek included stewardship of Temasek's portfolio companies, direct investments, investments in private equity funds, mergers and acquisitions, privatisations and divestments.

Mr Tong graduated in 1988 with a Bachelor of Engineering (Hons) degree from the University of Strathclyde (United Kingdom) and holds a Master of Business Administration from the Nanyang Technological University. He also attended the Program for Executive Development at the International Institute of Management Development, Switzerland in 2000 and is a member of the Institute of Certified Public Accountants of Singapore.

Mr Tong is responsible for the finances and investments of CitySpring, focusing on its financial performance and key performance indicators to facilitate effective management of the Group. He also supports the Chief Executive Officer with regard to investment strategies and compliance of regulatory issues.

Ng Yong Hwee
President & Chief Executive Officer and Director
City Gas

Mr Ng joined City Gas as Vice President of Sales, Marketing & Business Development Division in October 2004. He has more than 16 years of regional experience in the Asia Pacific region covering business development, marketing, mergers and acquisitions, business integration, strategic and corporate planning and supply chain management.

Prior to joining City Gas, Mr Ng worked for Esso Singapore, BASF, General Electric and Canada Steamship Lines.

Mr Ng graduated from the National University of Singapore (NUS) with a Bachelor of Arts degree and also holds an MBA from the University of Warwick, UK.

Mr Ng is responsible for the overall business and management of City Gas.

Malcolm Eccles
Chief Executive Officer and Director
Basslink

Before his appointment as the CEO, Mr Eccles was responsible for all operational and engineering functions of the Basslink interconnector.

Prior to joining Basslink in April 2005, Mr Eccles was with Siemens Power, Transmission and Distribution ("Siemens PTD") in Ireland with overall responsibility for developing and managing a power services business. His engineering career started with a 16-year stint with British Nuclear Fuels Limited ("BNFL"); he joined BNFL in 1986 and left the organisation in 2002 to join Siemens PTD.

Mr Eccles is a Chartered Electrical Engineer and has worked on projects in the United States, Japan, Australia and Europe. He is a director and executive committee member of the International Cable Protection Committee Ltd, a worldwide organisation specialising in submarine cable infrastructure. Mr Eccles holds a Master of Science degree (MSc) in Electrical Engineering and Management Studies from Trinity College, Dublin, Ireland, and a post-graduate Diploma in Project Management and Strategic Management.

He represents Basslink on several business and technical forums both nationally and internationally. He is also a member of CIGRE (International Council on Large Electric Systems) and sits on the Australasian B4 CIGRE panel which cover HVDC and Power Electronics.

Mr Eccles is currently responsible for determining overall business and operational strategies of Basslink and the commercialisation of the fibre optic cables.

Susanna Cher Mui Sim
Vice President (Finance and Corporate Services)
Company Secretary
Trustee-Manager

Prior to joining the Trustee-Manager, Ms Cher was the Chief Financial Officer of Singapore public-listed healthcare company, Thomson Medical Centre Limited ("TMC").

Before joining TMC, Ms Cher was the Group Management Accountant of Wearne Brothers Management Services Pte Ltd, the management arm of WBL Corporation Limited, a company listed on the Mainboard of the SGX-ST.

Ms Cher graduated from the National University of Singapore in 1982 with a degree in Accountancy and is a member of the Institute of Certified Public Accountants of Singapore.

Ms Cher is responsible for all aspects of financial reporting and treasury activities, including distribution planning, cash management, financial risk management, co-ordinating with external auditors, managing tax affairs and other finance-related management issues. She handles the human resources and administration functions and is also the Joint Company Secretary.

Teo Kwan Hai
Senior Vice President (Customer Services)
City Gas

Mr Teo joined Singapore's Public Utilities Board in 1976 and was subsequently posted to its successor companies, PowerGas and City Gas. He has, over 30 years, acquired a wide range of experience in town gas production, gas distribution and utilisation, sales and customer services.

Mr Teo is a Professional Engineer registered with the Singapore Professional Engineers Board and is also a Senior Member of Institution of Engineers, Singapore. He graduated from the University of Singapore in 1974 with a degree in Bachelor of Engineering (Mechanical) and also holds an MBA from the University of Nottingham, U.K.

He is responsible for regulatory affairs and the provision of customer services in City Gas.

Jacqueline Ong
Vice President (Investments)
Trustee-Manager

Ms Ong was the Vice President (Investments) and Economist with AIMAC for about eight years prior to joining the Trustee-Manager. AIMAC is an infrastructure fund management company which manages a US$400 million infrastructure fund with focus on the Asian infrastructure industries like power, water/waste, roads/logistics, telecommunications and urban development. Ms Ong was responsible for deal-sourcing, due diligence, deal finalisation, post-investment management and securing/realising an exit for the investment. She also provided analysis of country/sector development in areas of interest.

She was previously a Senior Regional Economist with IDEAglobal which has offices in Singapore, London, New York and provides independent economic research and market analysis worldwide. Ms Ong helped lead the emerging market research team in marcoeconomic analysis and formulating strategies. She is also well-versed in conducting seminars/talks for the banking community on various economic issues.

Ms Ong holds a Master degree in Applied Economics from National University of Singapore. She graduated from the National University of Singapore with a Bachelor of Arts degree in Economics/Statistics.

As a member of the Trustee-Manager, Ms Ong is responsible for the identification, evaluation, execution and post-investment management of investment projects.

Gerry Chan
Vice President (Investments)
Trustee-Manager

Mr Chan has eight years of experience in Asia and Singapore with a core focus on asset acquisitions and deal structuring in the infrastructure space.

Before joining the Trustee-Manager, Mr Chan held various investment-related positions in Asia's leading infrastructure companies, including PSA International and Singapore Changi Airport. He has also worked in China where he held corporate financing and management responsibilities for a Beijing based group.

Mr Chan, a Chartered Financial Analyst (CFA) charter holder, holds a Master of Business degree from Nanyang Technological University, Singapore. He graduated among the top of his class with a First Class Honours in Accountancy from NTU and was awarded the KPMG Gold Medal Prize.

As a member of the Trustee-Manager, Mr Chan's responsibilities include sourcing, structuring and executing infrastructure investments for CitySpring. As a key member of the asset management team for SingSpring, he provides operational and management oversight for the performance of the desalination plant.

Diverse Talent Pool

CitySpring has the talent pool with depth of management and operational expertise to enhance the returns of our portfolio of quality assets.

Our inclusive and diverse workforce embraces the common objective of enhancing unitholder value and contributes towards the success of CitySpring.

We will continue to recruit, develop and retain our human capital and equip them with the skill sets that will lay the foundation for the execution and support of our business strategy and expansion of CitySpring's footprint.

The CitySpring Family

CitySpring aims to maximise the potential of every employee by developing their skill sets and talents to enable them to contribute to CitySpring's objective of delivering growth and sustainable value. We will continue to develop our diverse management and operational talent pool to enhance the returns of our portfolio of quality assets.

Within the CitySpring family, there is a myriad of individuals from varying backgrounds equipped with different skill sets. They are however united by their drive, determination and dedication to building an even stronger future for the Group.

Madelene Goh
Senior HR Executive

"Working in City Gas HR for three years has been enriching and meaningful. It is enriching because of the opportunities and exposure that Management has given me. It is meaningful because the HR initiatives that we implemented have benefited the employees. One such initiative is the Group Employee Insurance Benefits, which gives employees peace of mind to focus on their work knowing that they and their families will be well taken care of in difficult times.

It is also meaningful to witness the building of good intra- and inter-business unit relationships based on trust and openness. Building a harmonious relationship with the Union has laid strong foundations for the Management and Union to work better in tandem to optimise benefits for the business unit and its employees. I also cherish the bond established with my teammates and fellow colleagues. Their friendship is genuine and valuable.

An interesting and challenging experience for me was the Mount Ophir Leadership Challenge. It was a gruelling physical and mental test for me. I would not have succeeded without the help rendered by my colleagues. At the end of the challenge, all of us emerged stronger and more cohesive.

With a strong passion for the overall well-being and satisfaction of the employees, the HR work that I am doing serves a meaningful purpose. I am proud to be part of the team."

Gerry Chan
VP (Investments)

"Over the past year, I have been actively monitoring SingSpring on behalf of CitySpring. SingSpring has always had a perfect operating record of 100% availability. However, it was still a highlight for me when we were able to deliver PUB's requirement for almost full dispatch of water during the entire month of February 2009 when there was little rainfall in Singapore. This showed to me how important SingSpring is to the nation's water resource management. For the coming year, I am particularly excited to be evaluating asset enhancements for the plant as the team continues to be vigilant in maintaining its 100% record.

I have found our interaction with PUB, our sole customer to be very cordial and productive. On our part, we worked hard to provide a highly responsive and positive customer experience for them. In this regard, I think the SingSpring team can take pride that PUB has scored us very highly on customer service in our annual survey. The success of the SingSpring-PUB working relationship is a testament that private and public sector cooperation is the way forward for infrastructure renewal in Singapore and the region."

Mark Shilliday
Operations Manager

"Working for Basslink as part of the CitySpring Group is both an interesting and rewarding experience.

As Operations Manager, I deal with a vast range of issues on a daily basis. These range from operations, asset management, performance and maintenance, to managing site engineers and site activities. There is something new to learn every day. Working with a broad spectrum of people from different cultures and backgrounds within CitySpring Group, adds an extra interesting dimension to the job. Understanding and appreciating the different values is an important element which contributes to the success of CitySpring.

Being part of the Basslink senior management team and having an input into the decision making process has highlighted to me the importance of having good working relationships with my peers and the need to have positive team dynamics. I manage a team of experienced and highly motivated engineers who are focused on staying at the fore front of HVDC maintenance excellence. A vital part of working for CitySpring is fostering the bigger team spirit – that although we all play a role within our own business units, we also have a meaningful role within the CitySpring Group."

Annie Khung
AVP (Finance)

"CitySpring, though in its infancy, has provided me with opportunities aplenty to learn and grow professionally. Its management and staff are like family and the work environment is warm and friendly. Employees are encouraged to contribute and views can be expressed frankly and openly.

As part of the team involved in the integration of Basslink after the acquisition, I had the opportunity to learn different corporate requirements, address financial reporting integration issues and experience working across borders. Teamwork across the Group made the transition smooth and contributed to its successful completion.

At CitySpring, my role includes working closely with subsidiaries for timely and accurate completion of all financial and management reporting and supporting the investment team on accounting and tax related matters on potential investments or during an acquisition."

CitySpring Family

Richard Tan
Manager (Project Marketing)

"I am into my third year with City Gas, as a member of the Sales and Marketing division, responsible for the Residential Projects, Hospitality and New Growth segments. To drive sales, my team and I regularly introduce new and efficient gas applications to end users, and reinforce the advantages and benefits of piped gas. The "REACH" strategy which we have adopted is a multi-pronged approach to engage our customers and partners through *R*elationship building, *E*ducation, *A*wareness initiative, *C*ustomer connectivity and *H*armonising. In this way, we seek to achieve synergy in our 'reach out' activities and provide excellent service to our customers.

Since City Gas moved its offices under one roof at Senoko, the sense of belonging and the 'one big family' spirit has been further enhanced. I like the harmonious working environment, which has made working a rewarding and fulfilling experience for me.

Moving ahead I am confident that there is tremendous potential for City Gas and I am keen to play my part to grow its customer base even more."

Contributing to Community

City Gas was involved in a number of community outreach activities, as part of its corporate citizenry efforts to deliver benefits to the communities and societies it serves. Some of the key activities included its participation in Treasure8 in which it supported Nanyang Technological University students in a three-day, two-night round-the-island marathon charity fund raising competition.

Eight teams of students from polytechnics and junior colleges competed to sell items such as personalized photo frames and wooden paper clips made by the children of the Spastics Children's Association of Singapore ("SCAS") and the staff of City Gas. City Gas also sponsored 300 beautiful mosaic photo frames made by the children themselves to be sold for the event. This event helped SCAS raise over $15,000.

City Gas also partnered The Esplanade – Theatres on the Bay for the Moonfest 2008. The event, which took place from July to September 2008, included 30 community lantern-making workshops for senior citizens from senior activity centres and elderly homes. Some 400 lanterns made by the elderly and by City Gas staff were displayed at the Esplanade for two weeks. A lantern walkabout was held on 14 September 2008, the 15th day of the eighth lunar month. Close to 100 City Gas staff and family members as well as over 1,000 senior citizens participated in this Mid-Autumn celebration, which included a joyful walk around the Esplanade and the viewing of traditional Chinese programmes.

On 16 April 2009, 58 City Gas employees and three from Trustee-Manager showed their unflinching support for the community by participating in the JP Morgan Corporate Challenge. This is the third consecutive year City Gas has participated in the annual event. The funds raised for this event was donated to the Asian Civilisations Museum, for its development of new attractions to educate the young and old.

In Australia, Basslink has a long history of working with the communities in Tasmania and Victoria. During the financial year, Basslink worked with and donated to a number of community and sport events.

The sports carnival series in Tasmania organised by the Sport Carnivals Association of Tasmania attracts professional sports people from around the world. Basslink has been the major sponsor of the carnivals for the past six years and it is known as the 'Basslink Tasmanian Christmas Carnivals'. Basslink has agreed to a two-year sponsorship of the carnivals and will sponsor the 2009/10 series. Basslink has also sponsored a number of other sports events, for example, the North Gippsland Netball and Football League.

Basslink has been a long-time supporter of the Tasmanian Special Children's Party, which is held every year in Hobart, with the aim to provide an unforgettable Christmas for over 1,600 children. Basslink continues to sponsor the Tarra Easter Festival which attracts more than 10,000 participants every year and has been going for 37 years. Following the devastating events witnessed in Victoria on 7 February 2009 (Black Saturday) where over 170 people lost their lives in the worst bushfires ever witnessed, Basslink came to the aid of local community fire fighters with donations to three fire fighting units.

General Information on Business Trusts

Business trusts were introduced in Singapore as a new form of business structure in September 2004 when the Business Trusts Act (Chapter 31A of Singapore) was passed in the Singapore Parliament.

The introduction of this new asset class – essentially companies structured as trusts – was intended to add greater depth and breadth to Singapore's equity markets. This followed the successful introduction of real estate investment trusts ("REITS") in 2002.

While a business trust is similar to a company in that both run and operate business enterprises, a business trust, unlike a company, is not a separate legal entity. As a business trust is established under a trust deed, the trustee-manager has legal ownership of the underlying assets in the trust. The trustee-manager is also responsible for managing the assets for the beneficial owners of the trust.

In Singapore, the Business Trusts Act has been formulated with the twin objectives of protecting the interest of unitholders (i.e. the investors) in the business trust and to establish the duties and accountability of the trustee-manager of a business trust and its directors. Business trusts that raise funds through the offering of units to the retail public must be registered under the Business Trusts Act.

The investing public of business trusts reaps benefits in the form of distributions. Business trusts are allowed to pay distributions to investors out of operating cashflow. This is unlike companies, which can only pay dividends out of accounting profits.

As such, infrastructure companies are seen to be suitable candidates for the creation of business trusts. This is due mainly to the nature of their businesses, which generally require high initial capital expenditure but which offer stable operating cashflow over the long term.

The trustee-manager of a business trust is entitled to fees in return for its services to the business trust. In the case of CitySpring, the Trustee-Manager receives management fees comprising a base fee and a performance fee that is based on performance relative to a market-based index. The fee is structured to ensure that any underperformance of the Trustee-Manager is taken into account for future periods of outperformance.

Some differences between Business Trusts, REITS and SGX-Listed Companies

	Business Trust	REIT	Listed Company
Legislation Regime	- Business Trusts Act	- Code on Collective Investment Scheme	- Companies Act
Constitution	- Not a separate legal entity - Created by a trust deed - Unitholders have beneficial interest and a lesser degree of control than shareholders of a company	- Not a separate legal entity - Created by a trust deed - Unitholders have beneficial interest and a lesser degree of control than shareholders of a company	- A separate legal entity
Responsible Entity	- Trustee-Manager as the single responsible entity with its role similar to the combined roles of the REIT's asset manager and trustee	- Trustee and Asset Manager are separate entities	- Board of directors and management
Board of Directors	- Majority of directors must be independent - Higher standard of independence	- One-third of the Board to consist of independent directors	- At least two non-executive directors who are independent and free of any material business or financial connection with the company
Asset	- No restriction	- Real estate	- No restriction
Depreciation/ Revaluation	- No impact on distribution payout	- No impact on distribution payout	- Affects dividend payout, which is restricted to accounting profits
Gearing Limit	- None	- 35% of deposited property (60% if rated publicly)	- None
Taxation	- Subject to income tax	- Tax transparent	- Subject to income tax

Source: Adapted from SGX-ST website

Frequently Asked Questions

1. What are infrastructure assets? Why and what does CitySpring focus on in this sector?

Infrastructure assets are the structures and networks used to provide essential services to society. These assets, and the businesses set up to manage them, are crucial to the sustainable economic and industrial development of a country.

The rationale behind CitySpring's investment focus on this sector is mainly due to the sector's healthy growth prospects. Asia (excluding Japan) is projected to invest about US$200 billion per annum over the next few years to fund new infrastructure investment and maintain existing facilities, according to the Asian Development Bank.

Within the infrastructure sector, CitySpring is primarily focused on three broad categories, namely utilities, transportation/logistics and communications. Some of the assets in these categories include gas, water, electricity, roads, ports, airports, railways, broadcast towers and related infrastructure, satellite infrastructure, wireline infrastructure and mobile telephony infrastructure.

2. How is CitySpring differentiated from other infrastructure funds or business trusts?

CitySpring is the first infrastructure business trust to be listed in Singapore. It is backed by a strong sponsor, Temasek. It is Temasek's intention for CitySpring to be its key investment platform for the infrastructure sector.

CitySpring has put in place a capital structure that is tax-efficient, thereby enhancing potential distributions to unitholders. Under the Qualifying Project Debt Security ("QPDS") scheme introduced by the Monetary Authority of Singapore, QPDS interest expense is tax deductible at the sub-trust level and that same QPDS interest income received by CitySpring from the sub-trusts is tax exempt.

3. Can you describe how CitySpring's management fee is structured?

The management fee comprises a base fee and a performance fee.

The base fee is 1% per annum of the market capitalisation of CitySpring, subject to a minimum of $3.5 million per annum. This is structured to cover the ongoing operating costs of the Trustee-Manager.

The performance fee structure is based on 20% of a benchmark index outperformance. The performance fee is payable only when the Trustee-Manager outperforms the benchmark index on a total return basis and takes into account any underperformance in prior periods.

In addition, the Trustee-Manager does not receive any fees for acquisitions or divestments made.

