

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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**TABLE OF CONTENTS**

<b>Item No.</b>	<b>Description</b>	<b>Page No.</b>
	Introduction	1 - 2
1(a)(i)	Consolidated Income Statement	3
1(a)(ii)	Consolidated Statement of Comprehensive Income	4
1(a)(iii)	Additional Information	4
1(b)(i)	Balance Sheets	5 - 6
1(b)(ii)	Aggregate amount of group's borrowings and debt securities	6
1(c)	Consolidated Cash Flow Statement	7
1(d)(i)	Statement of movements in unitholders' fund	8
1(d)(ii)	Details of any changes in the units	9
1(d)(iii)	Total number of issued shares excluding treasury shares	9
1(d)(iv)	Statement of movement in treasury shares	9
2 - 3	Review Statement	9
4 - 5	Changes in Accounting Policies	9
6	Earnings per unit ('EPU') and distribution per unit ('DPU')	10
7	Net asset value ("NAV") per unit	10
8	Review of Performance	11 - 12
9	Variance from forecast / prospect statement	13
10	Outlook & Prospects	13 - 14
11 - 12	Distribution	15
13	Interested Person Transactions	16 - 17
14	Confirmation by the Board	17

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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**INTRODUCTION**

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

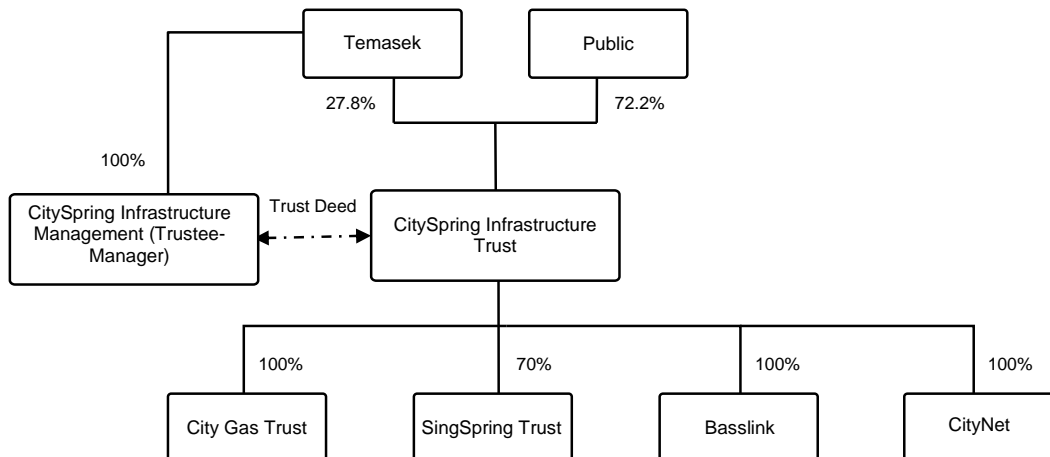
CitySpring's objective is to invest in infrastructure assets and to provide Unitholders with long-term regular and predictable distributions.

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

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

On 18 July 2011, the Trustee-Manager incorporated CityNet Infrastructure Management Pte. Ltd. ("CityNet") as a wholly-owned subsidiary of CitySpring. On 22 July 2011, the Trustee-Manager announced that CityNet was awarded a mandate to act as the trustee-manager of NetLink Trust ("NetLink Trust"). CityNet in its capacity as trustee-manager of NetLink Trust will carry on the business of owning, installing, operating and maintaining certain assets (transferred from Singapore Telecommunications Limited) for the purpose of facilitating telecommunication activities.

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 this more accurately reflects the cashflow generated by the businesses, and removes the effect of the accounting treatment of non-cash items on our financial statements.

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

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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**INTRODUCTION (cont'd)**

