

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

**INTRODUCTION**

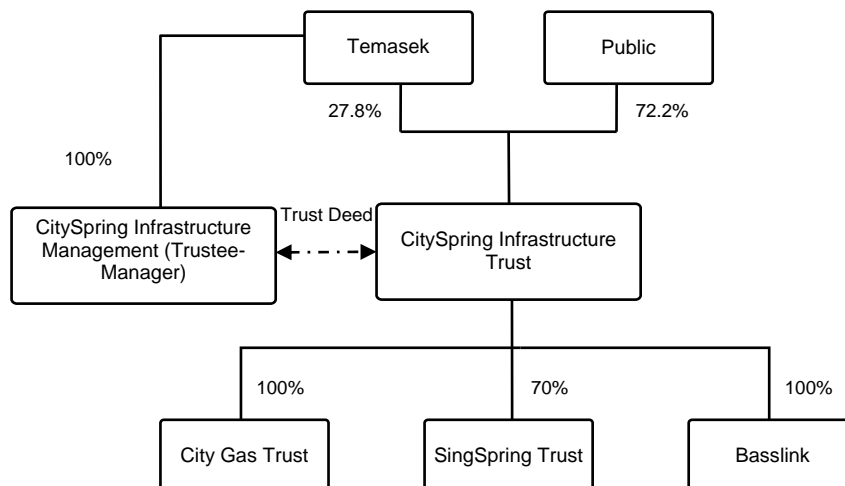
CitySpring Infrastructure Trust ("CitySpring") was constituted under a trust deed dated 5 January 2007. CitySpring Infrastructure Management Pte. Ltd. ("Trustee-Manager") was appointed the Trustee-Manager. CitySpring was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 February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

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

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

CitySpring Group completed the acquisition of Basslink on 31 August 2007 from National Grid International Ltd for an enterprise value of A\$1,177 million (approximately S\$1,521 million). Basslink is a 370 km high voltage electricity interconnector between the electricity grids of the States of Tasmania and Victoria in Australia. 290 km of the link is laid under the Bass Strait, making Basslink the world's second longest undersea electricity transmission cable. Embedded in the interconnector are fibre optic cables. Basslink Telecoms Pty Ltd a wholly owned subsidiary of CitySpring successfully commercialised these cables when it commenced carrying commercial traffic on 3 July 2009.

The CitySpring Group is shown in the chart below.



**Background to Analysing Financial Statements**

**Cash earnings**

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

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

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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**INTRODUCTION (cont'd)**

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

**Hedging Rationale**

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

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

**Debt and gearing**

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

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

**Energy costs**

At City Gas Trust, its fuel costs consist mainly of the costs of natural gas which in turn are recoverable from the fuel component of the town gas tariffs determined by the Energy Market Authority. On a long term basis, changes in fuel costs are expected to have no impact on City Gas Trust as fuel costs are passed through to the end-users. However, at any point in time, the actual tariff may not exactly match fuel costs as tariff changes are subject to a periodic regulatory process whereas fuel prices change daily. Short term impact may therefore be evident if there are sharp changes in fuel prices.

At SingSpring Trust, its net energy costs for its first three years of commercial operations (December 2005 – December 2008) varied with the cost of fuel. To reduce the volatility of its exposure to changes in energy prices, SingSpring Trust contracted energy hedges. With effect from 16 December 2008, the above energy costs arrangement ceased and SingSpring Trust's energy cost has been rebased in accordance with the principles set out in the Water Purchase Agreement with the PUB.