CitySpring's management fee structure is in line with market practice. It aligns the interest of the Trustee-Manager with those of unitholders.

4. Why is cash earnings more appropriate than accounting profit as a performance measure for CitySpring?

It is not uncommon for infrastructure assets to show accounting losses due to the fairly large amount of non-cash depreciation expenses associated with infrastructure assets (which are typically capital intensive).

As CitySpring is structured as a business trust, it is able to make distributions to its unitholders in excess of its net profit after tax or even when it records a loss after tax as such net profit or loss includes non-cash items such as depreciation and amortisation of intangible assets. CitySpring structures its investment to enhance cashflow. Such structures may have the effect of lowering accounting profits or even cause the investment to record accounting losses, without affecting distributable cashflow. As an example, CitySpring enters into long term hedges to protect its cashflow from movements in, for example, interest rates. Accounting standards require that CitySpring records changes in the fair value of these hedges in its balance sheet and income statement, even though these changes in fair value are non-cash in nature and do not affect the fundamentals of the underlying businesses.

For the above reasons, CitySpring uses cash earnings as it is a more appropriate measure of performance.

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.

Frequently Asked Questions

5. Can you explain CitySpring's distribution policy?

Our policy is to make sustainable distributions to our unitholders out of our operating cashflow. The Trustee-Manager employs a rigorous process to determine the amount of cash that might be available for distribution taking into account each of the businesses' operating and capital expenditure requirements, debt servicing and other needs.

The Trustee-Manager makes distributions to CitySpring's unitholders on a quarterly basis. The amount of distribution is calculated as at 31 March, 30 June, 30 September and 31 December each year for the three month period ending on each of these dates. Any proposed distribution is made by the Trustee-Manager within 90 days after the end of each distribution period. The distributions are made in Singapore dollars.

6. How sustainable are CitySpring's distributions?

CitySpring's distributions are funded by the cash earnings of its three businesses which provide essential utility services to the communities they serve. Each business enjoys sustainable cashflow underpinned by either long-term contracts with government entities or by stable market demand.

We ensure distributions are made only after debt servicing requirements and working capital needs. We also take into consideration any significant non-recurring items affecting cash earnings or capital expenditure. With the strong fundamentals of our underlying businesses, we expect to continue to provide investors with long-term stable distributions in future.

7. If the Australian dollar ("AUD") weakens against the Singapore dollar ("SGD"), how would this impact CitySpring's financial position and its distributions?

Although one of CitySpring's assets, Basslink, operates in Australia with its earnings denominated in AUD, the impact of weaker AUD against the SGD is not expected to have any impact on CitySpring's ability to service its debt or meet projected distributions for FY2010. Our investment in Basslink is 75% funded by AUD bonds and 25% by equity contribution from CitySpring. Borrowings in local currency provide a natural hedge against foreign exchange exposure. CitySpring has significant cash over and above our distribution requirement.

8. How does fuel cost escalation affect CitySpring?

On a long term basis, changes in fuel costs should not have an impact on City Gas as fuel costs can be passed through to customers via tariff adjustments. However, at any point in time, the actual tariff may not exactly match fuel costs as tariff changes are subject to a periodic regulatory review process whereas fuel prices change daily. Short term impact may be evident if there are sharp changes in fuel prices. City Gas was granted tariff adjustments by EMA to cover the changes in the fuel costs during the financial year.

Up till December 2008, any increase in fuel cost would have a positive effect on SingSpring's earnings because it had entered into a series of fuel hedges to hedge its energy costs. After December 2008, fuel costs changes have no impact on SingSpring as these will be rebased in accordance with the principles set out in the Water Purchase Agreement with Public Utilities Board.

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

9. How do interest rate fluctuations affect CitySpring?

Under the Basslink Services Agreement ("BSA") and the Floating Interest Rate Tripartite Deed ("FIRD"), Hydro-Electric Corporation and Basslink have agreed to make payments to each other of the difference between the 3-month Bank Bill Swap Reference Rate in Australia ("BBSW") and a base interest rate of 4.847% p.a., on a notional level of debt financing of A$625 million, amortising to A$312 million for the initial 25-year initial term of the BSA.

The FIRD provides an effective hedge for our A$486m floating rate medium term notes due 2015. There is however an excess amount of A$139m under FIRD ("Over-Hedged FIRD") that is unmatched by any underlying floating rate loan. Basslink therefore purchased an interest rate floor in November 2008 to protect the Over-Hedged FIRD for a period of two years till January 2011. Basslink will therefore not be exposed to any BBSW rate movement below 4.847% till January 2011.

CitySpring has also secured interest rate hedges for significant amount of its other loans within CitySpring Group to mitigate its interest rate exposure.

10. CitySpring's mandate is to grow by acquisition. What does the acquisition pipeline look like for financial year 2010?

CitySpring is actively seeking growth opportunities which fit with our requirements for stable cashflow, adequate risk mitigation and value creation. We are highly disciplined in our approach, and would turn away transactions that do not meet these criteria. Consequently, although from time to time, the Trustee-Manager may be reviewing any number of potential opportunities, there is no certainty as to whether any of these opportunities would result in a completed transaction.

11. Is CitySpring delaying acquisitions because of the current weak global market conditions?

We remain highly disciplined in assessing growth opportunities, and maintaining our focus on providing stable distributions to our unitholders. The present environment has created many such potential opportunities. The valuations are however yet to be attractive to CitySpring.

12. What is CitySpring's gearing policy?

Given that our subsidiaries raise non-recourse debt structured specifically to match the cashflow profile of their underlying assets, traditional measures of leverage are not relevant to us. Our general philosophy on leverage is to ensure that our businesses have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations reliably. The fact that Basslink is rated investment grade by the ratings agencies is a good endorsement of this philosophy.

The Trustee-Manager aims to optimise the overall capital structure of CitySpring and its infrastructure businesses. In doing so, it will seek diversified funding sources, through the appropriate use of debt and equity, from both financial institutions and the capital markets as CitySpring grows in size and scale.

13. What is the gearing ratio for CitySpring and the various sub-trusts?

Cashflow-based ratios are more relevant measures of indebtedness for CitySpring. Consolidated debt-to-equity is not an appropriate measure, as all loans at the subsidiaries are separate and are non-recourse to CitySpring. It is CitySpring's practice to determine the optimal debt sizing for each of its facilities to ensure reliable servicing of their respective non-recourse loans as well as to allow financing flexibility for their capital expenditure and operational requirements. This is reflected through the following arrangement:

- Financing is structured to match the cashflow profile of the respective underlying assets;
- Covenants are based on cashflow; and
- Strong and stable cash generation capabilities of underlying assets ensure that covenants will continue to be met.

14. How does CitySpring intend to fund its acquisitions? Is CitySpring comfortable with the current level of leverage?

CitySpring will fund its acquisitions using a mixture of debt and equity. It is noteworthy that infrastructure-related businesses tend to have higher gearing as they have stable cashflow. Currently, the majority of the debt of CitySpring Group is at Basslink which has issued long dated Australian Dollar bonds rated investment grade by both Standard & Poor's and Moody's. All of the CitySpring Group's other debt is in the form of bank loans which, like the bonds, are comfortably serviced by operating cashflow.

15. Should investors value CitySpring units using its price-to-earnings ratio?

Price-to-earnings ("P/E") ratio is not an appropriate measure for a business trust like CitySpring. As a business trust and unlike a company, we are allowed to distribute surplus cashflow that is greater than our accounting profits. Our businesses, namely City Gas, SingSpring and Basslink, are structured to be tax-efficient to enhance cashflow which could adversely impact accounting profits and, hence, our results may show low profit or even a loss. This translates into a high or negative P/E ratio.

This however does not affect our businesses in any way. CitySpring continues to deliver performance that is better than expectations. In FY2009, CitySpring distributions was 7.0 Singapore cents per unit an increase of 11.1% over 6.3 Singapore cents for the corresponding prior 12-month period, Our distributions are more than adequately covered by operating cashflow.

Corporate Information

Trustee-Manager
CitySpring Infrastructure Management Pte. Ltd.

Registration No: 200614377M
111 Somerset Road #02-05
TripleOne Somerset
Singapore 238164

Board of Directors

Mr Sunny George Verghese
Chairman and Independent Director

Mr Peter Foo Moo Tan
Independent Director

Mr Yeo Wico
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Haresh Jaisinghani Rupchand
Independent Director

Ms Margaret Lui-Chan Ann Soo
Director

Mr Au Yeung Fai
Chief Executive Officer and Director

Audit Committee

Mr Mark Andrew Yeo Kah Chong (Chairman)
Mr Peter Foo Moo Tan
Mr Haresh Jaisinghani Rupchand

Governance and Nominating Committee

Mr Yeo Wico (Chairman)
Ms Margaret Lui-Chan Ann Soo
Mr Peter Foo Moo Tan

Management Development and Compensation Committee

Mr Peter Foo Moo Tan (Chairman)
Ms Margaret Lui-Chan Ann Soo
Mr Yeo Wico

Finance and Investment Committee

Ms Margaret Lui-Chan Ann Soo (Chairman)
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani Rupchand
Mr Au Yeung Fai

Conflicts Resolution Committee

Mr Sunny George Verghese (Chairman)
Mr Mark Andrew Yeo Kah Chong
Mr Yeo Wico
Mr Haresh Jaisinghani Rupchand

Company Secretaries

Ms Susanna Cher Mui Sim
Ms Lynn Wan Tiew Leng

Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01
Samsung Hub
Singapore 049483

Auditor

PricewaterhouseCoopers
8 Cross Street #17-00
PwC Building
Singapore 048424
Audit Partner-in-charge: Mr Lee Kok Hooi
Year of Appointment: 2006

Principal Bankers

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

Sponsor

Temasek Holdings (Private) Limited

Corporate Governance Report

CitySpring Infrastructure Management Pte. Ltd. ("Trustee-Manager") as Trustee-Manager of CitySpring Infrastructure Trust ("CitySpring") is responsible for safeguarding the interests of the unitholders of CitySpring and managing the business of CitySpring. The Board of Directors of the Trustee-Manager (the "Board") and its Management are committed to a good standard of corporate governance so as to ensure transparency and protection of unitholders' interests.

The Business Trust Act, Chapter 31A, of Singapore ("BTA") stipulates requirements and obligations in respect of corporate governance. The Business Trust Regulations 2005 ("BTR") set out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager. The Trustee-Manager, in addition to complying with BTA and BTR, uses the Code of Corporate Governance 2005 (the "Code") as its benchmark for its corporate governance policies and practices.

This report sets out the key aspects of the Trustee-Manager's corporate governance framework and practices.

1. The Board's Conduct of its Affairs

The primary role of the Board is to protect and enhance long-term unitholders' value. The Board sets the corporate strategies, and the direction and goals for the management team of the Trustee-Manager. The Board supervises the management and monitors performance towards achieving these goals. The Board is also responsible for the overall corporate governance of CitySpring and its subsidiaries, which comprise 100% owned City Gas Trust, 70% owned SingSpring Trust and 100% owned Basslink Group of Companies (collectively the "Group"). The principal functions of the Board are to:

- guide the corporate strategy and direction of the Group;
- ensure that senior management exercises business leadership with integrity and enterprise;
- review the financial performance of the Group on a quarterly basis;
- approve acquisitions, financing of the acquisitions and fund raising exercises;
- evaluate the system, processes, and adequacy of internal controls, risk management and financial reporting;
- ensure compliance with regulatory and statutory requirements; and
- assume responsibility for corporate governance.

To assist in the discharge of its responsibilities, the Board had established a number of Board Committees; namely the Nominating and Remuneration Committee ("NRC"), the Audit Committee ("AC") and the Conflicts Resolution Committee ("CRC"). During the financial year ended 31 March 2009, the Board which comprised 6 members of which 4 are independent announced the appointment of an additional independent director, Mr Haresh Jaisinghani Rupchand. The Board also changed the composition of the AC and CRC and announced the formation of the Finance and Investment Committee ("FIC"), the Governance and Nominating Committee ("GNC") and the Management Development and Compensation Committee ("MDCC"). The NRC was then disbanded. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The appointment of Directors to the various Board Committees are set out below:

Name of Directors	Board	Audit Committee	Finance and Investment Committee	Governance and Nominating Committee	Management Development and Compensation Committee	Conflicts Resolution Committee
Sunny George Verghese	Non-Executive Chairman and Independent Director	–	–	–	–	Chairman
Peter Foo Moo Tan	Independent Director	Member	–	Member	Chairman	Member*
Yeo Wico	Independent Director	Member*	–	Chairman	Member	Member
Mark Andrew Yeo Kah Chong	Independent Director	Chairman	Member	–	–	Member
Haresh Jaisinghani Rupchand (appointed on 15 August 2008)	Independent Director	Member	Member	–	–	Member
Margaret Lui-Chan Ann Soo	Director	–	Chairman	Member	Member	–
Au Yeung Fai	Executive Director	–	Member	–	–	–

* *up to 15 August 2008*

The NRC which comprised Sunny George Verghese (Chairman), Mark Andrew Yeo Kah Chong and Margaret Lui-Chan Ann Soo was disbanded on 15 August 2008.

The Board meets on a quarterly basis to review and approve, inter alia, the quarterly financial results of the Trust. Between scheduled quarterly Board meetings, matters for information or approval are dealt with by circulation or ad-hoc Board meetings. Detailed papers are submitted to the Board in a timely manner, providing information on the background and justifications for each proposal or mandate sought, including where applicable, forecasts and projections. Where expedient, Board meetings are held by way of tele-conference, which is permitted by the Articles of Association of the Trustee-Manager.

During the year, the Directors attended a two-day off-site "Strategic Session" with management to review and discuss CitySpring's strategic growth initiatives.

The table below sets out the attendances at meetings of the members of the Board and the Board Committees which were convened during the financial period:

Name of Directors	Board	Audit Committee	Finance and Investment Committee	Governance and Nominating Committee	Management Development and Compensation Committee	Conflicts Resolution Committee
Sunny George Verghese	9	–	–	–	–	–
Peter Foo Moo Tan	8	4	–	2	3	–
Yeo Wico	9	1*	–	2	3	–
Mark Andrew Yeo Kah Chong	9	4	4	–	–	–
Haresh Jaisinghani Rupchand (appointed on 15 August 2008)	6	3	4	–	–	–
Margaret Lui-Chan Ann Soo	8	–	4	2	3	–
Au Yeung Fai	9	–	4	–	–	–
Number of meetings held	9	4	4	2	3	NIL

* *up to 15 August 2008*

Newly appointed Directors are given briefings by management on the business activities of the subsidiaries and visits are arranged to Senoko Gas Works owned by City Gas Trust, the desalination plant owned by SingSpring Trust and the converter station located at Loy Yang in Victoria, Australia which is part of the Basslink inter-connector system. The Directors are also invited to attend on-going programs relating to changes to the regulations of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Companies Act, the BTA, financial reporting standards and other statutory requirements organised by recognised institutions.

2. Board Composition and Balance

The composition of the Board is determined using the following principles:

- the majority of Board members should be non-executive and independent directors;
- the chairman of the Board should be a non-executive director;
- the Board should comprise directors with a wide range of commercial and management experience; and
- at least a majority of the directors should be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

The directors come from diverse backgrounds with various expertise in the infrastructure industry, finance, legal, business and management fields and are able to use their expertise and experience to further the interests of CitySpring. The Board has the appropriate balance of independent directors and the five independent directors are particularly aware of their responsibility to constantly place the interests of unitholders foremost in the consideration of any relevant matters. The composition of the Board will be reviewed periodically to ensure that the Board comprises an appropriate mix of expertise and experience to best serve the interests of CitySpring and its unitholders.

3. Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by different individuals in order to maintain an effective balance of power and authority.

The Chairman is responsible for the effective functioning of the Board including ensuring competency and the regular engagement of management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of CitySpring.

4. Board Membership

The majority of the Board members are non-executive independent Directors. The Nominating and Remuneration Committee ("NRC") is tasked with reviewing board membership. NRC was disbanded and a Governance and Nominating Committee ("GNC") was formed on 15 August 2008.

The GNC comprises three members, majority of whom including its Chairman are Independent Directors. The members of this committee are:

Mr Yeo Wico	–	Chairman, Independent Director
Ms Margaret Lui-Chan Ann Soo	–	Director
Mr Peter Foo Moo Tan	–	Independent Director

The GNC meets at least once a year and its duties with regards to nomination functions are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of new Directors and re-appointment of existing Directors;
- determining annually whether or not a Director is independent in the manner provided in the BTR; and
- deciding whether or not a director is able to and has been adequately carrying out his duties as a Director.

The GNC sources for candidates who would be able to value add to management through their contributions in the relevant strategic business areas and in the constitution of strong and diverse boards.

A director is considered to be independent in accordance with the provisions of the BTR if he is independent from management and business relationships with the Trustee-Manager and from any substantial shareholder of the Trustee-Manager.

The GNC has conducted an annual review of the independence of the Independent Directors in accordance with the BTR. The five Independent Directors – Mr Sunny Verghese, Mr Peter Foo, Mr Yeo Wico, Mr Mark Yeo and Mr Haresh Jaisinghani – are considered to be independent from Temasek, which is a substantial shareholder of the Trustee-Manager through its wholly owned subsidiary, Nassim Investments Pte. Ltd. as well as independent from the management relationships with the Trustee-Manager. Temasek is also the Sponsor of CitySpring in its IPO. Construed within the context of the BTR, the independent directors are considered to have business relationships with the Trustee-Manager and its related corporations which consist of a large group of corporations, namely Temasek and its related corporations ("Temasek Group") and which have extensive business activities.

The Temasek Group makes available several products and different types of essential services on an arm's length basis and in the ordinary course of business to the community. For example, Singapore Power Ltd and its subsidiaries, among other things, transmit and distribute electricity to individuals and business entities in Singapore. SembCorp Industries Ltd, through its subsidiaries, provides utility services in Singapore. Singapore Telecommunications Ltd and Starhub Ltd are among Singapore's leading providers, of among other things, fixed line and mobile communication services. Singapore Airlines Ltd is a major airline carrier whose flight services are widely used by many persons. DBS Bank Ltd is a leading bank in Singapore and provides a wide range of retail, small and medium sized enterprise, corporate and investment banking services to the community.

Thus, these business relationships arise in large part due to the need of the Independent Directors for such products and services that are essential for business and personal needs in Singapore.