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

**Hedging Rationale**

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

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

**Debt and gearing**

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

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

**Energy costs**

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

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

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

**Other Income**

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

**Other gains / (losses) - net**

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

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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 FY12</b>	<b>1Q FY11</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>110,664</b>	<b>103,870</b>	<b>6.5</b>
<b>Other income</b>	<b>994</b>	<b>700</b>	<b>42.0</b>
<b>Other losses - net</b>	<b>(1,219)</b>	<b>(7,420)</b>	<b>83.6</b>
<b>Expenses</b>			
Fuel and electricity costs	(46,395)	(36,253)	(28.0)
Transportation costs	(20,136)	(18,745)	(7.4)
Depreciation and amortisation	(14,095)	(13,481)	(4.6)
Staff costs	(4,725)	(3,127)	(51.1)
Operation and maintenance costs	(7,129)	(5,200)	(37.1)
Finance costs	(22,299)	(21,031)	(6.0)
Management fees	(1,301)	(1,460)	10.9
Other operating expenses	(7,792)	(7,018)	(11.0)
Total expenses	(123,872)	(106,315)	(16.5)
<b>Loss before income tax</b>	<b>(13,433)</b>	<b>(9,165)</b>	<b>(46.6)</b>
Income tax expense	(862)	(12,691)	93.2
<b>Net loss after income tax</b>	<b>(14,295)</b>	<b>(21,856)</b>	<b>34.6</b>
<b>Loss attributable to:</b>			
Unitholders of the Trust	(14,574)	(22,096)	34.0
Non-controlling interest	279	240	16.2
	<b>(14,295)</b>	<b>(21,856)</b>	<b>34.6</b>

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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 FY12</b>	<b>1Q FY11</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Net loss after income tax</b>	<b>(14,295)</b>	<b>(21,856)</b>	<b>34.6</b>
<b>Other comprehensive (loss)/income:</b>			
Cash flow hedges:			
- Fair value losses	(3,881)	(31,044)	87.5
- Transfer to income statement	1,543	2,001	(22.9)
Currency translation differences relating to consolidation of foreign subsidiaries	799	(12,081)	N/M
<b>Other comprehensive loss, net of tax</b>	<b>(1,539)</b>	<b>(41,124)</b>	<b>96.3</b>
<b>Total comprehensive loss</b>	<b>(15,834)</b>	<b>(62,980)</b>	<b>74.9</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Unitholders of the Trust	(16,130)	(62,977)	74.4
Non-controlling interest	296	(3)	N/M
	<b>(15,834)</b>	<b>(62,980)</b>	<b>74.9</b>

**(iii) Additional information**

	<b>1Q FY12</b>	<b>1Q FY11</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>EBITDA</b>	<b>22,188</b>	<b>24,721</b>	<b>(10.2)</b>
<b>Cash earnings<sup>1</sup></b>	<b>3,626</b>	<b>17,800</b>	<b>(79.6)</b>
<b>Attributable to:</b>			
Unitholders of the Trust	2,561	16,803	(84.8)
Non-controlling interest	1,065	997	6.8

N/M - Not meaningful

<sup>1</sup> Cash Earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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

**Balance Sheet (Group)**

	<b>As at 30 Jun 2011</b>	<b>As at 31 Mar 2011</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits	142,839	159,094
Derivative financial instruments	8,720	9,694
Trade and other receivables	50,823	49,802
Finance lease receivables	7,575	7,505
Inventories	13,208	13,184
Other current assets	9,648	3,565
<b>Total current assets</b>	<b>232,813</b>	<b>242,844</b>
<b>Non-current assets</b>		
Derivative financial instruments	73,867	77,993
Finance lease receivables	161,928	163,863
Other assets	3,875	4,005
Property, plant and equipment	1,233,428	1,234,503
Intangibles	425,571	428,063
<b>Total non-current assets</b>	<b>1,898,669</b>	<b>1,908,427</b>
<b>Total assets</b>	<b>2,131,482</b>	<b>2,151,271</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Derivative financial instruments	2,311	3,065
Trade and other payables	77,239	80,812
Current tax liabilities	106	84
Borrowings	279,477	279,182
<b>Total current liabilities</b>	<b>359,133</b>	<b>363,143</b>
<b>Non-current liabilities</b>		
Derivative financial instruments	12,894	13,435
Borrowings	1,298,560	1,287,065
Notes payable to non-controlling interest	15,000	15,000
Deferred tax liabilities	24,464	24,700
Other payables	90,602	90,616
<b>Total non-current liabilities</b>	<b>1,441,520</b>	<b>1,430,816</b>
<b>Total liabilities</b>	<b>1,800,653</b>	<b>1,793,959</b>
<b>Net assets</b>	<b>330,829</b>	<b>357,312</b>
<b>UNITHOLDERS' FUNDS</b>		
Units in issue	680,245	680,245
Hedging reserve	(59,140)	(56,785)
Translation reserve	(15,690)	(16,489)
Accumulated losses	(284,449)	(259,586)
	320,966	347,385
Non-controlling interest	9,863	9,927
<b>Total unitholders' funds</b>	<b>330,829</b>	<b>357,312</b>