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

**Other Income**

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

**Other gains / (losses) – net**

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

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**(i) Consolidated Income Statement**

	<b>1Q FY10</b>	<b>1Q FY09</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>82,833</b>	<b>99,371</b>	<b>(16.6)</b>
<b>Other income</b>	<b>623</b>	<b>1,543</b>	<b>(59.6)</b>
<b>Other gains - net</b>	<b>8,215</b>	<b>6,461</b>	<b>27.1</b>
<b>Expenses</b>			
Fuel and electricity costs	(22,837)	(35,659)	36.0
Transportation costs	(17,861)	(17,840)	(0.1)
Depreciation and amortisation	(12,785)	(14,069)	9.1
Staff costs	(4,227)	(4,838)	12.6
Operation and maintenance costs	(3,978)	(4,240)	6.2
Finance costs	(18,311)	(21,443)	14.6
Management fee	(873)	(940)	7.1
Other operating expenses	(6,103)	(7,918)	22.9
Total expenses	(86,975)	(106,947)	18.7
<b>Profit before income tax</b>	<b>4,696</b>	<b>428</b>	<b>N/M</b>
Income tax credit	19,662	7,926	148.1
<b>Net profit after tax</b>	<b>24,358</b>	<b>8,354</b>	<b>191.6</b>
<b>Attributable to:</b>			
Unitholders of the Trust	24,006	8,067	197.6
Minority interest	352	287	22.6
	<b>24,358</b>	<b>8,354</b>	<b>191.6</b>

N/M - Not meaningful

**(ii) Additional Information**

<b>EBITDA</b>	<b>35,402</b>	<b>34,676</b>	<b>2.1</b>
<b>Cash earnings<sup>1</sup></b>	<b>13,866</b>	<b>17,745</b>	<b>(21.9)</b>

<sup>1</sup> 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

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

(ii) Consolidated Statement of Comprehensive Income

	<b>1Q FY10</b>	<b>1Q FY09</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Net profit after tax</b>	<b>24,358</b>	<b>8,354</b>
<b>Other comprehensive income:</b>		
Hedging reserve:		
- Fair value gains on the cash flow hedge, net of tax	46,222	29,993
- Transfer to income statement	345	785
Net change in hedging reserve	46,567	30,778
Translation differences relating to financial statements of foreign subsidiaries	15,137	12,523
<b>Other comprehensive income for the period</b>	<b>61,704</b>	<b>43,301</b>
<b>Total comprehensive income for the period</b>	<b>86,062</b>	<b>51,655</b>
<b>Attributable to:</b>		
Unitholders of the Trust	85,440	49,629
Minority interest	622	2,026
	<b>86,062</b>	<b>51,655</b>

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**Balance Sheet (Group)**

	<b>30/06/09</b>	<b>31/03/09</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits	125,691	125,934
Derivative financial instruments	13,763	4,927
Trade and other receivables	40,994	43,956
Finance lease receivables	6,985	6,918
Inventories	12,506	12,379
Other current assets	3,473	1,488
<b>Total current assets</b>	<b>203,412</b>	<b>195,602</b>
<b>Non-current assets</b>		
Derivative financial instruments	83,747	14,806
Finance lease receivables	176,764	178,556
Other assets	4,581	4,030
Property, plant and equipment	1,180,775	1,079,389
Intangibles	442,934	441,187
<b>Total non-current assets</b>	<b>1,888,801</b>	<b>1,717,968</b>
<b>Total assets</b>	<b>2,092,213</b>	<b>1,913,570</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Derivative financial instruments	9,421	8,760
Trade and other payables	63,239	68,665
Current tax liabilities	2,445	2,443
Borrowings	9,051	9,164
<b>Total current liabilities</b>	<b>84,156</b>	<b>89,032</b>
<b>Non-current liabilities</b>		
Derivative financial instruments	17,917	19,723
Borrowings	1,648,031	1,547,952
Notes payable to minority unitholder	15,000	15,000
Deferred tax liabilities	23,800	23,739
Other non-current liabilities	77,299	69,602
<b>Total non-current liabilities</b>	<b>1,782,047</b>	<b>1,676,016</b>
<b>Total liabilities</b>	<b>1,866,203</b>	<b>1,765,048</b>
<b>Net assets</b>	<b>226,010</b>	<b>148,522</b>
<b>EQUITY</b>		
<b>Unitholders' funds</b>		
Units in issue	451,157	451,157
Hedging reserve	(58,982)	(105,279)
Translation reserve	(29,420)	(44,557)
Accumulated losses	(150,057)	(165,489)
	212,698	135,832
Minority interest	13,312	12,690
<b>Total unitholders' funds</b>	<b>226,010</b>	<b>148,522</b>