Mr Sunny Verghese is currently the Group Managing Director and Chief Executive Officer of Olam International Limited ("Olam"), a leading global supply chain manager of agricultural products and food ingredients which is listed on the Main Board of SGX-ST. He is also a substantial shareholder of Olam. He is also a director of several companies in the Olam group of companies. On 1 June 2009, Olam announced that the Sponsor, through its wholly owned subsidiaries Breedens Investments Pte Ltd and Aranda Investments Pte Ltd, has agreed to subscribe for shares in Olam representing about 13.76% of the enlarged paid-up share capital of Olam after completion of the subscription. As part of the subscription, the Sponsor will be able to nominate one director to the Board of Directors of Olam. The subscription is subject to the approval of the shareholders of Olam.

Mr Peter Foo is the Chief Executive Officer of Fortis Bank S.A./N.V. ("Fortis") in Singapore which provides financial services to the Temasek Group. However due to the matrix structure under which Fortis' businesses and risk controls is organised, the business units and persons that are involved on a day to day basis with the Temasek Group do not report to him directly. Mr Peter Foo abstains from the Board's deliberations in relation to the choice of financial service providers for CitySpring, where Fortis is involved, for various matters.

Mr Yeo Wico is a partner of Allen & Gledhill LLP ("A&G") which provides legal services from time to time to the Temasek Group. Mr Yeo may also from time to time provide legal services to the Temasek Group as a partner of A&G through Linklaters Allen & Gledhill Pte. Ltd., which is a joint law venture between A&G and Linklaters, an international law firm. Mr Yeo Wico abstains from the Board's decisions in relation to the choice of legal counsel for CitySpring, where A&G is involved, for various matters. Mr Yeo Wico and his wife each own half of Sketches (Singapore) Pte. Ltd., which operates a restaurant business in Singapore and has business dealings with Temasek Group such as the provision of utilities, telecommunications services and food supplies in the ordinary course of business.

Mr Yeo Wico was in July 2008 appointed as a member of the Board of Directors of SP Services Limited ("SP Services"), a wholly owned subsidiary of Singapore Power Limited, which is in turn a subsidiary of the Sponsor. SP Services has signed a 5-year Utilities Support and Services Agreement ("USSA") with City Gas Pte Ltd, in its capacity as Trustee of City Gas Trust ("City Gas"). City Gas is a wholly owned entity of CitySpring. Mr Yeo Wico, as a director of SP Services, will not be involved in the day-to-day management of the operations of SP Services and will abstain from voting at SP Services on any matters in relation to the USSA, including the renewal of the USSA. The renewal of the USSA is considered an Interested Person Transaction of CitySpring. Mr Yeo Wico will abstain from reviewing and approving any matters in connection with the USSA.

Mr Mark Yeo is currently Executive Director of Al Fahim Holdings Dubai ("Al Fahim"). Certis Cisco Pte Ltd, a wholly owned subsidiary of the Sponsor, has a contract to provide security services to Al Fahim's retail shops in United Arab Emirates.

Mr Haresh Jaisinghani is the owner and Managing Director of 3R Capital Private Limited, an investment and project development firm focused on the energy, environmental and infrastructure sector in Asia. Where there is any conflict of interest arising from his position as a Director of the Trustee-Manager and as owner and Managing Director of 3R Capital Private Limited, Mr Haresh Jaisinghani will abstain from voting on such matters.

All the five independent Directors would have paid for services such as telecommunication services and utilities, financial and banking services, provided by the Temasek Group, in their personal capacity. In addition, the companies or firms of which they are directors, employees or partners would, within the context of the BTR, have entered into business relationships with the Temasek Group in the ordinary course of business, such as the purchase of airline tickets, the payment of utilities services and the provision of financial services.

Mr Sunny Verghese, Mr Peter Foo, Mr Yeo Wico, Mr Mark Yeo and Mr Haresh Jaisinghani have, in the course of their service as Directors of the Trustee-Manager, shown independent judgement in their deliberation of the interest of CitySpring.

The GNC and the Board of Directors, having considered the business relationships of the Independent Directors whether individually or through companies or firms of which they are directors, employees or partners with the Trustee-Manager, its substantial shareholders and its related corporations including the Temasek Group, are satisfied that each of the five Independent Director's independent judgement and ability to act with regard to the interests of all the unitholders as a whole have not been and will not be interfered with despite such business relationships. In view of the foregoing, the Board is satisfied that the five Independent Directors are considered to be independent.

Ms Margaret Lui-Chan Ann Soo is not considered to be an independent director as she is a Managing Director at Temasek, which is a substantial shareholder of the Trustee-Manager. Mr Au Yeung Fai is not considered to be an independent director as he is the Chief Executive Officer of the Trustee-Manager.

5. Board Performance

The GNC has adopted a set of board performance appraisal criteria which was endorsed by the Board. The performance evaluation exercise enables the GNC to identify areas of improvement to the Board's effectiveness as a whole. The evaluation process is carried out by way of an assessment checklist through which all the Directors are required to complete and assess the overall effectiveness of the Board. The collated findings are reported and recommendations are made to the Board for consideration and for future improvements to help the Board discharge its duties more effectively.

6. Access to Information

The Board is provided with an agenda for each meeting and Board papers are circulated in advance to enable Directors to review the information and to obtain details and explanations where necessary. Management who can provide additional insight into the matters being discussed are present at the relevant time during the Board meeting.

All Directors have unrestricted access to management to enable them to carry out their duties.

In addition, Directors have separate and independent access to the advice and services of the joint Company Secretaries, who are responsible to the Board for ensuring established procedures and that the relevant statutes and regulations are complied with.

Each Director has the right to seek independent legal and other professional advice, concerning any aspect of CitySpring's operations or undertakings in order to fulfill their duties and responsibilities as a Director.

7. Procedures for Developing Remuneration Policies

The Management Development and Compensation Committee ("MDCC") which was formed on 15 August 2008 comprises three non-executive Directors, two of whom (including the Chairman) are independent. At the date of this report, the members of the MDCC are:

Mr Peter Foo Moo Tan	–	Chairman, Independent Director
Ms Margaret Lui-Chan Ann Soo	–	Director
Mr Yeo Wico	–	Independent Director

The MDCC, guided by the principles of the Code, regularly reviews the recruitment, appointment, development and compensation of senior staff with reference to data provided by market surveys of comparative groups in the investment and other related sectors. The MDCC also reviews and recommends the fees payable to Directors serving on the Board and Board Committees.

8. Level and Mix of Remuneration and Disclosure of Remuneration

In developing a framework of remuneration and the specific remuneration packages for the Directors and key executive officers of the Trustee-Manager and the subsidiaries of CitySpring, the MDCC takes into consideration the pay and employment conditions within the industry and in comparable companies. The MDCC has access to advice from the human resources department and if required from external sources.

The Directors other than the Chief Executive Officer receive a fixed fee. Payment of the directors' fees is subject to approval by the shareholder of the Trustee-Manager. The Directors' fees and the remuneration of the Management and staff of the Trustee-Manager are paid by the Trustee-Manager out of the management fees paid by CitySpring to the Trustee-Manager, details of which are set out in Note 9 of the financial statements.

The summary remuneration table disclosed in bands for the Directors and top five key executives of the Trustee-Manager and the subsidiaries of CitySpring for the financial year ended 31 March 2009 is set out below:

	Directors Fees %	Salary %	Variable Bonus %	Benefits %	Total %
DIRECTORS					
Below $250,000					
Mr Sunny George Verghese	100	–	–	–	100
Mr Peter Foo Moo Tan	100	–	–	–	100
Mr Yeo Wico	100	–	–	–	100
Mr Mark Andrew Yeo Kah Chong	100	–	–	–	100
Mr Haresh Jaisinghani Rupchand	100	–	–	–	100
Ms Margaret Lui-Chan Ann Soo	100	–	–	–	100
$750,000 to $1 million					
Mr Au Yeung Fai Chief Executive Officer, Trustee-Manager	Nil	76	0	24	100
KEY EXECUTIVES					
$500,000 to below $750,000					
Mr Tong Yew Heng Chief Financial Officer, Trustee-Manager and Chief Executive Officer, SingSpring	Nil	75	17	8	100
$250,000 to below $500,000					
Mr Ng Yong Hwee President and Chief Executive Officer, City Gas	Nil	75	18	7	100
Mr Malcolm Robert Eccles Chief Executive Officer, Basslink Pty Ltd	Nil	83	14	3	100
Ms Susanna Cher Vice President (Finance & Corporate Services) and Company Secretary, Trustee-Manager	Nil	70	22	8	100
Mr Teo Kwan Hai Senior Vice President (Customer Service) City Gas	Nil	83	17	0	100

There are no employees of the Trustee-Manager, CitySpring and its subsidiaries who are immediate family members of the Directors and whose remuneration exceed $150,000 during the financial year ended 31 March 2009.

9. **Accountability**

The Board and Management strive towards delivering sustainable value to the unitholders of CitySpring.

Unitholders are provided with quarterly results and major announcements are available through the SGX-ST website. CitySping's latest events, press releases, analysts' presentations, distribution notices and other relevant information are also posted on its website.

10. **Audit Committee**

The AC comprises three members, all of whom are independent directors. The members of the AC are as follows:

Mr Mark Andrew Yeo Kah Chong	–	Chairman, Independent Director
Mr Peter Foo Moo Tan	–	Independent Director
Mr Yeo Wico	–	Independent Director (up to 15 August 2008)
Mr Haresh Jaisinghani Rupchand	–	Independent Director (appointed 15 August 2008)

The responsibilities of the AC include the following:

- reviewing the financial statements and the internal audit report;
- reviewing audit reports (whether external or internal) to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing activities of the internal auditor on factors such as their independence, adequate resources and appropriate standing to perform an effective role;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and any applicable guidelines;
- monitoring and evaluating the effectiveness of the Trustee-Manager's internal controls;
- reviewing the quality and reliability of information prepared for inclusion in the financial reports;
- nominating the external auditor and reviewing the cost and scope of work and the auditor's performance;
- reviewing the independence and objectivity of the external auditor and where the auditor also provides a substantial volume of non-audit services to CitySpring, the nature and extent of such services;
- monitoring the procedures established to regulate interested party transactions, including reviewing any interested party transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing Manual; and
- review effectiveness of safety, health and environment procedures established and appoint external parties to conduct independent reviews if required and report areas of potential risk.

The AC has full access to the management and full discretion to invite any Director or management staff to attend its meetings. The AC also has the authority to conduct or authorise investigations into any matters within its scope of responsibility and to obtain independent professional advice if it deems necessary in the discharge of its responsibilities.

During the period under review, the AC met four times. The activities at the meetings included the following:

- review of the quarterly and full-year results and the financial statements, announcements required by the SGX-ST and solvency statements for recommendation to the Board for approval;
- discussions with the external auditor on the annual audit plan and the report on the audit of the financial statements, review of the external auditor's management letter and management's response, review of the external auditor's objectivity and independence, review of the audit fees payable and made recommendations on the re-appointment of the external auditor;
- review of the effectiveness of the internal controls of CitySpring and its subsidiaries and the Trustee-Manager, including financial compliance and risk management controls to safeguard the interests of the unitholders and the trust property;
- discussions with the internal auditor on the internal audit plan and the internal audit report;
- review of all interested person transactions and the quarterly interested person transactions report of the subsidiaries to ensure compliance with the Listing Manual and the BTA; and
- reviewed the current health, safety and environment policies of the subsidiary entities and approved management's proposals for a group wide health, safety and environment policies.

The total amount of non-audit fee paid to the external auditors during the financial year is approximately $136,000 (2008: $841,000). The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and they would not, in the AC's opinion, affect the independence of the external auditors.

11. Internal Controls and Audit

The Board ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually. The Board through the AC reviews the audit plans, and the findings of the auditor and ensures that the management follows up on the auditor's recommendations raised, if any, during the audit process.

The Group has engaged Grant Thornton Specialist Services Pte. Ltd. as its internal auditor. The internal auditor reports directly to the Chairman of AC on all internal audit matters.

The Board is of the view that the Group and the Trustee-Manager currently have an adequate internal control system in place during the financial period under review to provide reasonable assurance that the Group's assets are safeguarded, laws and regulations are complied with and that the financial reporting is reliable.

The Board acknowledges that a system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss and therefore no cost effective internal control system will preclude all errors and irregularities.

12. Communication with Unitholders

In line with the continuous obligations of the Trustee-Manager under the Listing Manual, the Board's policy is that all unitholders be informed of all major developments that affect the Group.

Quarterly results, full year results, distribution notices, press releases, analysts briefing presentations, announcements on acquisitions and other major developments are announced through the SGXNet and also posted on CitySpring's website at www.cityspring.com.sg.

The management of the Trustee-Manager meets with analysts, institutional investors and fund managers regularly to communicate CitySpring's business performance and developments and gather views and feedback. Management has also participated in seminars organised by SGX, and road shows organised by security houses both locally and overseas.

All investors were invited to an investor's seminar which was held on 15 November 2008. This was attended by over 600 investors who took the opportunity to ask questions of the Trustee-Manager in an open forum.

All unitholders will receive the Annual Report and notices of general meetings. The Board of Directors of the Trustee-Manager will be in attendance at the CitySpring's Annual General Meeting to address questions from unitholders.

13. Dealing In Securities

The Trustee-Manager has procedures in place prohibiting dealings by Directors and staff of the Trustee-Manager and the Directors and management and employees of the subsidiaries of CitySpring (collectively, "Related Staff") for the period of two weeks prior to the announcement of the CitySpring's quarterly results and for a period of one month prior to the announcement of the annual results and ending on the date of the announcement of the relevant results.

Related Staff are also informed that they must be mindful of the laws relating to insider trading and must not deal in:

- Units on short-term consideration;
- Units while in possession of unpublished materially price-sensitive information; and
- the securities of other listed companies while in possession of unpublished materially price-sensitive information.

14. Interested Person Transactions

The Trustee-Manager has established review and approval procedures to ensure that interested person transactions entered into by the Group are conducted on normal commercial and arms-length terms and are not prejudicial to the interests of the Group and its minority unitholders.

The interested person transactions transacted for the period from 1 April 2008 to 31 March 2009 by the Group are as follows:

Name of Interested Person		Aggregate value of all interested person transactions during the financial year under review excluding (1) transactions less than $100,000 (2) transactions conducted under shareholders' mandate pursuant to Rule 920 and (3) transactions disclosed in the IPO Prospectus	Aggregate value of all interested person transactions conducted during the financial year under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus (excluding transactions less than $100,000)
		2009	2009
		$'000	$'000
(a)	**Sales**		
	PowerGas Limited	–	4,551
	SATS Catering Pte. Ltd.	–	3,983
(b)	**Purchases**		
	Aetos Security Management Pte. Ltd.	–	504
	Gas Supply Pte. Ltd [(1)]	–	116,526
	PowerGas Limited	–	73,322
	SembCorp Power Pte. Ltd.	–	5,375
	Senoko Energy Pte. Ltd.	–	–
	SP Services Limited	–	11,814
	Seraya Energy Pte. Ltd. [(2)]	–	8,719
(c)	**Leasing of Assets (Rental Charges)**		
	PowerGas Limited	–	395
	Singapore Power Limited	–	–
	SP Services Limited	–	84
(d)	**Management Fee Expenses**		
	CitySpring Infrastructure Management Pte. Ltd.	–	3,831

(1) For the avoidance of doubt, this value does not include purchases of additional natural gas under the supplemental gas purchase agreement entered into on 16 May 2008 by City Gas Trust to secure an additional supply of natural gas from Gas Supply Pte Ltd. Approval from independent unitholders for entry into the supplemental gas purchase agreement had been sought and received at the extraordinary general meeting held on 3 July 2008.

(2) This value only includes transactions under the energy supply agreement made between SingSpring Trust and Seraya Energy Pte Ltd ("SEPL") on 30 March 2004 ("Initial ESA"). The Initial ESA expired in December 2008. The balance of the transactions during the financial year under review were pursuant to a new energy supply agreement made between SingSpring Trust and SEPL on 9 December 2008 ("New ESA"). Pursuant to a ruling from the SGX on 13 May 2008, the New ESA is not considered an interested person transaction. Furthermore, following Temasek's divestment of the PowerSeraya Group on 6 March 2009, SEPL has ceased to be an interested person as of that date.

15. Board Committees

In addition to the GNC, AC and MDCC described under Principles 4, 7 and 10, the Board has set up two other Board Committees as follows:

Finance and Investment Committee

The FIC which was formed on 15 August 2008 consists of the following:

Ms Margaret-Lui Chan Ann Soo	–	Chairman, Director
Mr Mark Andrew Yeo Kah Chong	–	Independent Director
Mr Haresh Jaisinghani Rupchand	–	Independent Director
Mr Au Yeung Fai	–	Executive Director

The Committee's terms of reference are as follows:

- review and recommend to the Board on mergers, acquisitions and divestments;
- review and recommend distribution policy and declaration of distributions of the Trust;
- review and recommend financial strategies, policies, gearing and financial risks and capital structure of the Trust;
- review and recommend equity capital raising plans for the Trust;
- review and recommend debt capital raising plans and significant banking arrangements in relation to the Trust;
- review investment policy guidelines and capital expenditure plans for the Trust; and
- review and assess the adequacy of foreign currency management in relation to the Trust.

During the year, the Committee met 4 times and reviewed proposed foreign currency hedging, distribution guidance, budget of the Trust and the subsidiaries and recommended their approval to the Board.

Conflicts Resolution Committee

The CRC consists entirely of Independent Directors as follows:

Mr Sunny George Verghese	–	Chairman, Independent Director
Mr Peter Foo Moo Tan	–	Independent Director (up to 15 August 2008)
Mr Yeo Wico	–	Independent Director
Mr Mark Andrew Yeo Kah Chong	–	Independent Director
Mr Haresh Jaisinghani Rupchand	–	Independent Director (appointed 15 August 2008)

The Committee's terms of reference are to review conflicts or potential conflicts of interest that may arise from time to time in the course of CitySpring's business or operations between (i) CitySpring and (ii) any director or officer of the Trustee-Manager, any controlling unitholder, or any controlling shareholder of the Trustee-Manager.

The CRC has developed a framework to resolve conflicts or potential conflicts of interest. First , it will identify the conflict or potential conflict of interest and then assess and evaluate its nature and extent. Thereafter, it will develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict. The CRC will apply this framework for both day-to-day conduct of business, as well as in specific instances when a particular acquisition or disposal is contemplated. The framework will be reviewed periodically to ascertain how it has worked in practice. The CRC will consider and implement further measures to fine-tune the framework from time to time, applying the benefit of practical experience thus far encountered.

The CRC has the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate conflict or potential conflict of interests, so as to enable the committee to discharge its duties to the unitholders.