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

**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)**

	As at 30 Jun 2011	As at 31 Mar 2011
	S\$'000	S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits	69,143	74,389
Trade and other receivables	287,078	287,019
Other current assets	2,239	40
<b>Total current assets</b>	<b>358,460</b>	<b>361,448</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>744,165</b>	<b>747,153</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,559	1,689
Current tax liabilities	106	83
Borrowings	142,201	141,931
<b>Total current liabilities</b>	<b>143,866</b>	<b>143,703</b>
<b>Total liabilities</b>	<b>143,866</b>	<b>143,703</b>
<b>Net assets</b>	<b>600,299</b>	<b>603,450</b>
<b>UNITHOLDERS' FUNDS</b>		
<b>Unitholders' funds</b>		
Units in issue	680,245	680,245
Accumulated losses	(79,946)	(76,795)
<b>Total unitholders' funds</b>	<b>600,299</b>	<b>603,450</b>

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

	As at 30 Jun 2011	As at 31 Mar 2011
	S\$'000	S\$'000
<b>Secured bank loans</b>		
Amount repayable within one year	279,477	279,182
Amount repayable after one year	1,298,560	1,287,065
	<b>1,578,037</b>	<b>1,566,247</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.

The CitySpring corporate loan and City Gas Trust loan which matures in August 2011 and February 2012 have been refinanced in June 2011 and their loan maturities have been extended to August 2014 and February 2014 respectively. The new loans will only be drawn down upon the maturities of the existing loans in August 2011 and February 2012.

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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

**Consolidated Cash Flow Statement**

	<b>1Q FY12</b>	<b>1Q FY11</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Net loss after income tax	(14,295)	(21,856)
Adjustments for:		
Income tax expense	862	12,691
Depreciation and amortisation	14,095	13,481
Finance costs	22,299	21,031
Interest income	(774)	(626)
Fair value loss on derivative financial instruments	1,488	6,112
Property, plant and equipment written off	3	-
Gain on disposal of property, plant and equipment	(4)	-
Unrealised translation (gain)/loss	(36)	231
Operating cash flow before working capital changes	23,638	31,064
Changes in working capital :		
Inventories	(24)	(115)
Trade and other receivables	(1,446)	4,253
Trade and other payables	(4,195)	(4,808)
<b>Cash generated from operations</b>	<b>17,973</b>	<b>30,394</b>
Interest received	915	675
Interest paid	(17,932)	(17,341)
Income tax paid	-	(1,073)
<b>Net cash generated from operating activities</b>	<b>956</b>	<b>12,655</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(706)	(68)
Proceeds from sale of property, plant and equipment	4	-
<b>Net cash used in investing activities</b>	<b>(702)</b>	<b>(68)</b>
<b>Financing activities</b>		
Increase in restricted cash	(1,755)	(445)
Repayment of borrowings	(2,370)	(2,250)
Payment of loan upfront fee	(3,799)	-
Distributions paid to unitholders of the Trust	(10,289)	(10,289)
Distributions paid by subsidiary to non-controlling interest	(360)	(360)
<b>Net cash used in financing activities</b>	<b>(18,573)</b>	<b>(13,344)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,319)</b>	<b>(757)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>98,825</b>	<b>98,928</b>
Effect of currency translation on cash and cash equivalents	102	(1,986)
<b>Cash and cash equivalents at end of the period (Note a)</b>	<b>80,608</b>	<b>96,185</b>

**Note a:**

	<b>As at 30 Jun 2011</b>	<b>As at 30 Jun 2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and short term deposits as at 30 Jun	142,839	128,657
Less: Restricted cash	(62,231)	(32,472)
<b>Cash and cash equivalents</b>	<b>80,608</b>	<b>96,185</b>

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



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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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