**Note:**

The Group adopts an active risk management strategy and where appropriate would enter into contracts to protect its cash flow. This policy is consistent with the Group's stated objective of delivering regular and stable distributions to unitholders. Accounting standards require movements in the fair value of held for trading contracts to be recorded in the income statement and of hedging contracts to be recognised in the hedging reserve. At 30 June 2009, the Group had a hedging reserve of negative S\$59.0 million (31 March 2009: negative S\$105.3 million). The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group's business.

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**Balance Sheet (Trust)**

	30/06/09	31/03/09
	S\$'000	S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits	32,233	35,241
Derivative financial instruments	-	*
Trade and other receivables	333,473	333,400
Other current assets	10	28
<b>Total current assets</b>	<b>365,716</b>	<b>368,669</b>
<b>Non-current assets</b>		
Long-term receivables	230,570	230,570
Investment in subsidiaries	155,135	155,135
<b>Total non-current assets</b>	<b>385,705</b>	<b>385,705</b>
<b>Total assets</b>	<b>751,421</b>	<b>754,374</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,471	1,351
Current tax liabilities	39	37
<b>Total current liabilities</b>	<b>1,510</b>	<b>1,388</b>
<b>Non-current liabilities</b>		
Borrowings	364,039	363,389
<b>Total non-current liabilities</b>	<b>364,039</b>	<b>363,389</b>
<b>Total liabilities</b>	<b>365,549</b>	<b>364,777</b>
<b>Net assets</b>	<b>385,872</b>	<b>389,597</b>
<b>EQUITY</b>		
<b>Unitholders' funds</b>		
Units in issue	451,157	451,157
Accumulated losses	(65,285)	(61,560)
<b>Total unitholders' funds</b>	<b>385,872</b>	<b>389,597</b>

\* - Amount less than S\$1,000

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

	30/06/09	31/03/09
	S\$'000	S\$'000
<b>Secured bank loans</b>		
Amount repayable within one year	9,051	9,164
Amount repayable after one year	1,648,031	1,547,952
	<b>1,657,082</b>	<b>1,557,116</b>

**Details of any collateral at CitySpring**

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

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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**Consolidated Cash Flow Statement**

	<b>1Q FY10</b>	<b>1Q FY09</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net profit after tax	24,358	8,354
Adjustments for:		
Income tax credit	(19,662)	(7,926)
Depreciation and amortisation	12,785	14,069
Finance costs	18,311	21,443
Interest income	(390)	(1,264)
Fair value gain on derivative financial instruments	(7,945)	(3,577)
Property, plant and equipment written off	4	-
Loss on disposal of property, plant and equipment	-	44
Unrealised translation loss	7,047	1,014
Operating cash flow before working capital changes	34,508	32,157
Changes in working capital :		
Trade and other receivables	2,520	(2,257)
Inventories	(127)	588
Trade and other payables	(8,949)	1,129
<b>Cash generated from operations</b>	<b>27,952</b>	<b>31,617</b>
Interest received	386	1,260
Interest paid	(14,505)	(18,137)
<b>Net cash generated from operating activities</b>	<b>13,833</b>	<b>14,740</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(500)	(226)
Proceeds from sale of property, plant and equipment	-	66
<b>Net cash used in investing activities</b>	<b>(500)</b>	<b>(160)</b>
<b>Cash flows from financing activities</b>		
Increase in restricted cash	(3,920)	(1,012)
Repayment of borrowings	(2,366)	(699)
Distributions paid to unitholders of the Trust	(8,574)	(7,839)
Distributions paid by subsidiary to minority unitholder	-	(741)
<b>Net cash used in financing activities</b>	<b>(14,860)</b>	<b>(10,291)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,527)</b>	<b>4,289</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>96,848</b>	<b>68,064</b>
Effect of currency translation on cash and cash equivalents	(2,636)	1,024
<b>Cash and cash equivalents at end of the period (Note a)</b>	<b>92,685</b>	<b>73,377</b>