The CRC and the framework will be in place for so long:

- as CitySpring Infrastructure Management Pte. Ltd. remains the Trustee-Manager of CitySpring; and
- Temasek and its related corporations remain a controlling shareholder of the Trustee-Manager or in fact exercises control over the Trustee-Manager.

The CRC did not meet during the period under review as there were no conflicts or potential conflicts for review.

16. Material Contracts

There were no material contracts, that were not in the ordinary course of business, entered into by CitySpring or any of its subsidiaries involving the interest of the Chief Executive Officer, any Director, or controlling unitholder during the financial year ended 31 March 2009.

17. Statement of Policies and Practices

The Trustee-Manager has established the following policies and practices in relation to its management and governance of CitySpring:

- the trust property of CitySpring is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its personal capacity and in its capacity as the Trustee-Manager of CitySpring;
- the Board reviews and approves all business ventures and acquisitions for CitySpring. CitySpring is focused on infrastructure business or investments in infrastructure business;
- the measures taken to manage conflicts or potential conflicts of interest are set out in paragraph 15 above;
- management identifies Interested Person Transactions ("IPTs") in relation to CitySpring. The Internal Auditor conducts quarterly reviews to determine that there are proper procedures to identify, monitor and report IPTs. IPTs are properly accounted for and the IPTs are transacted on normal commercial terms as those extended to third parties. The Internal Auditor reports their quarterly findings to the AC. The AC examines the quarterly reports to satisfy themselves that all IPTs are conducted in accordance with applicable requirements of the Listing Manual and the BTA and any other guidelines as may be applicable. IPTs in relation to CitySpring during the financial period have been disclosed in paragraph 14 above;
- the expenses payable to the Trustee-Manager out of trust property are appropriate and in accordance with the trust deed dated 5 January 2007 and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to CitySpring by the Trustee-Manager out of the trust property are disclosed in Note 9 of the financial statements; and
- the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time particularly in relation to acquisitions and capital raising to ensure compliance with the requirements of the BTA and the Listing Manual.

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Report of the Trustee-Manager of CitySpring Infrastructure Trust

For the financial year ended 31 March 2009

The directors of CitySpring Infrastructure Management Pte. Ltd., the Trustee-Manager of CitySpring Infrastructure Trust ("CitySpring" or the "Trust"), are pleased to present their report to the unitholders of the Trust, together with the audited financial statements of CitySpring and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2009 and the balance sheet of the Trust as at 31 March 2009.

Directors

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr Sunny George Verghese (Chairman)
Mr Peter Foo Moo Tan
Mr Yeo Wico
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani Rupchand (Appointed on 15 August 2008)
Ms Margaret Lui-Chan Ann Soo
Mr Au Yeung Fai

Arrangements to enable directors to acquire units and debentures

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

Directors' interests in units or debentures

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of the interests of directors who held office at the end of the financial year in units, in or debentures of, the Trust are as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 31.3.09	As at 1.4.08/ date of appointment	As at 31.3.09	As at 1.4.08/ date of appointment
Number of units				
Mr Sunny George Verghese	200,000	200,000	–	–
Mr Peter Foo Moo Tan	700,000	600,000	–	–
Mr Yeo Wico	200,000	200,000	–	–
Mr Mark Andrew Yeo Kah Chong	200,000	200,000	–	–
Mr Haresh Jaisinghani Rupchand	–	–	–	–
Ms Margaret Lui-Chan Ann Soo	200,000	200,000	–	–
Mr Au Yeung Fai	200,000	200,000	–	–

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 April 2009.

Options

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

Audit committee

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report were as follows:

Mr Mark Andrew Yeo Kah Chong (Chairman)
Mr Peter Foo Moo Tan
Mr Yeo Wico (up to 15 August 2008)
Mr Haresh Jaisinghani Rupchand (Appointed on 15 August 2008)

All members of the Audit Committee are independent and are non-executive directors.

The Audit Committee carried out its function in accordance with Regulation 13 of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

- with the independent auditor of the Trust the audit plan of the Trust, the independent auditor's evaluation of the system of internal accounting controls of the Trustee-Manager of the Trust and the independent auditor's report on the consolidated financial statements of the Group for the financial year;

- the assistance given by the officers of the Trustee-Manager to the independent auditor of the Trust, the scope and results of the internal audit procedures of the Trustee-Manager of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 5 January 2007 constituting the Trust (the "Trust Deed"), the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and

- the consolidated financial statements of the Trustee-Manager for the year ended 31 March 2009 and the balance sheet of the Trust and the consolidated financial statements of the Group for the financial year before their submission to the Board of Directors of the Trustee-Manager.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Trust.

Report of the Trustee-Manager of CitySpring Infrastructure Trust

For the year ended 31 March 2009

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors of the Trustee-Manager

Sunny George Verghese	**Au Yeung Fai**
Director	Director

Singapore
16 June 2009

Statement by Trustee-Manager of CitySpring Infrastructure Trust

In our opinion,

(a) the consolidated income statement set out on page 55 is drawn up so as to give a true and fair view of the results of the business of the Group for the financial year ended 31 March 2009;

(b) the balance sheets set out on page 56 are drawn up so as to give a true and fair view of the state of affairs of CitySpring Infrastructure Trust and of the Group as at 31 March 2009;

(c) the consolidated cash flow statement set out on page 59 is drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year ended 31 March 2009; and

(d) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

(a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;

(b) the interested person transactions entered into by the Group during the financial year ended 31 March 2009 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the Group as at and for the financial year ended 31 March 2009 for issue.

On behalf of the Board of Directors of the Trustee-Manager

Sunny George Verghese
Director

Au Yeung Fai
Director

Singapore
16 June 2009

Statement by the Chief Executive Officer

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Au Yeung Fai
Chief Executive Officer

Singapore
16 June 2009

Independent Auditor's Report

To The Unitholders of CitySpring Infrastructure Trust

We have audited the accompanying financial statements of CitySpring Infrastructure Trust (the "Trust") (constituted in the Republic of Singapore pursuant to a trust deed dated 5 January 2007) and its subsidiaries (the "Group") set out on pages 55 to 110, which comprise the balance sheets of the Trust and of the Group as at 31 March 2009, the consolidated income statement, the statements of changes in unitholders' funds of the Trust and of the Group and the consolidated cash flow statement of the Group for the financial year ended 31 March 2009 and a summary of significant accounting policies and other explanatory notes.

TRUSTEE-MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Trustee-Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Business Trusts Act (Cap. 31A) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that (i) assets that are part of the trust property of the Trust are safeguarded against loss from unauthorised use or disposition; and (ii) transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the Trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts, balance sheets and cash flow statements and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To The Unitholders of CitySpring Infrastructure Trust

OPINION

In our opinion,

(a) the balance sheet and changes in unitholders' funds of the Trust and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Trust and of the Group as at 31 March 2009, and the results of the Group, changes in unitholders' funds of the Trust and of the Group and cash flows of the Group for the financial year ended on that date, and

(b) the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore
16 June 2009

Consolidated Income Statement

For the financial year ended 31 March 2009

	Note	Group 2009 $'000	Group 2008* $'000
Revenue	4	**398,739**	369,387
Other income	5	**5,469**	4,980
Other (losses)/gains – net	6	**(22,776)**	18,891
Expenses			
Fuel and electricity costs		**(133,652)**	(121,890)
Transportation costs		**(71,031)**	(79,282)
Depreciation and amortisation		**(52,145)**	(43,920)
Staff costs	7	**(17,830)**	(18,895)
Operations and maintenance costs		**(20,941)**	(16,522)
Finance costs	8	**(87,167)**	(59,093)
Management fees	9	**(3,571)**	(65,308)
Intangibles written off		**(10,997)**	–
Costs associated with listing of the Trust		**–**	(4,786)
Other operating expenses		**(35,142)**	(37,148)
Total expenses		**(432,476)**	(446,844)
Loss before income tax		**(51,044)**	(53,586)
Income tax credit	10	**1,293**	1,564
Net loss after tax		**(49,751)**	(52,022)
Attributable to:			
Unitholders of the Trust		**(50,210)**	(55,177)
Minority interest		**459**	3,155
		(49,751)	(52,022)
Loss per unit attributable to unitholders of the Trust, expressed in cents per unit			
– basic	11	**(10.25)**	(11.38)
– diluted	11	**(10.25)**	(11.38)

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 March 2009

	Note	Group 2009 $'000	Group 2008 $'000	Trust 2009 $'000	Trust 2008 $'000
ASSETS					
Current assets					
Cash and bank deposits	12	**125,934**	105,982	**35,241**	7,027
Derivative financial instruments	13	**4,927**	50,708	**+**	–
Trade and other receivables	14	**43,956**	57,004	**333,400**	6,053
Finance lease receivables	15	**6,918**	6,657	**–**	–
Inventories	16	**12,379**	13,036	**–**	–
Other current assets	17	**1,488**	1,818	**28**	34
		195,602	235,205	**368,669**	13,114
Non-current assets					
Derivative financial instruments	13	**14,806**	96,558	**–**	–
Finance lease receivables	15	**178,556**	185,474	**–**	–
Long-term receivables	18	**–**	–	**230,570**	230,570
Other assets		**4,030**	235	**–**	–
Investment in subsidiaries	19	**–**	–	**155,135**	155,135
Property, plant and equipment	20	**1,079,389**	1,308,973	**–**	–
Intangibles	21	**441,187**	473,897	**–**	–
		1,717,968	2,065,137	**385,705**	385,705
Total assets		**1,913,570**	2,300,342	**754,374**	398,819
LIABILITIES					
Current liabilities					
Derivative financial instruments	13	**8,760**	–	**–**	–
Trade and other payables	22	**68,665**	63,053	**1,351**	2,781
Current tax liabilities		**2,443**	2,386	**37**	8
Borrowings	23	**9,164**	373,634	**–**	–
		89,032	439,073	**1,388**	2,789
Non-current liabilities					
Derivative financial instruments	13	**19,723**	18,485	**–**	–
Borrowings	23	**1,547,952**	1,345,368	**363,389**	–
Notes payable to minority unitholder	24	**15,000**	15,000	**–**	–
Deferred tax liabilities	25	**23,739**	23,952	**–**	–
Other non-current liabilities	26	**69,602**	82,835	**–**	–
		1,676,016	1,485,640	**363,389**	–
Total liabilities		**1,765,048**	1,924,713	**364,777**	2,789
NET ASSETS		**148,522**	375,629	**389,597**	396,030
UNITHOLDERS' FUNDS					
Units in issue	27	**451,157**	451,157	**451,157**	451,157
Hedging reserve	28	**(105,279)**	(3,555)	**–**	–
Translation reserve		**(44,557)**	(6,376)	**–**	–
Accumulated losses		**(165,489)**	(81,715)	**(61,560)**	(55,127)
		135,832	359,511	**389,597**	396,030
Minority interest		**12,690**	16,118	**–**	–
Total unitholders' fund		**148,522**	375,629	**389,597**	396,030

+ Amount less than $1,000

Statements of Changes in Unitholders' Funds

For the financial year ended 31 March 2009

Group	Note	Units in issue $'000	Hedging reserve (Note 28) $'000	Translation reserve $'000	Accumulated losses $'000	Total $'000	Minority interest $'000	Total equity $'000
		← Attributable to unitholders of the Trust →						
2009								
Beginning of financial year		451,157	(3,555)	(6,376)	(81,715)	359,511	16,118	375,629
Net change in hedging reserve		–	(101,724)	–	–	(101,724)	(1,436)	(103,160)
Currency translation differences		–	–	(38,181)	–	(38,181)	–	(38,181)
Net losses recognised directly in equity		–	(101,724)	(38,181)	–	(139,905)	(1,436)	(141,341)
Net (loss)/profit for the financial year		–	–	–	(50,210)	(50,210)	459	(49,751)
Total recognised expenses		**–**	**(101,724)**	**(38,181)**	**(50,210)**	**(190,115)**	**(977)**	**(191,092)**
Distributions paid	29	–	–	–	(33,564)	(33,564)	(2,451)	(36,015)
End of financial year		**451,157**	**(105,279)**	**(44,557)**	**(165,489)**	**135,832**	**12,690**	**148,522**
2008*								
On date of constitution	(a)	+	–	–	–	+	–	+
Net change in hedging reserve		–	(3,555)	–	–	(3,555)	(1,041)	(4,596)
Currency translation differences		–	–	(6,376)	–	(6,376)	–	(6,376)
Net losses recognised directly in equity		–	(3,555)	(6,376)	–	(9,931)	(1,041)	(10,972)
Net (loss)/profit for the financial period		–	–	–	(55,177)	(55,177)	3,155	(52,022)
Total recognised (expenses)/income		**–**	**(3,555)**	**(6,376)**	**(55,177)**	**(65,108)**	**2,114**	**(62,994)**
Units issued	(b)	460,466	–	–	–	460,466	–	460,466
Unit issue costs		(9,309)	–	–	–	(9,309)	–	(9,309)
Proceeds from units issued by subsidiary to minority unitholder		–	–	–	–	–	15,162	15,162
Distributions paid	29	–	–	–	(26,538)	(26,538)	(1,158)	(27,696)
End of financial period		**451,157**	**(3,555)**	**(6,376)**	**(81,715)**	**359,511**	**16,118**	**375,629**

+ Amount less than $1,000

(a) Two units were issued on the date of constitution but were only paid on the Listing Date on 12 February 2007.

(b) On the Listing Date on 12 February 2007, 449,999,998 units were issued at $0.89 per unit. 39,965,504 units were issued at $1.5005 per unit on 4 April 2007 for payment of the full amount of the performance fee and 50% of the base fee for the period ended 31 March 2007.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

Statements of Changes in Unitholders' Funds

For the financial year ended 31 March 2009

	Note	Units in issue $'000	Accumulated losses $'000	Total $'000
Trust				
2009				
Beginning of financial year		**451,157**	**(55,127)**	**396,030**
Net profit for the financial year		–	27,131	27,131
Total recognised income		**–**	**27,131**	**27,131**
Distributions paid	29		(33,564)	(33,564)
End of financial year		**451,157**	**(61,560)**	**389,597**
2008*				
On date of constitution	(a)	+	–	+
Net loss for the financial period		–	(28,589)	(28,589)
Total recognised expenses		**–**	**(28,589)**	**(28,589)**
Units issued	(b)	460,466	–	460,466
Unit issue costs		(9,309)	–	(9,309)
Distributions paid	29	–	(26,538)	(26,538)
End of financial period		**451,157**	**(55,127)**	**396,030**

+ Amount less than $1,000

(a) Two units were issued on the date of constitution but were only paid on the Listing Date on 12 February 2007.

(b) On the Listing Date on 12 February 2007, 449,999,998 units were issued at $0.89 per unit. 39,965,504 units were issued at $1.5005 per unit on 4 April 2007 for payment of the full amount of the performance fee and 50% of the base fee for the period ended 31 March 2007.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

Consolidated Cash Flow Statement

For the financial year ended 31 March 2009

	Note	Group 2009 $'000	2008* $'000
Cash flows from operating activities			
Net loss		**(49,751)**	(52,022)
Adjustments for:			
– Income tax credit		**(1,293)**	(1,564)
– Depreciation and amortisation		**52,145**	43,920
– Finance costs		**87,167**	59,093
– Interest income		**(3,711)**	(3,411)
– Excess of fair value of identifiable net assets over purchase consideration	30	**–**	(8,686)
– Fair value loss/(gain) on derivative financial instruments		**23,585**	(3,404)
– Property, plant and equipment written off		**94**	184
– Loss/(gain) on disposal of property, plant and equipment		**287**	(272)
– Unrealised translation gain		**(71)**	(1,297)
– Management fees paid in units		**–**	59,966
– Intangibles written off		**10,997**	–
Operating cash flow before working capital changes		**119,449**	92,507
Change in working capital:			
– Trade and other receivables		**11,985**	(6,882)
– Inventories		**657**	(550)
– Trade and other payables		**1,252**	12,481
Cash generated from operations		**133,343**	97,556
Income tax refund/(paid)		**2,572**	(20,422)
Interest received		**3,690**	3,323
Interest paid		**(62,720)**	(38,861)
Net cash generated from operating activities		**76,885**	41,596
Cash flows from investing activities			
Purchases of property, plant and equipment		**(4,277)**	(728)
Proceeds from sale of property, plant and equipment		**66**	604
Acquisition of subsidiaries, net of cash acquired	30	**–**	(2,073,099)
Net cash used in investing activities		**(4,211)**	(2,073,223)
Cash flows from financing activities			
Decrease/(increase) in restricted cash		**8,832**	(37,918)
Proceeds from notes issued by subsidiary to minority unitholder		**–**	15,000
Proceeds from units issued by subsidiary to minority unitholder		**–**	15,162
Net proceeds raised from issue of units		**–**	391,191
Net proceeds from borrowings		**361,585**	1,823,284
Repayment of borrowings		**(373,935)**	(79,332)
Distributions paid to unitholders of the Trust		**(33,564)**	(26,538)
Distributions paid by subsidiary to minority unitholder		**(2,451)**	(1,158)
Net cash (used in)/provided by financing activities		**(39,533)**	2,099,691
Net increase in cash and cash equivalents		**33,141**	68,064
Cash and cash equivalents at beginning of financial year/period		**68,064**	–
Effects of currency translation on cash and cash equivalents		**(4,357)**	–
Cash and cash equivalents at end of financial year/period	12	**96,848**	68,064

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

Notes to the Financial Statements

For the financial year ended 31 March 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

CitySpring Infrastructure Trust ("CitySpring" or the "Trust") is a business trust registered with the Monetary Authority of Singapore. The Trust was constituted by a trust deed dated 5 January 2007 and is regulated by the Business Trusts Act, Chapter 31A of Singapore. Under the trust deed, CitySpring Infrastructure Management Pte. Ltd. (the "Trustee-Manager") has declared that it will hold the assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of CitySpring. The registered address of the Trustee-Manager is at 111 Somerset Road #02-05 TripleOne Somerset Singapore 238164.

The Trust has been established with the principal objective of investing in infrastructure assets and providing unitholders with regular and predictable distributions and the potential for long-term capital growth. The principal activities of the subsidiaries of the Trust are set out in Note 39.

CitySpring was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited on 12 February 2007.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

All financial information are presented in Singapore dollars and have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying its accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective 2008

On 1 April 2008, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new INT FRSs that are relevant to the Group:

INT FRS 111	Group and Treasury shares
INT FRS 112	Service Concession Arrangements

The adoption of the above INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and for the rendering of services in the ordinary course of the Group's activities. Amounts disclosed as revenue are net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

(a) Revenue from supply of gas and related goods are recognised upon delivery to the buyer and collectability of the related receivables is reasonably assured.

(b) Service income is recognised at the time when the services are rendered.