<u>Group</u>	Attributable to Unitholders of the Trust					Non-controlling Interest	Total
	Units in Issue	Hedging Reserve	Translation Reserve	Accumulated Losses	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
<b>2012</b>							
Balance as at 1 Apr 2011	680,245	(56,785)	(16,489)	(259,586)	347,385	9,927	357,312
Total comprehensive (loss)/income	-	(2,355)	799	(14,574)	(16,130)	296	(15,834)
<u>Contributions by and distributions to owners</u>							
Distributions paid	-	-	-	(10,289)	(10,289)	(360)	(10,649)
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	(10,289)	(10,289)	(360)	(10,649)
<b>Balance as at 30 Jun 2011</b>	<b>680,245</b>	<b>(59,140)</b>	<b>(15,690)</b>	<b>(284,449)</b>	<b>320,966</b>	<b>9,863</b>	<b>330,829</b>
<b>2011</b>							
Balance as at 1 Apr 2010	680,245	(49,920)	(16,633)	(195,354)	418,338	10,357	428,695
Total comprehensive loss	-	(28,800)	(12,081)	(22,096)	(62,977)	(3)	(62,980)
<u>Contributions by and distributions to owners</u>							
Distributions paid	-	-	-	(10,289)	(10,289)	(360)	(10,649)
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	(10,289)	(10,289)	(360)	(10,649)
<b>Balance as at 30 Jun 2010</b>	<b>680,245</b>	<b>(78,720)</b>	<b>(28,714)</b>	<b>(227,739)</b>	<b>345,072</b>	<b>9,994</b>	<b>355,066</b>

Trust

	Units in Issue	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
	<b>2012</b>		
Balance as at 1 Apr 2011	680,245	(76,795)	603,450
Total comprehensive income	-	7,138	7,138
<u>Contributions by and distributions to owners</u>			
Distributions paid	-	(10,289)	(10,289)
<b>Total transactions with owners in their capacity as owners</b>	-	(10,289)	(10,289)
<b>Balance as at 30 Jun 2011</b>	<b>680,245</b>	<b>(79,946)</b>	<b>600,299</b>
<b>2011</b>			
Balance as at 1 Apr 2010	680,245	(71,032)	609,213
Total comprehensive income	-	6,600	6,600
<u>Contributions by and distributions to owners</u>			
Distributions paid	-	(10,289)	(10,289)
<b>Total transactions with owners in their capacity as owners</b>	-	(10,289)	(10,289)
<b>Balance as at 30 Jun 2010</b>	<b>680,245</b>	<b>(74,721)</b>	<b>605,524</b>

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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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.**

	As at 30/06/11	As at 31/03/11
Total issued units	979,931,008	979,931,008

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those described in the audited financial statements for the financial year ended 31 March 2011.

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

With effect from 1 April 2011, the Group adopted the following new or amended Singapore Financial Reporting Standards ("FRS") which are relevant to the Group's operations:

- FRS 24 (revised) Related Party Disclosures

The adoption of the above FRS does not have any significant impact on the financial statements as it is a disclosure standard.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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

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

	<b>1Q FY12</b>	<b>1Q FY11</b>
(i) Weighted average number of units	979,931,008	979,931,008
(ii) Loss per unit for the period based on the weighted average number of units in issue (cents)		
- Basic and diluted	(1.49)	(2.25)
(iii) Number of units issued at end of period	979,931,008	979,931,008
(iv) Distribution per unit for the period (cents)	1.05	1.05

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

	<b>1Q FY12</b>	<b>1Q FY11</b>
Cash earnings per unit for the period based on the weighted average number of units in issue (cents)		
- Basic and diluted	0.26	1.71

Cash Earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest.

**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>30/06/11</b>	<b>31/03/11</b>	<b>30/06/11</b>	<b>31/03/11</b>
Net asset value per unit (cents)	32.8	35.4	61.3	61.6

The Group NAV per unit before hedging and translation reserves is 40.4 cents as at 30 June 2011 and 42.9 cents as at 31 March 2011.

The number of units used for computation of actual NAV per unit is 979,931,008 which is the number of units in issue as at 30 June 2011 and 31 March 2011.

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 2011, the Group had a hedging reserve of negative S\$59.1 million (31 March 2011: negative S\$56.8 million). The fair value movements in hedging reserve are non-cash and do not reflect the fundamental value of the Group’s businesses.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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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.**

**8.1 Income Statement (1Q FY12 vs 1Q FY11)**

**Revenue**

Group revenue for 1Q FY12 was S\$110.7 million which was S\$6.8 million higher than 1Q FY11.

At City Gas Trust, revenue of S\$81.3 million in 1Q FY12 was higher than its revenue of S\$75.2 million in 1Q FY11 due mainly to higher volume of town gas and natural gas sold.

SingSpring's revenue of S\$9.4 million in 1Q FY12 was lower than its revenue of S\$10.6 million in 1Q FY11. The lower revenue was due to lower dispatch of 26% for 1Q FY12 compared to 37% for 1Q FY11.