**Note a:**

	<b>30/6/09</b>	<b>30/6/08</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and short term deposits as at 30 June	125,691	112,307
Less: Restricted cash	(33,006)	(38,930)
Cash and cash equivalents	92,685	73,377

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



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**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**Group**

	← <b>Attributable to Unitholders of the Trust</b> →						
	Units in Issue S\$'000	Hedging Reserve S\$'000	Translation Reserve S\$'000	Accumulated Losses S\$'000	Total S\$'000	Minority Interest S\$'000	Total S\$'000
<b>2010</b>							
Balance as at 1 April 2009	451,157	(105,279)	(44,557)	(165,489)	135,832	12,690	148,522
Total comprehensive income for the quarter	-	46,297	15,137	24,006	85,440	622	86,062
Distributions paid	-	-	-	(8,574)	(8,574)	-	(8,574)
<b>Balance as at 30 June 2009</b>	<b>451,157</b>	<b>(58,982)</b>	<b>(29,420)</b>	<b>(150,057)</b>	<b>212,698</b>	<b>13,312</b>	<b>226,010</b>
<b>2009</b>							
Balance as at 1 April 2008	451,157	(3,555)	(6,376)	(81,715)	359,511	16,118	375,629
Total comprehensive income for the quarter	-	29,039	12,523	8,067	49,629	2,026	51,655
Distributions paid	-	-	-	(7,839)	(7,839)	(741)	(8,580)
<b>Balance as at 30 June 2008</b>	<b>451,157</b>	<b>25,484</b>	<b>6,147</b>	<b>(81,487)</b>	<b>401,301</b>	<b>17,403</b>	<b>418,704</b>

**Trust**

	Units in Issue S\$'000	Accumulated Losses S\$'000	Total S\$'000
	<b>2010</b>		
Balance as at 1 April 2009	451,157	(61,560)	389,597
Total comprehensive income for the quarter	-	4,849	4,849
Distributions paid	-	(8,574)	(8,574)
<b>Balance as at 30 June 2009</b>	<b>451,157</b>	<b>(65,285)</b>	<b>385,872</b>
<b>2009</b>			
Balance as at 1 April 2008	451,157	(55,127)	396,030
Total comprehensive income for the quarter	-	10,090	10,090
Distributions paid	-	(7,839)	(7,839)
<b>Balance as at 30 June 2008</b>	<b>451,157</b>	<b>(52,876)</b>	<b>398,281</b>

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

Not applicable.

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

	<b>30/06/09</b>	<b>31/03/09</b>
Total issued units	<u>489,965,504</u>	<u>489,965,504</u>

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

Not applicable.

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

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

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

Not applicable.

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

Yes.

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

On 1 April 2009, the Group adopted the following relevant new or revised Financial Reporting Standards (FRS)

- FRS 1 (revised 2008) – Presentation of financial statements

FRS 1 (revised 2008) requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from the components of comprehensive income taken directly to equity. These components taken directly to equity are presented in a separate Statement of Comprehensive Income.

- FRS 108 – Operating segments

FRS 108 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The reportable operating segments have not been changed as they are consistent with the internal reporting provided to the Board of Directors, the chief operating decision-maker of the Group. The measure of performance disclosed has been changed to cash earnings to align with the way the Board evaluates segment performance and decides on allocation of resources.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

- FRS 23 (revised 2007) – Amendment to FRS 23, Borrowing costs

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 qualifying asset as part of that asset.

The adoption of the above FRS does not have any significant impact on the accounting policies.