(c) Accounting policy for recognising finance lease income is stated in Note 2.14(b).

(d) Interest income is recognised on a time proportion basis using the effective interest method.

(e) Distribution income is recognised when the right to receive payment is established.

2.3 Group accounting

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. See Note 2.5 "Intangible assets – Goodwill on acquisition and negative goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of the subsidiaries are changed where necessary to ensure consistency of accounting policies adopted by the Group.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

Subsidiaries (continued)

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minority's share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed its interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interest are attributed to the unitholders of the Trust, unless the minority interest has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interest are attributed to the unitholders of the Trust until the minority interest's share of losses previously absorbed by the unitholders of the Trust are fully recovered.

See Note 2.7 "Investments in subsidiaries" for the accounting policy on investment in subsidiaries in the separate financial statements of the Trust.

2.4 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and asset under construction are not depreciated. Depreciation on other property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land	Over the leasehold period of 30 years
Easements	38.67 years
Buildings	Over the leasehold period of 30 years
Plant and machinery	30 – 38.67 years
Vehicles	5 years
Renovation	1.67 – 3 years
Furniture, fittings and equipment	1 – 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(c) Major spares

Major spares purchased specifically for an item of plant and equipment are capitalised and depreciated on the same basis as the plant to which they relate.

(d) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the income statement when incurred.

(e) Disposal

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

2. Significant accounting policies (continued)

2.5 Intangible assets

(a) Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition of subsidiaries, over the fair value of the Group's share of their net identifiable assets and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on acquisitions of subsidiaries is recognised as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of the subsidiaries include the carrying amount of goodwill relating to the entity sold.

(b) Negative goodwill

Where the cost of an acquisition is less than the fair value of the Group's share of the net identifiable assets and contingent liabilities of the subsidiary acquired, the difference ("negative goodwill") is recognised directly in the income statement.

(c) Customer relationship and customer contracts

Customer relationship and customer contracts acquired as part of business combination are initially recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to the income statement using the straight-line method over their estimated useful lives of:

- Customer relationship – 10 years
- Customer contracts – 18.67 – 38.67 years (2008: 13.67 – 38.67 years)

The amortisation period and amortisation method of intangible assets other than goodwill will be reviewed at least at each balance sheet date. The effects of any revision of the amortisation period or amortisation method are included in the income statement when the changes arise.

2.6 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction of property, plant and equipment. The actual borrowing costs incurred during the period up to the date of commercial operation of the plant less any investment income on temporary investments of these borrowings, are capitalised in the cost of the property, plant and equipment.

2. Significant accounting policies (continued)

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Trust's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the Trust's income statement.

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested annually for impairment and whenever there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries (continued)

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

2.9 Financial assets

The Group has only one category of non-derivative financial assets – loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except those maturing more than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables include "long term receivables", "trade and other receivables", "finance lease receivables" and "cash and cash equivalents" on the balance sheet.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

2.10 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2. **Significant accounting policies (continued)**

2.10 Borrowings (continued)

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.11 Trade and other payables

Trade and other payables are initially recognised at fair value, and are subsequently carried at amortised cost using the effective interest method.

2.12 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps, interest rate options and commodity swaps to hedge its risks associated with interest rate and fuel price fluctuations respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently carried at fair value.

The fair values of the interest rate swaps, interest rate options and commodity swap contracts are determined by reference to market values quoted by banks at the balance sheet date. The fair value of interest rate swaps embedded in an operating contract is calculated as the present value of the estimated future cashflow discounted at actively quoted interest rates.

For the purpose of hedge accounting, the Group classifies its hedges as cash flow hedges.

Cash flow hedges

Cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cashflows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

The fair value changes on the effective portion of the hedging instruments designated as cash flow hedges are recognised in the hedging reserve, while the ineffective portion are recognised immediately in the income statement.

2. Significant accounting policies (continued)

2.12 Derivative financial instruments and hedging activities (continued)

The amount taken to hedging reserve are transferred to the income statement when the hedged transaction affects profit or loss, such as when the finance cost on the borrowings are recognised in the income statement or when a forecast purchase occurs.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the income statement and are included in other (losses)/gains – net. The fair value of a trading derivative is presented as a current asset or liability.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques such as discounted cash flow analyses are also used to determine the fair values of the financial instruments.

2.14 Leases

(a) When the Group is the lessee:

Finance leases

Leases of assets in which the Group assumes substantially the risks and rewards incidental to ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance lease are recognised on the balance sheet as property, plant and equipment and borrowings respectively at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between finance charges and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

2. Significant accounting policies (continued)

2.14 Leases (continued)

(a) When the Group is the lessee:

Operating leases

Leases where substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(b) When the Group is the lessor:

Finance leases

Leases of assets where substantially all the risks and rewards incidental to legal ownership of the assets are transferred by the Group to the lessees are classified as finance leases.

The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in the income statement over the lease term on the same basis as the finance lease income.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable production costs and the variable selling expenses.

2. Significant accounting policies (continued)

2.16 Income taxes

Current income tax for current and prior periods are recognised at the amounts expected to be paid to or recovered from the tax authorities, using the income tax rates and tax laws for each jurisdiction that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resource will be required to settle the obligation and the amount of the obligation has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance cost.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

2. Significant accounting policies (continued)

2.17 Provisions (continued)

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.18 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expenses when they are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 Issue expenses

Issue expenses are expenses incurred in issuance of units in the Trust. Expenses which are directly attributable to the issuance of units are deducted directly from the net assets attributable to the unitholders. Expenses which are not directly attributable to the issuance of units are recognised in the income statement.

2.20 Currency translation

(a) Functional or presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Trust are presented in Singapore Dollars, which is the functional and presentation currency of the Trust.

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

2.21 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, less restricted cash.

2. Significant accounting policies (continued)

2.23 Distributions to the Trust's unitholders

Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

2.24 Share-based payment transactions

Management fees

Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the income statement. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgement concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Fair value is defined as the value at which positions can be closed or sold in a transaction with a willing and knowledgeable counterparty over a time period. The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters, including interest rate yield curves, commodity prices and currency rates.

The Trustee-Manager exercises judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Also, judgement may be applied in estimating prices for less readily observable external parameters. For sensitivity analyses on price risk and interest rate risk, see Note 34(a)(ii) and Note 34(a)(iii) respectively.

3. Critical accounting estimates, assumptions and judgements (continued)

(b) *Hedge effectiveness*

Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flow of the hedging instrument based on the Group's risk management strategy.

The Trustee-Manager exercises judgement in assessing the hedge effectiveness by making comparison of past changes in the cash flows of the hedged item that are attributable to the hedged risk with past changes in the cash flows of the hedging instrument, or by demonstrating a high statistical correlation between the cash flows of the hedged item and those of the hedging instrument.

(c) *Impairment test on goodwill*

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.8(a). The recoverable amount of the cash-generating unit is determined based on value-in-use calculation. The value-in-use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating units, taking into account of market evidence to support the key assumptions, where appropriate and also to use an appropriate discount rate to determine the present value of those cash flows. The carrying amount of the goodwill as at 31 March 2009 was $287 million (31 March 2008: $287 million). Details of the estimates used to assess the impairment of goodwill are disclosed in Note 21(a). The Trustee-Manager expects that any reasonable change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of goodwill to exceed their recoverable amounts.

(d) *Assessing indicators of impairment test on property, plant and equipment and other intangibles*

Property, plant and equipment, customer relationship and customer contracts are tested for impairment whenever there are indications of impairment. In determining the existence of indications to impairment at each reporting date, the Trustee-Manager considers and makes judgement based on the available internal and external sources of information, including whether there have been significant changes with adverse effect in the technological, market, economic, or legal environment in which the Group operates.

The Group recorded net loss of $50 million for the year ended 31 March 2009 (2008: $52 million). The Trustee-Manager has considered this and concluded that there are no indications to impairment on the basis that there are no fundamental changes to the underlying business operations of the subsidiary entities. The Group may show accounting losses due to the significant amount of non-cash depreciation expenses usually associated with the capital intensive nature of its business.

Accordingly, the Trustee-Manager does not expect any material impact on the carrying amounts of property, plant and equipment of $1,079 million (2008: $1,309 million), customer contracts of $103 million (2008: $129 million) and customer relationship of $51 million (2008: $58 million) as of 31 March 2009. No impairment was considered necessary for financial year/period ended 31 March 2009 and 31 March 2008 respectively.

3. Critical accounting estimates, assumptions and judgements (continued)

(e) Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the subsidiary is able to satisfy the statutory requirements in their respective countries of incorporation.

During the financial year ended 31 March 2009, the Group recognised deferred income tax asset amounting to $20 million (2008: $27 million) based on the anticipated future use of pre-acquisition tax losses of a subsidiary. If the tax authority regards the entity as not satisfying the requirements, the deferred income tax asset will have to be written off against income tax expense or recognised as goodwill on acquisition.

4. Revenue

	Group	
	2009 **$'000**	2008* $'000
Sale of goods	**290,407**	278,953
Service income	**101,842**	82,802
Finance lease income	**6,490**	7,632
	398,739	369,387

5. Other income

	Group	
	2009 **$'000**	2008* $'000
Interest income	**3,711**	3,411
Other miscellaneous income	**1,758**	1,569
	5,469	4,980

6. Other (losses)/gains – net

	Group	
	2009 **$'000**	2008* $'000
Fair value (loss)/gain on derivative financial instruments	**(23,585)**	3,404
Currency translation (loss)/gain – net	**(6,317)**	227
(Loss)/gain on disposal of property, plant and equipment	**(287)**	272
Excess of fair value of identifiable net assets over purchase consideration	**–**	8,686
Realised gain on derivative financial instruments	**6,116**	5,647
Others	**1,297**	655
	(22,776)	18,891

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

7. Staff costs

	Group 2009 $'000	Group 2008* $'000
Salaries and wages	**15,034**	16,254
Employer's contribution to defined contribution plans including Central Provident Fund	**1,583**	1,670
Other short-term benefits	**1,406**	971
Less : Government grant – Jobs Credit Scheme	**(193)**	–
	17,830	18,895

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit will be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the Scheme.

8. Finance costs

	Group 2009 $'000	Group 2008* $'000
Interest expense		
– bank borrowings	**83,675**	57,720
– notes payable to minority unitholder	**975**	1,107
Amortisation of discount		
– provision for decommissioning costs (Note 26 (a))	**314**	199
– interest-free deposits	**952**	593
Cash flow hedges, transfer from equity (Note 28)	**1,184**	(572)
Others	**67**	46
	87,167	59,093

9. Management fees

	Group 2009 $'000	Group 2008* $'000
Base fee	**3,571**	5,786
Performance fee	**–**	59,522
	3,571	65,308

In accordance with the Trust Deed, the base fee is payable quarterly in arrears and is equal to 1% per annum of the market capitalisation of the units in CitySpring subject to a minimum of $3.5 million per annum.

The performance fee is payable when the total returns on CitySpring units (the "CitySpring Accumulated Return Index") outperforms the total returns on MSCI Asia Pacific (excluding Japan) Utilities Index (the "MSCI Index") after taking into account any underperformance in prior periods. The performance fee is equal to 20% of the outperformance.

The Trustee-Manager has the option to receive payment of the base fee and the performance fee in cash or by way of issue of new units or a combination of cash and units.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

9. **Management fees (continued)**

No transaction fee is payable for acquisition or disposal of assets.

As at 31 March 2009, $863,014 (2008: $870,219) of management fees were payable to the Trustee-Manager and the amount was paid on 8 April 2009 (2008: 4 April 2008).

No performance fee is payable for the financial year ended 31 March 2009. The performance fee paid for the financial period ended 31 March 2008 was $59.5 million. This performance fee was paid entirely in units. A total of 39,965,504 units were issued at $1.5005 on 4 April 2007 for the payment of 100% of the performance fee and 50% of the base fee for the period 12 February 2007 to 31 March 2007.

During the financial year, the MSCI Index was lower by 16.2% (2008: 3.3%) whilst CitySpring Accumulated Return Index was lower by 21.4% (2008: 16.0%). As a result of this underperformance, the accumulated deficit for the purposes of calculating performance fee increased from $423.9 million at 31 March 2008 to $432.2 million at 31 March 2009. This deficit must be made up with returns to unitholders before the Trustee-Manager becomes entitled to any performance fees.

10. **Income tax credit**

	Group	
	2009	2008*
	$'000	$'000
Income tax is made up of:		
Current income tax expense	**56**	8
Deferred income tax credit	**(1,349)**	(1,572)
	(1,293)	(1,564)

The tax expense on result differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2009	2008*
	$'000	$'000
Loss before income tax	**(51,044)**	(53,586)
Tax calculated at a tax rate of 17% (2008: 18%)	**(8,677)**	(9,646)
Effect of:		
– Different tax rates in other countries	**(8,352)**	(1,160)
– Expenses not deductible for tax purposes	**13,410**	11,811
– Income not subject to tax	**(5,345)**	(1,937)
– Deferred tax assets not recognised	**9,058**	2,266
– Change in tax rate from 18% to 17% (2008: from 20% to 18%)	**(1,447)**	(2,628)
– Others	**60**	(270)
	(1,293)	(1,564)

On 22 January 2009, the Singapore Minister of Finance announced a reduction in corporate tax rate from 18% to 17% with effect from the year of assessment 2010.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

11. Loss per unit

The calculation of basic loss per unit is based on the weighted average number of units outstanding during the financial year/period and loss after income tax attributable to the unitholders of the Trust.

	Group	
	2009	2008*
Loss for the financial year/ period ($'000)	**(50,210)**	(55,177)
Weighted average number of units during the financial year/period	**489,965,504**	485,042,217
Basic and diluted loss per share (in cents per unit)	**(10.25)**	(11.38)

Diluted loss per unit is the same as the basic loss per unit as there are no dilutive instruments in issue during the financial year/period.

12. Cash and bank deposits

	Group	
	2009 **$'000**	2008 $'000
Cash and bank deposits	**125,934**	105,982
Less: Restricted cash	**(29,086)**	(37,918)
Cash and cash equivalents per consolidated cash flow statement	**96,848**	68,064

Restricted cash represents the amount of cash and cash equivalents pledged as security for the financing extended to the Trust and certain subsidiaries.

Trust

Included in cash and bank deposits of $35,241,000 (2008: $7,027,000) is restricted cash of $2,248,000 (2008: Nil) pledged to the bank as security for the financing extended to the Trust.

The carrying amounts of cash and cash equivalents approximate their fair values.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

13. Derivative financial instruments

	Group		
	Contract notional amount	Fair value Asset	Fair value Liability
2009	**$'000**	**$'000**	**$'000**
Cash-flow hedges			
– Interest rate swaps	752,440	14,806	28,483
– Interest rate cap options	185,000	+	–
Held for trading			
– Interest rate swaps	146,109	264	–
– Interest rate floor option	146,631	4,663	–
		19,733	28,483
Less: Current portion		(4,927)	(8,760)
Non-Current portion		14,806	19,723
2008			
Cash-flow hedges			
– Interest rate swaps	853,372	114,973	18,485
– Commodity swaps	3,471	4,066	–
Held for trading			
– Interest rate swaps	173,984	25,516	–
– Commodity swaps	2,314	2,711	–
		147,266	18,485
Less: Current portion		(50,708)	–
Non-Current portion		96,558	18,485

+ Amount less than $1,000

Trust

During the year, the Trust purchased interest rate cap options with total nominal contract amount of $185 million to manage a proportion of its borrowings from increases in floating rates beyond a specified interest rate level. The fair value of the interest rate cap options at 31 March 2009 was $141.

13. Derivative financial instruments (continued)

The Group has entered into interest rate swaps, interest rate options and commodity swaps that are designated as cash flow hedges to manage the Group's exposure to interest rate risks on its borrowings and commodity price risk on its energy contract. The interest rate swaps entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates. The commodity swaps provide the Group with protection against significant increases in fuel prices. The Group had also entered into an interest rate floor option during the current financial year to protect an interest rate swap contract embedded in an operating agreement from decreases in floating rates beyond a specified interest rate level.

The Trust entered into an interest rate cap option in the current financial year to protect a proportion of its borrowings from increases in floating rates beyond a specified interest rate level.

Interest rate swaps and interest rate options

Interest rate swaps and interest rate options, including the interest rate swap contract embedded in an operating agreement acquired through a business combination, are entered to hedge floating quarterly interest payments on borrowings with maturities ranging from Year 2012 to Year 2024. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to the income statement when the finance cost on the borrowings is recognised in the income statement. The fair value gain or loss on the portion not designated for hedging is recognised in the income statement.

The premium paid for the interest rate options is recognised as a derivative financial asset. Fair value gains or losses are transferred to the income statement.

Commodity swaps

Commodity swaps, all of which expired in December 2008, were used to hedge the fuel price risk that directly impacts one of the subsidiaries under an energy contract. The Trustee-Manager has designated 60% of the notional amount of the commodity swaps as a cash flow hedge. The fair value gain or loss on the portion designated as hedging instrument is recognised in the hedging reserve. The amounts taken to the hedging reserve are transferred to the income statement when the forecast purchase occurs. The fair value gain or loss on the portion not designated as hedging instrument is recognised in the income statement.

14. Trade and other receivables

	Group		Trust	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Trade receivables	**46,557**	50,300	**81**	–
Less: Allowance for impairment loss	**(3,112)**	(3,988)	**–**	–
Trade receivables – net	**43,445**	46,312	**81**	–
Interest receivable	**373**	4,551	**1**	1
Receivables for the settlement of commodity swaps	**–**	698	**–**	–
Other receivables	**132**	5,417	**–**	4,138
Amount due from Trustee-Manager (non-trade)	**6**	26	**–**	–
Amount due from subsidiaries (non-trade)	**–**	–	**333,318**	1,914
	43,956	57,004	**333,400**	6,053

The non-trade amounts due from Trustee-Manager and subsidiaries are unsecured, interest-free and are repayable on demand.

The carrying amounts of trade and other receivables approximate their fair values.

15. Finance lease receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

	Group	
	2009 **$'000**	2008 $'000
Minimum finance lease receivable:		
Not later than one year	**13,146**	13,146
Later than one year but not later than five years	**52,622**	52,622
Later than five years	**154,077**	167,223
Total minimum lease receivable	**219,845**	232,991
Less: Future finance income	**(60,633)**	(67,122)
Present value of minimum lease receivable	**159,212**	165,869
Unguaranteed residual value	**26,262**	26,262
Net investment in finance lease	**185,474**	192,131
Less: Present value of finance lease receivable not later than one year	**(6,918)**	(6,657)
Non-current financial lease receivable	**178,556**	185,474

15. Finance lease receivables (continued)

Present value of the finance lease receivables is analysed as follows:

	Group	
	2009 **$'000**	2008 $'000
Not later than one year	**6,918**	6,657
Later than one year but not later than five years	**30,523**	29,374
Later than five years	**121,771**	129,838
Present value of minimum lease receivable	**159,212**	165,869

The finance lease receivables relates to the lease arrangement under a Water Purchase Agreement ("WPA").