Basslink's revenue of A\$15.1 million (approximately S\$19.9 million) in 1Q FY12 was higher compared to A\$14.7 million (approximately S\$18.0 million) in 1Q FY11. Increase in revenue from its telecoms services was offset by higher negative CRSM<sup>2</sup>.

**Other income**

This comprises interest income and other miscellaneous income. Other income for 1Q FY12 was S\$1.0 million which was higher than S\$0.7 million recorded in 1Q FY11 due mainly to higher interest income.

**Other losses – net**

Other losses – net of S\$1.2 million in 1Q FY12 and S\$7.4 million in 1Q FY11 were mainly due to fair value movement on derivative financial instruments and currency translation movements.

**Operating Expenses**

Fuel and electricity costs of S\$46.4 million in 1Q FY12 were higher than the costs of S\$36.3 million in 1Q FY11 due mainly to higher fuel cost incurred for City Gas Trust.

Depreciation and amortisation costs were S\$14.1 million and S\$13.5 million in 1Q FY12 and 1Q FY11 respectively due to higher currency translation rate applied in the current period.

Finance costs of S\$22.3 million in 1Q FY12 were higher compared to S\$21.0 million in 1Q FY11 due to higher currency translation rate applied in the current period.

Other operating expenses were S\$7.8 million and S\$7.0 million in 1Q FY12 and 1Q FY11 respectively.

**Income tax**

Income tax expense for 1Q FY12 and 1Q FY11 were due mainly to deferred tax liability resulting from derecognition of previously recognised acquired tax losses of a subsidiary entity.

**Cash earnings**

1Q FY12 cash earnings was S\$3.6 million which was S\$14.2 million lower than in 1Q FY11.

City Gas Trust recorded cash earnings of S\$4.1 million in 1Q FY12 compared to S\$13.1 million in 1Q FY11. City Gas Trust's short term profit margins can be affected by movements in fuel costs. This is because City Gas Trust can only change the tariffs at which it charges its customers once every three months, whereas fuel costs fluctuate on the open market more frequently. From quarter to quarter, there is therefore potentially a mis-match between City Gas Trust's fuel costs and tariffs, although the tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time. Also loan upfront fees of S\$1.7 million was paid for the refinancing of its loan. City Gas Trust has obtained approval from the authority to increase its general tariff by 9% with effect from 1 August 2011.

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<sup>2</sup> Commercial Risk Sharing Mechanism ("CRSM") is a mechanism provided under the Basslink Services Agreement ("BSA") between Hydro Tasmania and Basslink for the sharing of the market risk associated with participating in the National Electricity Market of Australia. The objective of the parties in setting this mechanism was for the net payments to be zero in the long term, though there is no assurance such objective could be met. However, in the short term, CRSM payments could fluctuate and affect the revenues of Basslink under the BSA. CRSM payments are based on the differences between the high and low Victorian electricity pool prices, subject to a maximum of a +25% increase (i.e., a payment to Basslink) and -20% decrease (i.e., a payment from Basslink) of the unadjusted facility fee under the BSA

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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

**8.1 Income Statement (1Q FY12 vs 1Q FY11) (cont'd)**

**Cash earnings (cont'd)**

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$4.4 million in 1Q FY12 compared to S\$4.1 million in 1Q FY11.

Basslink's cash earnings for 1Q FY12 was negative A\$0.5 million (approximately S\$0.6 million) compared to A\$2.5 million (approximately S\$3.0 million) in 1Q FY11. The lower cash earnings was due to negative CRSM payment which has been offset by higher contributions from Basslink Telecoms. CRSM was negative A\$4.9 million (approximately S\$6.4 million) for 1Q FY12 compared to negative A\$3.9 million (approximately S\$4.7 million) for 1Q FY11. Basslink also incurred costs of A\$1.9 million (approximately S\$2.5 million) for a marine cable survey which is required once in two years.

Loan upfront fees of S\$2.1 million for the refinancing of the corporate loan was paid during the quarter.

**8.2 Balance Sheet – Group**

Total assets as at 30 June 2011 was S\$2,131 million which was lower than total assets of S\$2,151 million as at 31 March 2011. This was mainly due to depreciation charges for property plant and equipment, amortisation charges for intangible assets other than goodwill and the effects of mark-to-market changes in the derivative financial instruments which was partially offset by a higher closing translation rate as at 30 June 2011 as compared with 31 March 2011.

Total liabilities as at 30 June 2011 was S\$1,801 million which was higher than total liabilities of S\$1,794 million as at 31 March 2011. This was mainly due to the effect of translation of overseas subsidiary liability balances at a higher closing rate at 30 June 2011 as compared with 31 March 2011.