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

**Earnings per unit ('EPU') and distribution per unit ('DPU') for the financial period**

	<b>01/04/09 to 30/06/09</b>	<b>01/04/08 to 30/06/08</b>
(i) Weighted average number of units	489,965,504	489,965,504
(ii) Earnings per unit for the period based on the weighted average number of units in issue (cents) - Basic and diluted	4.90	1.65
(iii) Number of units issued at end of period	489,965,504	489,965,504
(iv) Distribution per unit for the period (cents)	1.75	1.75

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

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

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

	<b>Group</b>		<b>Trust</b>	
	<b>30/06/09</b>	<b>31/03/09</b>	<b>30/06/09</b>	<b>31/03/09</b>
Net asset value per unit (S\$)	0.43	0.28	0.79	0.80

The Group NAV per unit before hedging and translation reserves is S\$0.61 as at 30 June 2009 and S\$0.58 as at 31 March 2009.

The number of units used for computation of actual NAV per unit is 489,965,504 which is the number of units in issue as at 30 June 2009 and 31 March 2009.

The Group adopts an active risk management strategy and where appropriate would enter into contracts to protect its cash flow. This policy is consistent with the Group's stated objective of delivering regular and stable distributions to unitholders. Accounting standards require movements in the fair value of held for trading contracts to be recorded in the income statement and of hedging contracts to be recognised in the hedging reserve. At 30 June 2009, the Group had a hedging reserve of negative S\$59.0 million (31 March 2009: negative S\$105.3 million). The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group's business.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

**Income Statement**

At City Gas Trust, revenue was lower than the corresponding quarter due to lower tariffs charged in response to lower feedstock costs for gas production. Revenue from SingSpring was higher than the corresponding quarter due to rebasing of energy costs in accordance with the Water Purchase Agreement which was effective from 16 December 2008. At Basslink, revenue was higher due to higher CRSM<sup>2</sup> recorded during the current quarter compared to the corresponding quarter. Basslink revenue for the current quarter no longer includes revenue under the Telecoms Agreement ("TA") with the State of Tasmania. The TA was terminated to enable Basslink to launch its telecoms services. Basslink Telecoms commenced carrying commercial traffic on 3 July 2009.

Other gains – net for the current quarter comprises fair value gain on derivative financial instruments and currency translation gains or losses. Other gains – net for the corresponding quarter also included realised gain on derivative financial instruments.

Fuel and electricity costs are lower than the corresponding quarter due to lower fuel cost.

Depreciation and amortisation costs are lower than the corresponding quarter due to lower amortisation costs as the intangible – customer contract recognised in respect of the Telecoms Agreement was written off during the last financial year to pave the way for the commercialisation of the fibre optic cables (see above comment on Basslink Telecoms).

Finance costs were lower during the current quarter due to lower interest rates charged.

Other operating expenses were lower than the corresponding quarter mainly due to lower expenses incurred for marketing at City Gas Trust, property tax rebates received by the Group and lower other operating expenses incurred by the Group.

Income tax credit relates mainly to deferred tax asset recognised from acquired tax losses carried forward by a subsidiary.

**Cash earnings**

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

From quarter to quarter, there may be short-term fluctuations in the cash earnings of City Gas Trust due to a time-lag in the adjustment of gas tariffs to reflect actual fuel cost. Over a period of time, these fluctuations should leave City Gas Trust neutral to the effect of changes in fuel costs.

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

Basslink delivered a strong operating performance during the quarter, achieving 100% availability. Cumulative availability for the current calendar year up to 30 June 2009 is 99.66%. Based on its achieved cumulative availability for the quarter, Basslink received a facility fee of A\$16.7 million in the quarter.

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

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

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

**Balance Sheet (Group)**

As of 30 June 2009, the fair value of the derivative financial instruments has increased significantly over that at 31 March 2009. Derivative financial asset has increased from S\$19.7m at 31 March 2009 to S\$97.5 million at 30 June 2009. As a result hedging reserve has improved from negative S\$105.3 million at 31 March 2009 to negative S\$59.0 million at 30 June 2009.