A subsidiary of the Group has signed a WPA with Singapore's Public Utilities Board ("PUB") to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA has a remaining term of approximately 19 years ending on 15 December 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

In accordance with INT FRS 104, "Determining whether an Arrangement contains a Lease", the WPA is a lease arrangement and is classified as a finance lease in accordance with FRS 17 (Revised) - Leases.

The carrying amount of finance lease receivables approximates its fair value.

16. Inventories

	Group	
	2009 **$'000**	2008 $'000
At cost		
Pipes and fittings	**72**	62
Fuel	**7,373**	7,524
At net realisable value		
Spare parts and accessories	**4,934**	5,450
	12,379	13,036

The cost of inventories recognised as an expense and included in fuel and electricity costs and operating and maintenance costs amounted to $7,899,000 (2008: $5,035,000).

17. Other current assets

	Group		Trust	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Deposits	**182**	168	**–**	–
Prepayments	**1,306**	1,650	**28**	34
	1,488	1,818	**28**	34

18. Long-term receivables

	Trust	
	2009	2008
	$'000	$'000
Notes issued by subsidiaries	**230,570**	230,570

These notes denominated in Singapore Dollars were issued by City Gas Trust and SingSpring Trust. In accordance with their terms, they mature in Year 2037 and 2025 respectively but may be redeemed at par by the holder of the notes or the subsidiaries prior to their maturity date and bear interest payable quarterly in arrears with a one-time option for the subsidiaries, on any interest payment date, to switch to a floating rate per annum equal to three-month Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for City Gas Trust notes of 6.5% (2008 : 6.5%) was increased to 13.0% from 1 October 2008. The SingSpring Trust notes bear fixed interest rate at 6.5% (2008: 6.5%) per annum.

The notes are direct, unsecured and subordinated obligations of the subsidiaries and are considered part of net investments in the subsidiaries.

19. Investment in subsidiaries

	Trust	
	2009	2008*
	$'000	$'000
Investments, at cost		
Beginning of financial year/period	**155,135**	–
Additions	**–**	155,135
End of financial year/period	**155,135**	155,135

Details of subsidiaries are included in Note 39.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

20. Property, plant and equipment

Group
As at 31 March 2009

	Freehold land	Leasehold land	Easements	Buildings	Plant and machinery	Vehicles	Renovation	Furniture, fittings and equipment	Asset under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost										
At the beginning of financial year	2,094	3,000	1,977	7,870	1,319,963	791	272	3,394	–	1,339,361
Additions	–	–	90	–	173	204	1,254	745	3,340	5,806
Disposal	(272)	–	–	–	–	(109)	–	–	–	(381)
Written off	–	–	–	–	–	–	(22)	(175)	–	(197)
Currency translation differences	(317)	–	(323)	–	(199,254)	(44)	(40)	(102)	(232)	(200,312)
End of financial year	1,505	3,000	1,744	7,870	1,120,882	842	1,464	3,862	3,108	1,144,277
Accumulated depreciation										
At the beginning of financial year	–	182	30	455	28,209	283	94	1,135	–	30,388
Depreciation charge	–	161	49	402	37,651	229	255	1,146	–	39,893
Disposal	–	–	–	–	–	(23)	–	(5)	–	(28)
Written off	–	–	–	–	–	–	(13)	(90)	–	(103)
Currency translation differences	–	–	(8)	–	(5,197)	(8)	(24)	(25)	–	(5,262)
End of financial year	–	343	71	857	60,663	481	312	2,161	–	64,888
Net book value	**1,505**	**2,657**	**1,673**	**7,013**	**1,060,219**	**361**	**1,152**	**1,701**	**3,108**	**1,079,389**

As at 31 March 2008*

	Freehold land	Leasehold land	Easement	Buildings	Plant and machinery	Vehicles	Renovation	Furniture, fittings and equipment	Asset under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost										
Acquisition of entities	2,367	3,000	1,984	7,870	1,343,086	817	264	3,218	–	1,362,606
Additions	35	–	30	–	270	45	13	335	–	728
Disposal	(270)	–	–	–	–	(67)	–	–	–	(337)
Written off	–	–	–	–	(43)	–	–	(147)	–	(190)
Currency translation differences	(38)	–	(37)	–	(23,350)	(4)	(5)	(12)	–	(23,446)
End of financial period	2,094	3,000	1,977	7,870	1,319,963	791	272	3,394	–	1,339,361
Accumulated depreciation										
Depreciation charge	–	182	31	455	28,643	289	96	1,143	–	30,839
Disposal	–	–	–	–	–	(5)	–	–	–	(5)
Written off	–	–	–	–	–	–	–	(6)	–	(6)
Currency translation differences	–	–	(1)	–	(434)	(1)	(2)	(2)	–	(440)
End of financial period	–	182	30	455	28,209	283	94	1,135	–	30,388
Net book value	**2,094**	**2,818**	**1,947**	**7,415**	**1,291,754**	**508**	**178**	**2,259**	**–**	**1,308,973**

All property, plant and equipment are used as security for borrowings (see Note 23).

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

21. Intangibles

	Group 2009 $'000	Group 2008 $'000
Goodwill arising on consolidation	**287,001**	287,001
Customer contracts	**102,962**	129,162
Customer relationship	**51,224**	57,734
	154,186	186,896
	441,187	473,897

	Goodwill $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
2009				
Cost				
Beginning of financial year	287,001	134,845	65,100	486,946
Currency translation differences	–	(9,734)	–	(9,734)
Written off	–	(12,441)	–	(12,441)
End of financial year	287,001	(112,670)	65,100	464,771
Accumulated amortisation				
Beginning of financial year	–	5,683	7,366	13,049
Amortisation	–	5,742	6,510	12,252
Currency translation differences	–	(273)	–	(273)
Written off	–	(1,444)	–	(1,444)
End of financial year	–	9,708	13,876	23,584
Net book value	**287,001**	**102,962**	**51,224**	**441,187**

	Goodwill $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
2008*				
Cost				
Acquisition of entities (Note 30)	287,001	136,086	65,100	488,187
Currency translation differences	–	(1,241)	–	(1,241)
End of financial period	**287,001**	**134,845**	**65,100**	**486,946**
Accumulated amortisation				
Amortisation	–	5,715	7,366	13,081
Currency translation differences	–	(32)	–	(32)
End of financial period	–	5,683	7,366	13,049
Net book value	**287,001**	**129,162**	**57,734**	**473,897**

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

21. Intangibles (continued)

(a) Goodwill arising on consolidation

Goodwill is allocated to cash-generating-unit ("CGU") identified according to business segment. Goodwill allocated to the Gas segment amounted to $287 million (2008: $287 million). The recoverable amount as at 31 March 2009 was determined based on value-in-use calculation using discounted cash flow projections derived from the financial projections approved by the Trustee-Manager. The key assumptions made are those regarding the discount rate, growth rate, forecasted costs and terminal value. The pre-tax discount rate used was 8% (2008: 8%) which reflects market assessment of the time value of money and the risks specific to the CGU at that time. The growth rates, forecasted costs and terminal value are based on past performance and the Trustee-Manager's expectations of market development. No impairment was considered necessary for financial year/period ended 31 March 2009 and 31 March 2008 respectively.

(b) Customer contracts and customer relationship

The valuations of the customer contracts and customer relationship at the date of the business combination were arrived at using the Income Approach.

In determining the values of the customer contracts and customer relationship under this approach at the date of business combination, cash flow projections over the estimated useful lives, ranging from 10 to 38.67 years, prepared by the Trustee-Manager were used and a discount rate applied to the projections. The pre-tax discount rates used range from 7.5% to 10.18% per annum and reflected specific risks relating to the relevant business sectors.

The intangible recognised on customer contract in relation to an agreement of a subsidiary was written off during the year based on agreed terms to pave the way for the commercialisation of the underlying asset without the initial revenue-sharing arrangement envisaged. See Note 35 (b) for further details.

22. Trade and other payables

	Group		Trust	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade payables	**9,959**	10,955	**–**	–
Other payables:				
– Third parties	**7,940**	5,593	**71**	1,434
– Trustee-Manager	**1,109**	1,169	**1,080**	1,047
Accruals:				
– Property, plant and equipment	**1,423**	–	**–**	–
– Operating expenses	**8,539**	3,099	**171**	300
Accrued purchases	**8,472**	9,087	**–**	–
Interest payables	**5,448**	7,208	**29**	–
Deferred income (Note 26c)	**886**	996	**–**	–
Advance payments received	**2,135**	2,085	**–**	–
Deposits received	**22,754**	22,861	**–**	–
	68,665	63,053	**1,351**	2,781

The carrying amounts of trade and other payables approximate their fair values.

23. Borrowings

	Group		Trust	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current	**9,164**	373,634	**–**	–
Non-current	**1,547,952**	1,345,368	**363,389**	–
	1,557,116	1,719,002	**363,389**	–
Analysed as follows:				
Bank borrowings				
– Current	**9,164**	373,634	**–**	–
– Non-current	**628,687**	274,351	**363,389**	–
	637,851	647,985	**363,389**	–
Bonds – Non-current	**919,265**	1,071,017	**–**	–
	1,557,116	1,719,002	**363,389**	–

(a) The loans obtained by City Gas Trust and SingSpring Trust are secured by a first ranking charge over their assets and business undertakings. In addition, the loan obtained by SingSpring Trust is secured by a charge over the units in the SingSpring Trust held by the Trustee-Manager for the Trust and Hyflux Ltd and a charge over the shares held by the Trustee-Manager for the Trust in SingSpring Pte Ltd.

(b) The equity bridge loan obtained by CityLink Investments Pte. Ltd. ("CityLink") has been refinanced by a corporate term loan obtained by the Trust. The loan is secured by a charge over all the assets of the Trust except for those not charged in favour of the lenders of the subsidiary entities, the charges over the shares and units held by the Trustee-Manager for the Trust in CityLink and City Gas Trust and City Gas Pte Ltd and a corporate guarantee from CityLink.

(c) The bonds issued by Nexus Australia Management Pty Ltd as Trustee of Premier Finance Trust Australia are (i) guaranteed by Coral Holdings Australia Pty Ltd, Nexus Investments Australia Pty Ltd, Basslink Telecoms Pty Ltd and (ii) secured by, among others, a charge over all the assets of, and the units and shares in, all of the Basslink Group entities. The bonds are also guaranteed by a third party financial guarantor.

All borrowings impose certain covenants on the Trustee-Manager of the Trust, City Gas Trustee, SingSpring Trustee and the Basslink Group entities. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts.

All borrowings obtained are at variable interest rates except for A$380 million (2008: A$380 million) of capital indexed bonds issued for the Basslink acquisition whose principal accretes due to inflation. Certain variable interest rate loans are swapped into fixed interest rate loans through interest rate swaps. See Note 13 for further details.

Total assets of the Group with carrying amount of $1,913 million (2008: $1,797 million) are pledged for certain borrowings.

The carrying amounts of the loans approximate their fair values.

24. Notes payable to minority unitholder

This relates to notes denominated in Singapore Dollars issued by SingSpring Trust to its minority unitholder. The notes mature in Year 2025 but may be redeemed at par by the holder of the notes or SingSpring Trust prior to its maturity date and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum (with a one-time option for SingSpring Trust, on any interest payment date, to switch to a floating rate per annum equal to three-month Singapore Dollar Swap Offer Rate plus 2.5% per annum).

The notes will be direct, unsecured and subordinated obligations of SingSpring Trust.

The carrying amount of notes payable approximates its fair value.

25. Deferred tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relates to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2009 **$'000**	2008 $'000
Deferred income tax liabilities		
– to be settled within one year	**2,362**	4,509
– to be settled after one year	**21,377**	19,443
	23,739	23,952

Movement in deferred income tax account is as follows:

	Group	
	2009 **$'000**	2008* $'000
Beginning of financial year/period	**23,952**	–
Fair value adjustment on acquisition of businesses	**–**	26,288
Change in tax rate from 18% to 17% (2008: from 20% to 18%)		
– income statement	**(1,446)**	(2,628)
– equity (Note 28)	**183**	–
Currency translation differences	**–**	108
Charge/(credited) to		
– income statement	**97**	1,056
– equity (Note 28)	**953**	(872)
End of financial year/period	**23,739**	23,952

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

25. Deferred tax liabilities (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year/period were as follows:

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Intangible assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
2009					
Beginning of financial year	10,659	41,406	3,001	1,769	56,835
Change in tax rate from 18% to 17%					
– income statement	(133)	(1,221)	–	(98)	(1,452)
Currency translation differences	(1,377)	(2,838)	(561)	–	(4,776)
Charged/(credited) to					
– income statement	4,478	(5,654)	(1,222)	701	(1,697)
– equity	–	–	3,987	–	3,987
End of financial year	13,627	31,693	5,205	2,372	52,897
2008*					
Acquisition of subsidiary	8,561	46,976	1,290	993	57,820
Change in tax rate from 20% to 18%					
– income statement	–	(2,676)	(128)	(99)	(2,903)
Currency translation differences	(155)	(381)	(20)	–	(556)
Charged/(credited) to					
– income statement	2,253	(2,513)	991	875	1,606
– equity	–	–	868	–	868
End of financial period	10,659	41,406	3,001	1,769	56,835

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

25. Deferred tax liabilities (continued)

Deferred income tax assets

	Tax losses	Allowances against assets	Derivative financial instruments	Others	Total
	$'000	$'000	$'000	$'000	$'000
2009					
Beginning of financial year	(27,401)	(88)	(3,328)	(2,066)	(32,883)
Change in tax rate from 18% to 17%					
– income statement	–	6	–	–	6
– equity	–	–	183	–	183
Currency translation differences	4,167	–	197	412	4,776
Charged/(credited) to					
– income statement	3,202	7	–	(1,415)	1,794
– equity	–	–	(3,034)	–	(3,034)
End of financial year	(20,032)	(75)	(5,982)	(3,069)	(29,158)
Net deferred tax liabilities					23,739
2008*					
Acquisition of subsidiary	(26,732)	(991)	(1,764)	(2,045)	(31,532)
Change in tax rate from 20% to 18%					
– income statement	–	99	176	–	275
Currency translation differences	626	–	–	38	664
(Credited)/charged to					
– income statement	(1,295)	804	–	(59)	(550)
– equity	–	–	(1,740)	–	(1,740)
End of financial period	(27,401)	(88)	(3,328)	(2,066)	(32,883)
Net deferred tax liabilities					23,952

The Group has unrecognised tax losses of $84,969,000 (2008:$86,851,000) (including pre-acquisition losses of a subsidiary) which can be carried forward to offset against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

26. Other non-current liabilities

	Group	
	2009 **$'000**	2008 $'000
Provision for decommissioning costs	**5,155**	5,791
Accrual for debt transaction costs	**12,589**	15,230
Other payable	**15,663**	17,597
Deferred income	**36,195**	44,217
	69,602	82,835

(a) *Provision for decommissioning costs*

This relates to provision made by a subsidiary in respect of costs to decommission, restore and rehabilitate the interconnector sites at the end of the operating life of the interconnector, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Movements in the provision are as follows:

	Group	
	2009 **$'000**	2008* $'000
Beginning of financial year/period	**5,791**	–
Acquisition of subsidiaries	**–**	5,705
Currency translation differences	**(950)**	(113)
Amortisation of discount (Note 8)	**314**	199
End of financial year/period	**5,155**	5,791

(b) *Accrual for debt transaction costs*

This relates to the guarantee fees payable from August 2009 on a quarterly basis up to maturity of the bonds issued (see Note 23) by a subsidiary to a third party financial guarantor. This is calculated based on the outstanding principal amount on each interest payment date. The accrued amount as at balance sheet date is based on the net present value of the contracted costs.

(c) *Other payable and deferred income*

A customer placed a A$50 million (2008: A$50 million) deposit which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028. Other payable of $15,663,000 (2008: $17,597,000) represents the fair value of this liability at the balance sheet date. The fair value is calculated using cash flows discounted at 6% per annum (2008: 6% per annum).

Deferred income represents the difference between the fair value of this liability and the amount of the A$50 million deposit to be repaid. This is amortised to the income statement over the life of the agreement. The current portion of deferred income is disclosed in Note 22.

The carrying amounts of other payable and accruals approximate their fair values.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

27. Units in issue

	Trust	
	2009 Units	2008* Units
Beginning of financial year/date of constitution	**489,965,504**	2
Units issued during the year/period	**–**	489,965,502
End of financial year/period	**489,965,504**	489,965,504

All issued units are fully paid and rank pari passu in all respects.

28. Hedging reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

	Group	
	2009 $'000	2008* $'000
Beginning of financial year/period	**(3,555)**	–
Change in tax rate from 18% to 17% (Note 25)	**(183)**	–
Net fair value losses during the year/period	**(103,319)**	(6,176)
Transferred to income statement under		
– Energy costs	**1,547**	2,321
– Interest expenses (Note 8)	**1,184**	(572)
Deferred tax on fair value change (Note 25)	**(953)**	872
End of financial year/period	**(105,279)**	(3,555)

29. Distributions paid to the unitholders of the Trust

Distributions paid (all of which are tax-exempt) are as follows:

	Group	
	2009 $'000	2008* $'000
For the period from 12 February 2007 to 31 March 2007		
– Distribution of 0.78 Singapore cents per unit	**–**	3,511
For the period from 1 April to 30 June		
– Distribution of 1.75 Singapore cents per unit (2008: 1.50 Singapore cents per unit)	**8,575**	7,349
For the period from 1 July to 30 September		
– Distribution of 1.75 Singapore cents per unit (2008: 1.60 Singapore cents per unit)	**8,575**	7,839
For the period from 1 October to 31 December		
– Distribution of 1.75 Singapore cents per unit (2008: 1.60 Singapore cents per unit)	**8,575**	7,839
For the period from 1 January 2008 to 31 March 2008		
– Distribution of 1.60 Singapore cents per unit	**7,839**	–
	33,564	26,538

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

29. Distributions paid to the unitholders of the Trust (continued)

For the period from 1 January 2009 to 31 March 2009, the Trustee-Manager of the Trust declared a distribution per unit of 1.75 Singapore cents totalling $8,574,396 (2008: 1.60 Singapore cents totalling $7,839,448) to the unitholders of the Trust, payable on 26 June 2009. These financial statements do not reflect this distribution, which will be accounted for in unitholders' equity as an appropriation in the financial year ending 31 March 2010.

30. Business combinations

On 12 February 2007, the Group (through an initial public offering of the Trust) acquired the business of production of town gas, and retail of town gas and natural gas and the business of development and operation of a seawater desalination plant through the acquisition of City Gas Trust and SingSpring Trust respectively for a total cash purchase consideration of $697,927,000.

On 31 August 2007, the Group completed the acquisition of Basslink Group which owns and operates a high voltage interconnector between the electricity grids of the States of Tasmania and Victoria in Australia, for a total cash purchase consideration of $1,521,480,000. If the acquisition had occurred on 5 January 2007, the Group's revenue would have been $438,573,000 and net loss after tax would have been $2,582,000. However, this may not be indicative of the actual Basslink's performance after acquisition as it has not reflected the finance costs and other expenses related to the debt financing raised for the acquisition as well as the non-cash depreciation and amortisation of certain assets resulting from the fair valuation exercise carried out in connection with the acquisition.

The effects of the acquisition of key subsidiaries and businesses in the financial period ended 31 March 2008 were as follows:

	Fair value at City Gas Trust Level	Carrying amounts in City Gas Pte Ltd
	$'000	$'000
Acquisition of City Gas Trust		
ASSETS		
Cash and cash equivalents	26,595	26,595
Trade and other receivables	25,492	25,492
Inventories	12,486	13,248
Intangibles	65,100	–
Property, plant and equipment	90,752	108,086
Other assets	217	125
Total assets	220,642	173,546
LIABILITIES		
Trade and other payables	30,826	30,826
Current tax liabilities	7,829	7,829
Deferred taxation	26,200	13,571
Total liabilities	64,855	52,226
Net identifiable assets acquired	155,787	121,320
Goodwill	287,001	
Total cash consideration	442,788	
Less: Cash and cash equivalents in subsidiary acquired	(26,595)	
Net cash outflow from acquisition of subsidiary	416,193	

30. Business combinations (continued)

	Fair value at SingSpring Trust Level	Carrying amounts in SingSpring Pte Ltd
	$'000	$'000
Acquisition of SingSpring Trust		
ASSETS		
Cash and cash equivalents	12,479	12,479
Trade and other receivables	5,784	5,784
Derivative financial instruments	6,447	6,447
Finance lease receivables	199,410	199,847
Intangibles	68,700	–
Total assets	292,820	224,557
LIABILITIES		
Trade and other payables	2,618	2,618
Derivative financial instruments	8,818	8,818
Deferred taxation	17,559	3,900
Total liabilities	28,995	15,336
Net identifiable assets acquired	263,825	209,221
Excess of fair value of identifiable net assets over purchase consideration	(8,686)	
Total cash consideration	255,139	
Less: Cash and cash equivalents in subsidiary acquired	(12,479)	
Net cash outflow from acquisition of subsidiary	242,660	

30. Business combinations (continued)

	Fair value at Basslink Group Level	Carrying amounts in Basslink Group Level
	$'000	$'000
Acquisition of Basslink		
ASSETS		
Cash and cash equivalents	102,881	102,881
Trade and other receivables	15,644	15,644
Derivative financial instruments	137,089	137,089
Intangibles	67,386	–
Property, plant and equipment	1,271,855	975,377
Total assets	1,594,855	1,230,991
LIABILITIES		
Trade and other payables	56,040	56,040
Long term loan	17,335	17,335
Deferred taxation	–	19,467
Total liabilities	73,375	92,842
Net identifiable assets acquired	1,521,480	1,138,149
Total purchase consideration	1,521,480	
Less: Cash and cash equivalents in subsidiaries acquired	(102,881)	
Less: Transaction costs payable	(4,353)	
Net cash outflow from acquisition of subsidiaries	1,414,246	

31. Commitments

(a) Operating lease commitments

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

	Group	
	2009 $'000	2008 $'000
Not later than one year	**810**	1,100
Later than one year but not later than five years	**1,318**	1,623
	2,128	2,723

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2009 $'000	2008 $'000
Property, plant and equipment	**475**	308

32. Related party transactions

The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The Trustee-Manager is under the common control of a unitholder that has significant influence over the Group. The fee structure for these services is stated in Note 9.

There are no key management personnel of the Trust as the operations are managed by the Trustee-Manager.

The fees for legal services paid to a firm in which a director of the Trustee-Manager is a member (but who does not have a substantial financial interest in the firm) during the financial year was $549,000 (2008: $2,100,000). The legal fees for financial year ended 31 March 2009 were incurred mainly for general legal advices. The legal fees in financial period ended 31 March 2008 were incurred mainly for services rendered in connection with the Initial Public Offering of the Trust on 12 February 2007 and also in connection with the preparation of the circular dated 19 January 2008 to seek unitholders ratification of the acquisition of Basslink Group.

33. Segment information

(a) Primary reporting format – business segments

	Gas	Water	Electricity	Total
	$'000	$'000	$'000	$'000
Group				
2009				
Revenue	**294,259**	**31,220**	**73,260**	**398,739**
Segment result	36,973	7,873	22,990	67,836
Finance costs				(87,167)
Unallocated costs				(11,537)
Unallocated (losses)/gains - net				(20,671)
Unallocated other income				495
Loss before income tax				**(51,044)**
Income tax credit				1,293
Net loss after tax				**(49,751)**
Other segment items				
Capital expenditure				
– property, plant and equipment	1,969	–	3,837	5,806
Depreciation	9,534	–	30,359	39,893
Amortisation	6,510	3,648	2,094	12,252
Intangibles written off	–	–	10,997	10,997
Other non-cash expenses	206	–	–	206
Segment assets	**480,002**	**269,501**	**1,108,467**	**1,857,970**
Unallocated assets				55,600
Consolidated total assets				1,913,570
Segment liabilities	**43,881**	**2,734**	**72,285**	**118,900**
Unallocated liabilities				1,646,148
Consolidated total liabilities				1,765,048

33. Segment information (continued)

(a) Primary reporting format – business segments (continued)

	Gas	Water	Electricity	Total
	$'000	$'000	$'000	$'000
Group				
2008*				
Revenue	**282,278**	**29,111**	**57,998**	**369,387**
Segment result	24,931	19,329	28,591	72,851
Finance costs				(59,093)
Unallocated costs				(70,906)
Unallocated gains/(losses) – net				3,272
Unallocated other income				290
Loss before income tax				**(53,586)**
Income tax credit				1,564
Net loss after tax				**(52,022)**
Other segment items				
Capital expenditure				
– property, plant and equipment	90,993	–	1,272,341	1,363,334
– intangible assets	352,100	68,701	67,386	488,187
Depreciation	10,706	–	20,133	30,839
Amortisation	7,366	4,256	1,459	13,081
Other non-cash expenses	958	–	–	958
Segment assets	**483,255**	**284,749**	**1,362,426**	**2,130,430**
Unallocated assets				169,912
Consolidated total assets				2,300,342
Segment liabilities	**42,889**	**2,132**	**75,630**	**120,651**
Unallocated liabilities				1,804,062
Consolidated total liabilities				1,924,713

The Group comprises the following business segments:

- sale of gas ("Gas");
- operator of desalinated water plant ("Water"); and
- operator and provider of electricity transmission link ("Electricity")

Unallocated costs represent corporate expenses. Segment assets comprise primarily property, plant and equipment, intangible assets, operating cash, finance lease receivable, inventories, derivative financial instruments and trade and other receivables and exclude deferred income tax assets and corporate assets. Segment liabilities comprise trade and other payables, provisions and exclude derivative financial instruments, income tax liabilities, borrowings and corporate liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets, including those acquired through business combinations.

* *For the financial period from 5 January 2007 (date of constitution) to 31 March 2008*

33. Segment information (continued)

(b) Secondary reporting format – geographical segments

The Group's Gas and Water business segments operate in Singapore whilst the Electricity segment operates in Australia. Revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

	Total consolidated revenue		Total consolidated assets		Total consolidated capital expenditure	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Singapore	**325,479**	311,389	**749,503**	768,004	**1,969**	511,794
Australia	**73,260**	57,998	**1,108,467**	1,362,426	**3,837**	1,339,727
Unallocated	**–**	–	**55,600**	169,912	**–**	–
	398,739	369,387	**1,913,570**	2,300,342	**5,806**	1,851,521

34. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, commodity price and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as commodity swaps and interest rate swaps and interest rate options to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

(a) Market risk

(i) Currency risk

The Group operates mainly in Singapore and Australia. The Group entities transact predominantly in their respective functional currency except for a subsidiary in Singapore which purchases feedstock for its production plant and for retail sales in US dollars. The subsidiary enters into currency forwards to manage the risk. All forward currency contracts are settled at month end. The subsidiary also transacts in US dollars with some of its corporate customers. In respect of other monetary assets and liabilities held in US dollars, the Group reviews the balances periodically to ensure that the net exposure is kept at an acceptable level.

34. **Financial risk management**

(a) **Market risk (continued)**

(i) Currency risk (continued)

In addition, the Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by significant amount of borrowings denominated in the functional currency.

CitySpring pays quarterly distribution to its unitholders in Singapore dollar ("S$") whilst it receives distributions from its Australian operations in Australian dollar ("A$"). The Group is therefore exposed to A$ foreign currency risk as fluctuations in the exchange rate may affect the amount of S$ distributions CitySpring is able to pay its unitholders. The Group's policy is to enter into foreign currency forward contracts for the projected distributions in the short to medium term. At 31 March 2009, the Group does not have any outstanding forward exchange contracts (2008: Nil).

The Group's foreign currency exposure is as follows:

	SGD	AUD	USD	Total
	$'000	$'000	$'000	$'000
2009				
Financial assets				
Cash and bank balances	80,000	45,652	282	125,934
Trade and other receivables	34,045	9,477	434	43,956
Finance lease receivables	185,474	–	–	185,474
Derivative financial instruments	–	19,733	–	19,733
Other financial assets	95	119	–	214
	299,614	74,981	716	375,311
Financial liabilities				
Trade and other payables	40,850	18,502	6,158	65,510
Borrowings	637,851	919,265	–	1,557,116
Derivative financial instruments	19,723	8,760	–	28,483
Note payable to minority unitholder	15,000	–	–	15,000
Other financial liabilities	–	28,252	–	28,252
	713,424	974,779	6,158	1,694,361
Net financial liabilities	(413,810)	(899,798)	(5,442)	(1,319,050)
Less:				
Net financial liabilities denominated in the respective entities functional currencies	413,810	900,170	–	1,313,980
Currency exposure on financial assets and liabilities	–	372	(5,442)	(5,070)

34. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD	AUD	USD	Total
	$'000	$'000	$'000	$'000
2008				
Financial assets				
Cash and bank balances	47,053	58,671	258	105,982
Trade and other receivables	41,367	15,305	332	57,004
Finance lease receivables	192,131	–	–	192,131
Derivative financial instruments	6,777	140,489	–	147,266
Other financial assets	64	139	–	203
	287,392	214,604	590	502,586
Financial liabilities				
Trade and other payables	37,910	12,928	9,134	59,972
Borrowings	647,985	1,071,017	–	1,719,002
Derivative financial instruments	18,485	–	–	18,485
Note payable to minority unitholder	15,000	–	–	15,000
Other financial liabilities	–	32,827	–	32,827
	719,380	1,116,772	9,134	1,845,286
Net financial liabilities	(431,988)	(902,168)	(8,544)	(1,342,700)
Less:				
Net financial liabilities denominated in the respective entities functional currencies	431,988	908,403	–	1,340,391
Currency exposure on financial assets and liabilities	–	6,235	(8,544)	(2,309)

Sensitivity analysis

A 5% (2008: 5%) strengthening of S$ against the following currencies at the reporting date would (decrease)/increase loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and tax rates remain constant.

	Increase/(decrease)		Increase/(decrease)	
	Loss after tax	**Equity**	Loss after tax	Equity
	2009	**2009**	2008	2008
	$'000	**$'000**	$'000	$'000
Group				
US$	**(226)**	–	(350)	–
A$	**15**	–	312	–

34. Financial risk management (continued)

(a) Market risk (continued)

(ii) Commodity price risk

Energy cost is a major component of the total operating costs of the seawater desalination plant of one of the subsidiaries of the Trust. The energy cost varies with the cost of fuel (whose price is linked to the benchmark HSFO 180 cst prices). The subsidiary has entered into a series of fuel hedges to reduce the volatility of its energy exposures for its first three years of commercial operations based on anticipated capacity demand of the plant and these fuel hedges have all expired in December 2008. Subsequent to December 2008, the subsidiary is not exposed to commodity price risk as energy cost has been rebased in accordance with the principles set out contractually in the WPA.

The town gas production unit purchases natural gas as feedstock for its production plant. On a long term basis, changes in the underlying fuel cost for natural gas have no impact on City Gas as fuel costs are passed 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 change daily. Short term impact may be evident if there are sharp changes in fuel prices.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group and the Trust have interest-bearing assets. However, the impact of interest rate fluctuations arising from these interest-bearing assets on the income statement is insignificant to the Group and the Trust.

The Group's exposure to cash flow interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group's policy is to manage its interest cost using a mix of fixed and floating interest rate debts. The Group enters into interest rate swaps which allow the Group to raise long term borrowings at floating rates and swap them into fixed rates, with the objective to reduce variability in cash flows arising from interest rate fluctuations.

<u>Sensitivity analysis</u>

For borrowings at floating interest rates

A significant portion of the Group's borrowings are effectively hedged. Borrowings which are unhedged and have interest rates at variable rates are denominated in S$.

Assuming all other variables including tax rate are held constant, a 50 basis points (2008: 50 basis points) change in Singapore interest rate will increase/decrease the Group's loss after tax by $1,685,000 (2008: $1,327,000) as a result of higher/lower finance cost respectively.

34. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

Sensitivity analysis (continued)

For interest rate swaps and interest rate cap options accounted for under cash flow hedge

The Group's interest rate swaps are denominated in S$ and A$. Assuming all other variables including tax rate are held constant, a 50 basis points change in interest rate has the following impact on fair value changes to the derivatives:

	Increase/(decrease) Equity	
	2009 $'000	2008 $'000
Group		
Increase of 50 basis points	**37,657**	30,642
Decrease of 50 basis points	**(40,757)**	(33,288)

The impact of interest rate fluctuation arising from interest rate cap options is insignificant to the Group and the Trust

For interest rate swap accounted for as held for trading

The Group's interest rate swap designated as held for trading is denominated in A$. Assuming all other variables including tax rate are held constant, a 50 basis points (2008: 50 basis points) increase/(decrease) in interest rate will decrease/(increase) the Group's loss after tax by $5,248,000/($5,485,000) (2008: $5,204,000/($5,884,000)) as a result of fair value changes to the interest rate swap.

A 50 basis points increase in interest rate above the agreed fixed rate will decrease the Group's loss after tax by $785,000 (2008: $889,000) due to increase in realised gain on the interest rate swap. A 50 basis points decrease in interest rate below the agreed fixed rate will increase the Group's loss after tax by Nil (2008: $889,000) due to decrease in realised gain on the interest rate swap.

For interest rate floor accounted for as held for trading

The Group entered into an interest rate floor option denominated in A$ during the financial year. Assuming all other variables including tax rate are held constant, a 50 basis points change in interest rate will increase/decrease the Group's loss after tax by $1,535,000, as a result of fair value change in the interest rate floor.

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

For the Water and Electricity business segments, there is a significant concentration of credit risk to their only customer for the duration of the respective service contracts entered into. One of the customers is a Singapore government agency and the other is a wholly owned entity of the State of Tasmania. Each subsidiary monitors the credit risk by ensuring that payments are received by the contracted date.

34. Financial risk management (continued)

(b) Credit risk (continued)

For the Gas business segment, there is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon opening of a sale account.

Cash and fixed deposits are placed with banks and financial institutions which are regulated and with high credit ratings.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet except as disclosed in Note 23.

The credit risk for trade receivables is as follows:

	Group	
	2009	2008
	$'000	$'000
By geographical areas		
Singapore	**34,258**	35,504
Australia	**8,109**	10,808
	42,367	46,312

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially from individuals and companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not individually impaired is as follows:

	Group	
	2009	2008
	$'000	$'000
Past due but not impaired		
Past due 0 to 3 months	**4,973**	5,253
Past due 3 to 6 months	**168**	248
Past due over 6 months	**520**	253
	5,661	5,754

34. Financial risk management (continued)

(b) Credit risk (continued)

The carrying amount of trade receivables collectively determined to be impaired are fully provided and the movement in the related allowance for impairment is as follows:

	Group 2009 $'000	Group 2008 $'000
Gross amount	**27,482**	34,006
Less: Allowance for impairment	**(3,112)**	(3,988)
	24,370	30,018
Beginning of financial year/period	**3,988**	–
Acquisition of subsidiaries	**–**	3,855
Allowance made	**206**	958
Allowance utilised	**(1,082)**	(825)
End of financial year/period	**3,112**	3,988

The allowance for impairment losses of $206,000 (2008: $958,000) was recognised in the income statement and included in "other operating expenses".

The allowance for impairment covers those trade receivables arising from sales to customers who have difficulties in settling their debts. To mitigate credit risk, the Group collected deposits from customers amounting to $22,754,000 as at 31 March 2009 (2008: $22,861,000), which can be used to offset the impaired receivables when the circumstances warrant.

34. Financial risk management (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Trust's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Within 1 year $'000	Between 2 – 5 years $'000	More than 5 years $'000	Total $'000
2009				
Group				
Borrowings	56,198	709,106	1,280,133	2,045,437
Notes payable to minority unitholder	1,215	3,900	25,725	30,840
Trade and other payables	61,583	–	–	61,583
Other financial liabilities	–	8,993	60,419	69,412
Interest rate swaps – net settled	5,856	20,158	–	26,014
	124,852	742,157	1,366,277	2,233,286
Trust				
Borrowing	8,886	385,198	–	394,084
Trade and other payables	1,322	–	–	1,322
	10,208	385,198	–	395,406
2008				
Group				
Borrowings	449,658	471,325	1,679,333	2,600,316
Notes payable to minority unitholder	1,218	3,900	26,700	31,818
Trade and other payables	52,764	–	–	52,764
Other financial liabilities	–	10,620	74,349	84,969
Interest rate swaps – net settled	4,945	15,896	2,947	23,788
	508,585	501,741	1,783,329	2,793,655
Trust				
Trade and other payables	2,781	–	–	2,781

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cashflow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

At 31 March 2009, the Group maintains the following undrawn lines of credit:

- A$ 30.6 million working capital facility (2008: A$39 million); and
- S$ 14.1 million working capital facility (2008: S$15 million).

34. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise unitholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cashflow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

The Trustee-Manager monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and cash equivalents excluding notes payable to minority unitholder. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's total borrowings to total assets.

	Group		Trust	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Net borrowings	**1,459,894**	1,640,752	**334,594**	N/A
Total assets	**1,913,570**	2,300,342	**754,374**	N/A
Ratio	**76%**	71%	**44%**	N/A

The Group and the Trust are in compliance with all externally imposed capital requirements for the financial year ended 31 March 2009 and financial period ended 31 March 2008 respectively.

N/A – Not applicable

35. Events occurring after balance sheet date

The following subsequent events took place:

(a) City Gas Trust

On 1 June 2009, City Gas Pte Ltd as trustee of City Gas Trust signed the renewal contract with SP Services Pte Ltd to extend the Utility Support Services Agreement. Current rates will be increased by 5.5% in the first year and the management fees payable will not be increased by more than 6% in any year for the remaining four years.

35. Events occurring after balance sheet date (continued)

(b) Basslink Pty Ltd

On 21 April 2009, Basslink Pty Ltd ("Basslink") and the Tasmanian Government had terminated the Telecoms Agreement ("TA") between the two parties. The TA, which has a term of 15 years to 1 April 2021, sets out the revenue sharing arrangement between Basslink and the Tasmanian Government for the fibre optic telecommunication cable. The termination of the TA paves the way for Basslink to commercialise its unlit fibre optic cables, without the revenue-sharing arrangement envisaged under the TA.

36. Comparatives figures

The comparative information relates to the period from 5 January 2007 (date of constitution) to 31 March 2008. Accordingly, the consolidated income statement, statement of changes in unitholders' funds and consolidated cash flow statement for the comparative period are not comparable to those for the current year.

37. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2009 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below :

FRS 1 (Revised)	Presentation of Financial Statements
FRS 23 (Revised)	Amendment to FRS 23, Borrowing Costs
FRS 27 (Revised)	Amendments to FRS 27
FRS 103 (Revised)	Business Combinations
FRS 108	Operating Segments

(a) FRS 1 Presentation of Financial Statements (Revised in 2007) (effective for annual periods beginning on or after 1 January 2009)

The revised standard requires:

- All changes in equity arising from transactions with owners to be presented in the statement of changes in equity;
- Components of comprehensive income to be presented in the statement of comprehensive income. The income statement may be combined with the statement of comprehensive income; and
- Entities making restatements of reclassifications of comparative information to present a restated balance sheet as at the beginning of the comparative period.

The revisions also include changes in the titles of some of the financial statements primary statements. The Group will apply the revised standard from 1 April 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of the statement of comprehensive income.

37. New or revised accounting standards and interpretations (continued)

(b) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

The Group has been capitalising the relevant borrowing costs. The application of revised FRS 23 is not expected to have any impact to the Group.

(c) Amendment to FRS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

The amended standard requires the effects of all transactions with non-controlling interests (previously known as minority interests) to be recorded in equity if there is no change in control after the transaction. When the transaction results in a loss of control, any remaining interest in the entity is remeasured to its fair value and a gain/loss is recognised in the income statement. The Group will apply FRS 27 (Amended) from 1 April 2010.

The application of Amendment to FRS 27 is not expected to have any impact to the Group.

(d) FRS 103 Business Combinations (effective for business combinations occurring on or after annual reporting periods beginning on or after 1 July 2009) (Revised in 2008).

The revised standard introduces significant changes to the accounting of business combinations, affecting the income statement, both at the acquisition date and post acquisition, and require greater use of fair values. The Group will apply FRS 103 (Revised) from 1 April 2010.

(e) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

FRS 108 requires the Group to disclose segment information based on the information used internally by the Trustee-Manager for evaluating segment performance and deciding on allocation of resources. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in financial year ending 31 March 2010. The Group does not expect the new operating segments to be significantly different from business segments currently disclosed. Comparative information will be provided.

(f) Amendment to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009)

The amendment makes two significant changes: it prohibits designating inflation as a hedgeable component of a fixed rate debt; it also prohibits including time value in the one-sided hedged risk when designating options as hedges.

Hedging strategies involving options should be re-assessed immediately to avoid complications as a result of the retrospective application from 1 July 2009.

The application of Amendment to FRS 39 is not expected to have any impact to the Group.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 16 June 2009.

39. Listing of subsidiaries in the Group

Name of Company /Entity	Country of incorporation	Principal activities	Principal country of operation	Types of Securities/Percentage owned
City Gas Pte Ltd [(a)]	Singapore	Trustee of City Gas Trust	Singapore	Shares 100% held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust
City Gas Trust [(a)]	Singapore	Production and retail of town gas, retail of natural gas, supply of LPG and sales of gas appliances	Singapore	Units 100% held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust
SingSpring Pte Ltd [(b)]	Singapore	Trustee of SingSpring Trust	Singapore	Shares 100% held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust
SingSpring Trust [(b)]	Singapore	Development and operation of a seawater desalination plant	Singapore	Units 70% held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust
CityLink Investments Pte Ltd [(a)]	Singapore	Investment holding	Singapore	Shares 100% held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Audited by Ernst & Young LLP, Singapore
(c) Audited by PricewaterhouseCoopers, Australia
(d) Not required to be audited under the laws of the country of incorporation

39. Listing of subsidiaries in the Group (continued)

Name of Company /Entity	Country of incorporation	Principal activities	Principal country of operation	Types of Securities/Percentage owned
Premier Finance Trust Australia (c) *	Australia	Finance trust	Australia	Units 100% held by Nexus Australia Management Pty Ltd in its capacity as Trustee of, and for the benefit of CityLink Investments Pte Ltd
Nexus Australia Management Pty Ltd (c) *	Australia	Trustee	Australia	Shares 100% held by CityLink Investments Pte Ltd
Coral Holdings Australia Pty Ltd (c) *	Australia	Investment holding	Australia	Shares 100% held by CityLink Investments Pte Ltd
Nexus Investments Australia Pty Ltd (d) *	Australia	Investment holding	Australia	Shares 100% held by Coral Holdings Australia Pty Ltd
Basslink Australia GP Pty Ltd (d) *	Australia	Investment holding	Australia	Shares 100% held by Nexus Investments Australia Pty Ltd
Basslink Australia LLP (d) *	Australia	Investment holding	Australia	Interests in a limited partnership 99% held by Nexus Investments Australia Pty Ltd and 1% held by Basslink Australia GP Pty Ltd
Basslink Holdings Pty Ltd (d) *	Cayman Island	Investment holding	Australia	Shares 100% held by Basslink Australia LLP
Basslink Pty Ltd ("Basslink") (c) *	Australia	Operation of undersea electricity interconnector	Australia	Shares 100% held by Basslink Holdings Pty Ltd
Basslink Telecoms Pty Ltd (d) *	Australia	Operation of telecom business (has not commenced operations)	Australia	Shares 100% held by Basslink Pty Ltd

* Collectively known as Basslink Group

Statistics of Unitholdings

As at 10 June 2009

Class of securities	Number of Securities	Voting Rights
Units	489,965,504	One vote for each unit

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholding	Number of Unitholders	%	Number of Units	%
1 – 999	11	0.06	3,583	0.00
1,000 – 10,000	14,311	80.32	43,440,017	8.87
10,001 – 1,000,000	3,468	19.46	153,861,215	31.40
1,000,001 and above	28	0.16	292,660,689	59.73
TOTAL	**17,818**	**100.00**	**489,965,504**	**100.00**

LOCATION OF UNITHOLDERS

Country	Number of Unitholders	%	Number of Units	%
Singapore	17,616	98.87	485,280,504	99.04
Malaysia	106	0.59	2,744,000	0.56
Others	96	0.54	1,941,000	0.40
TOTAL	**17,818**	**100.00**	**489,965,504**	**100.00**

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders)

Name of Substantial Unitholder	Direct Interests	%	Deemed Interests	%
Bartley Investments Pte Ltd ("Bartley")	67,500,000	13.78%	–	–
Napier Investments Pte Ltd ("Napier")	28,575,000	5.83%	–	–
CitySpring Infrastructure Management Pte Ltd ("CSIM")	39,965,504	8.16%	–	–
Nassim Investments Pte Ltd ("Nassim") (1)	–	–	39,965,504	8.16%
Tembusu Capital Pte Ltd ("Tembusu") (2)	–	–	136,040,504	27.77%
Temasek Holdings (Private) Limited ("Temasek") (3)	–	–	136,040,504	27.77%

Notes:

(1) Nassim is deemed to be interested in the Units held by CSIM.

(2) Tembusu is deemed to be interested in the Units held by Bartley, Napier and Nassim.

(3) Temasek is the holding company of Tembusu.

Statistics of Unitholdings

As at 10 June 2009

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	Bartley Investments Pte. Ltd.	67,500,000	13.78
2.	CitySpring Infrastructure Management Pte. Ltd.	39,965,504	8.16
3.	Citibank Nominees Singapore Pte Ltd	29,321,500	5.98
4.	Napier Investments Pte. Ltd.	28,575,000	5.83
5.	HSBC (Singapore) Nominees Pte Ltd	26,070,700	5.32
6.	DBS Nominees Pte Ltd	21,696,350	4.43
7.	DBSN Services Pte Ltd	18,423,000	3.76
8.	United Overseas Bank Nominees Pte Ltd	13,559,000	2.77
9.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,138,473	1.87
10.	UOB Kay Hian Pte Ltd	5,117,000	1.04
11.	Raffles Nominees Pte Ltd	3,155,000	0.64
12.	Merrill Lynch (S'pore) Pte Ltd	2,975,162	0.61
13.	Phillip Securities Pte Ltd	2,646,800	0.54
14.	Mohsein Hyder	2,336,000	0.48
15.	Tommie Goh Thiam Poh	2,159,000	0.44
16.	Ang Guan Seng	1,945,000	0.40
17.	BMT A/C Estate of Mse Angullia (Wakaff) Clause 7 Trust	1,917,000	0.39
18.	DBS Vickers Securities (S) Pte Ltd	1,751,000	0.36
19.	Tay Siew Choon	1,745,000	0.36
20.	Seah Kiok Leng	1,730,000	0.35
	TOTAL	**281,726,489**	**57.51**

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Approximately, 71.78% of the Trust's Units are held in the hands of the Public. Accordingly, the Trust has complied with Rule 723 of the Listing Manual of the SGX-ST.

UNIT PERFORMANCE

	Average Daily Trading Volume Units	Highest Closing Unit Price $	Lowest Closing Unit Price $
Unit Performance for the financial year	561,194	0.855	0.480

Notice of Annual General Meeting of the Unitholders

CITYSPRING INFRASTRUCTURE TRUST

(constituted in Singapore as a business trust and registered with the Monetary Authority of Singapore)
(Registration No. 2007001)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of the Unitholders of CitySpring Infrastructure Trust ("Trust") will be held at DBS Auditorium, 6 Shenton Way, DBS Building Tower One, Level 3, Singapore 068809 on Friday, 24 July 2009 at 2 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of the Trust for the year ended 31 March 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-appoint PricewaterhouseCoopers LLP as the Auditors of the Trust and to authorise the Trustee-Manager to fix their remuneration. **(Resolution 2)**

3. To transact any other business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

4. **Authority to issue units subject to limits**

   That pursuant to Clause 6.1 of the trust deed dated 5 January 2007 constituting the Trust ("Trust Deed"), Section 36 of the Business Trusts Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Trustee-Manager be authorised and empowered to:

   (a) (i) issue units in the Trust ("Units") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force, provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution):

(A) by way of renounceable rights issues on a *pro rata* basis to Unitholders of the Trust ("Renounceable Rights Issues") shall not exceed 100 per cent. (100%) of the total number of issued Units excluding treasury Units (as calculated in paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("Other Unit Issues") shall not exceed 50 per cent. (50%) of the total number of issued Units excluding treasury Units (as calculated in accordance with paragraph (3) below), of which the aggregate number of Units to be issued on a non *pro rata* basis to Unitholders of the Trust shall not exceed 20 per cent. (20%) of the total number of issued Units excluding treasury Units (as calculated in accordance with paragraph (3) below);

(2) the Renounceable Rights Issues and Other Unit Issues shall not, in aggregate, exceed 100 per cent. (100%) of the total number of issued Units excluding treasury Units (as calculated in paragraph (3) below);

(3) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under paragraphs (1)(A) and (1)(B) above, the percentage of issued Units shall be based on the total number of issued Units (excluding treasury Units) at the time of the passing of this Resolution, after adjusting for:

(a) new Units arising from the conversion or exercise of any convertible securities or Unit options or vesting of Unit awards which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(4) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the Business Trusts Act; and

(5) unless revoked or varied by the Trust in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Unitholders of the Trust or the date by which the next Annual General Meeting of the Unitholders of the Trust is required by law to be held, whichever is the earlier.

[See Explanatory Note 1 and 2] **(Resolution 3)**

5. **Authority to issue units at a discount of up to 20%**

That contingent on the passing of Resolution 3 above, authority be and is hereby given to the Trustee-Manager to issue new Units on a non *pro rata* basis at an issue price per new Unit which shall be determined by the Trustee-Manager in its absolute discretion, provided that such price shall not represent a discount of more than 20% of the price per Unit as determined in accordance with the requirements of the SGX-ST.

[See Explanatory Note 3] **(Resolution 4)**

By Order of the Board of CitySpring Infrastructure Management Pte Ltd
as Trustee-Manager of CitySpring Infrastructure Trust

Susanna Cher
Company Secretary
Singapore
3 July 2009

Explanatory Notes:

(1) Resolution 3 in item 4 above, if passed, will empower the Trustee-Manager to issue Units and to make or grant Instruments convertible into Units and to issue Units in pursuance to such Instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Unit Issues, of which up to 20% may be issued on a non *pro rata* basis to existing Unitholders of the Trust, provided that the total number of Units which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued Units (excluding treasury Units) at the time Resolution 3 is passed, after adjusting for (a) new Units arising from the conversion or exercise of any convertible securities or Unit options or vesting of Unit awards which are outstanding or subsisting at the time that Resolution 3 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Units.

The authority for 100% Renounceable Rights Issues is proposed pursuant to the Singapore Exchange Limited's news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("SGX News Release").

(2) For the avoidance of doubt, the authority to issue Units pursuant to Resolution 3 includes the issuance of Units by the Trustee-Manager to itself in the event that the Trustee-Manager elects, in accordance with Clause 11 of the Trust Deed, to receive all or any part of the base fee and/or performance fee due and payable to it in Units instead of cash.

(3) Resolution 4 in item 5 above, if passed, will empower the Trustee-Manager, pursuant to the general mandate to issue Units set out in Resolution 3, to issue Units on a non *pro rata* basis to Unitholders of the Trust, at a discount exceeding 10% but not more than 20% of the price per Unit as determined in accordance with the Listing Manual of the SGX-ST. This Resolution is proposed pursuant to the new measures introduced by the SGX-ST in the SGX News Release.

Notes:

1. A Unitholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Unitholder of the Trust.

2. The instrument appointing a proxy or proxies ("Instrument of Proxy") must be deposited at the registered office of the Trustee-Manager at 111 Somerset Road #02-05, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for holding the Meeting (i.e. by **2 p.m.** on **22 July 2009**). The lodging of an Instrument of Proxy by a Unitholder does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant Instrument of Proxy will be deemed to be revoked.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form:

1. A unitholder of CitySpring ("Unitholder") entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a Unitholder.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of CitySpring, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.

4. The instrument appointing a proxy or proxies ("Instrument of Proxy") must be deposited at the registered office of the Trustee-Manager at 111 Somerset Road #02-05, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for the Annual General Meeting (i.e. by **2 p.m.** on **22 July 2009**). The lodging of an Instrument of Proxy by a Unitholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Instrument of Proxy will be deemed to be revoked.

5. The Instrument of Proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Instrument of Proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an Instrument of Proxy is signed on behalf of the appointor by an attorney, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (unless previously registered with the Trustee-Manager) be lodged with the Instrument of Proxy, failing which the Instrument of Proxy may be treated as invalid.

7. A corporation which is a Unitholder may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at the Annual General Meeting. The person so authorised shall, upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.

9. A resolution put to the vote of the Annual General Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by (i) the Chairman; (ii) five or more Unitholders having the right to vote at the Annual General Meeting; or (iii) Unitholder(s) representing not less than 10% of the total voting rights of all the Unitholders having the right to vote at the Annual General Meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

General:

The Trustee-Manager shall be entitled to reject the Instrument of Proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Instrument of Proxy. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Instrument of Proxy if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by the CDP to the Trustee-Manager.

CITYSPRING INFRASTRUCTURE TRUST
(constituted in Singapore as a business trust and registered with the Monetary Authority of Singapore)
(Registration No: 2007001)

PROXY FORM
ANNUAL GENERAL MEETING

I/We ______________________________ (Name(s) and NRIC/Passport Number(s))

of ______________________________ (Address)

being a unitholder/unitholders of CitySpring Infrastructure Trust ("Trust"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll or to join in demanding a poll and to vote on a poll, at the Annual General Meeting of CitySpring to be held at DBS Auditorium, 6 Shenton Way, DBS Building Tower One, Level 3, Singapore 068809 on 24 July 2009 at 2 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	No. of Units For*	No. of Units Against*
1.	To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of the Trust for the year ended 31 March 2009.		
2.	To re-appoint PricewaterhouseCoopers LLP as the Auditors of the Trust and to authorise the Trustee-Manager to fix their remuneration.		
3.	To authorise the Trustee-Manager to issue new units subject to limits.		
4.	To authorise the Trustee-Manager to issue new units at a discount of up to 20%.		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of Units in respect of which votes are to be cast "For" and "Against" as appropriate.

Dated this ____________ day of ____________ 2009

Total number of Units held

____
Signature(s) of Unitholder(s) or Common Seal

Do not staple. Glue all sides firmly

fold along this line (2)

Postage will be paid by addressee.
For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 08213

The Company Secretary
CitySpring Infrastructure Management Pte Ltd
(as Trustee-Manager of CitySpring Infrastructure Trust)
111 Somerset Road #02-05
TripleOne Somerset
Singapore 238164

Annual General Meeting

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CITYSPRING INFRASTRUCTURE MANAGEMENT PTE. LTD.
(as Trustee-Manager of CitySpring Infrastructure Trust)
(Incorporated in Singapore with Reg No.: 200614377M)

111 Somerset Road #02-05
TripleOne Somerset
Singapore 238164
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Website: www.cityspring.com.sg