The Australian dollar has strengthened against Singapore dollar by approximately 11% since 31 March 2009 and the translation reserve has accordingly been decreased from negative S\$44.6 million to negative S\$29.4 million.

**Consolidated Cash Flow Statement**

Net cash generated from operating activities of S\$13.8 million decreased by 6% over the corresponding quarter.

Cash and cash equivalents at 30 June 2009 of S\$92.7 million increased by 26% over the corresponding quarter.

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

No forecast statement for financial year 2010 has been disclosed.

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

The Group had announced that Basslink Telecoms commenced carrying commercial traffic on its fibre optic cables on 3 July 2009. Basslink Telecoms had already signed up several corporate customers and is in the process of finalising other contracts.

The underlying performance of the three assets in the Group is expected to continue to remain stable. Basslink and SingSpring have long-term contract with state-owned utilities.

City Gas Trust cash earnings could fluctuate depending on changes in tariffs in response to changes in fuel costs. Over time, these fluctuations should leave City Gas neutral to the effect of changes in fuel costs. Looking ahead, City Gas Trust will increase its gas tariff for households by 7.5% to 16.28 cents per kWh with effect from 1 August 2009. This is due to an increase in the cost of feedstock for gas production, brought about by higher prices for high sulphur fuel oil. The increase in gas tariff has been approved by the Energy Markets Authority.

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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**11. Distributions**

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

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

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

Any distributions declared for the current financial period	:	Yes
Amount	:	S\$8,574,396
Distribution period	:	From 01/04/2008 to 30/06/2008
Distribution type	:	Cash, Tax-Exempt Income
Distribution rate	:	1.75 Singapore cents per unit
Par value	:	Not applicable
Tax rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of CitySpring.

**(c) Date Payable** : 10 September 2009

**(d) Books closure date** : The Transfer Books and Register of CitySpring Infrastructure Trust will be closed from 5.00 p.m. on 26 August 2009 for the purposes of determining each unitholder's entitlement to the distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with units at 5.00 p.m. on 26 August 2009 will be entitled to the distribution to be paid on 10 September 2009.

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

Not applicable.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

**13. INTERESTED PARTY TRANSACTIONS**

Name of Interested Person	Aggregate value of all interested person transactions conducted during the financial period under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions conducted during the financial period under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus (excluding transactions less than \$100,000)
	<b>1QFY10</b>	<b>1QFY09</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>(a) Sales</b>		
Powergas Limited	1,138	976
SATS Catering Pte Ltd	817	1,060
<b>(b) Purchases</b>		
Aetos Security Management Pte Ltd	126	126
Gas Supply Pte Ltd <sup>3</sup>	19,192	31,511
Powergas Limited	18,699	19,055
SembCorp Power	1,249	1,509
SP Services Limited	2,989	2,929
Seraya Energy Pte Ltd <sup>4</sup>	-	3,289
<b>(c) Leasing of Assets (Rental Charges)</b>		
Powergas Limited	99	99
SP Services Limited	50	-
<b>(d) Management Fee Expense</b>		
CitySpring Infrastructure Management Pte. Ltd.	951	940

There are no interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) entered into by CitySpring Infrastructure Management Pte. Ltd. (as Trustee-Manager of CitySpring Infrastructure Trust) and its subsidiaries for the financial period ended 30 June 2009 and 30 June 2008.

<sup>3</sup> 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

<sup>4</sup> 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. SingSpring Trust and SEPL entered into a new energy supply agreement 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

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2009**

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

The Board of CitySpring Infrastructure Management Pte. Ltd. (as Trustee-Manager of CitySpring Infrastructure Trust) has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results of the Group for the quarter ended 30 June 2009 to be false or misleading in any material aspect.

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

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

Susanna Cher  
Company Secretary

Singapore  
11 August 2009