The corporate loan of S\$142 million and City Gas Trust loan of S\$128 million are classified as current liabilities as they mature in August 2011 and February 2012 respectively. The Group has refinanced these loans in June 2011, extending their maturities to August 2014 and February 2014 respectively. The new loans will only be drawn down upon the maturities of the existing loans in August 2011 and February 2012.

Total unitholders funds as at 30 June 2011 was S\$331 million which was lower than total unitholders funds of S\$357 million as at 31 March 2011. This was mainly due to net loss after tax recorded for the financial quarter ended 30 June 2011, distribution to unitholders and the effects of mark-to-market changes in the derivative financial instruments on hedging reserve.

**8.3 Balance Sheet – Trust**

The S\$142 million corporate loan is classified as current liabilities as at 30 June 2011 as it matures in August 2011. The Trust has refinanced the corporate loan in June 2011, extending the maturity to August 2014.

**8.4 Cashflow**

Cash generated from operating activities was S\$1.0 million for 1Q FY12 as compared to S\$12.7 million for 1Q FY11. The lower cash generated was due to the lower cash earnings as explained in paragraph 8.1 (refer to the performance review of 1Q FY12 vs 1Q FY11). Net cash used in financing activities was S\$18.6 million comprising mainly distributions to Unitholders of CitySpring and non-controlling interest of a subsidiary and payment of loan upfront fees for the refinancing of the CitySpring corporate loan and the City Gas Trust senior term loan..

Cash and cash balances less restricted cash as at 30 June 2011 was S\$80.6 million which was a decrease of S\$15.6 million compared to S\$96.2 million as at 30 June 2010. This was mainly due to the A\$20 million (equivalent to S\$26.3 million) that CitySpring placed in an escrow account (which is included as restricted cash) for the benefit of Basslink.

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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

No forecast statement for financial year 2012 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**

**Group Operations**

Basslink and SingSpring have long-term contracts with state-owned utilities. Basslink Telecoms, which commenced services from July 2009, has sold capacity to several customers. In Singapore, the two integrated resorts, and the related growth in the tourism and hospitality related sectors should have a positive impact on town gas consumption.

Basslink Telecoms provides wholesale telecoms transmission services between Hobart and Melbourne in Australia. The Australian Competition and Consumer Commission ("ACCC") has issued an Interim Access Determination ("IAD") in respect of the declared Domestic Transmission Capacity Service ("DTCS") on 18 April 2011. Under the IAD, the ACCC has prescribed price terms for transmission services on certain routes. Basslink Telecoms is reviewing the impact of such regulation. The ACCC will commence its public inquiry into making a Final Access Determination for the DTCS by 31 December 2011.

City Gas Trust's cash earnings could fluctuate depending on changes in tariffs in response to changes in fuel costs. The tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time. City Gas Trust has announced on 30 June 2011 that it has obtained approval to increase gas tariff by 9%. In its announcement it was stated that fuel oil prices (in US dollars) have increased by 40% since November 2010, when the gas tariffs were last revised. As the Singapore dollar has appreciated vis-à-vis the US dollar, the increase in S\$ terms is 28%. This would have resulted in a 20% increase in gas tariff for the upcoming quarter. To cushion the impact on consumers, the Energy Market Authority has asked City Gas Trust to spread out the tariff increase over a longer period so that consumers will not experience a sharp increase in gas tariffs from 1 August 2011.

**Discussions with Hydro Tasmania regarding CRSM**

As disclosed since 1Q FY11, Basslink Pty Ltd ("Basslink") and Hydro Tasmania ("HT") are in discussions with regard to the interpretation of certain terms of the Basslink Services Agreement ("BSA") for the application to the CRSM calculations. The outcome of the discussions may have an impact on the CRSM calculations for calendar year 2009. Based on HT's purported interpretation of these terms, HT had claimed an additional A\$6.9 million in CRSM payment for calendar year 2009. The BSA contains dispute resolution procedures which can be activated to resolve matters such as those mentioned above. These procedures require a party to issue a dispute notice, and ultimately may require HT and Basslink to enter into arbitration. As announced on 20 September 2010, Basslink has received a dispute notice on 17 September 2010 on the CRSM matters and other alleged breaches of the BSA and consequently, the dispute resolution procedures will proceed.

Basslink and HT had entered into a standstill agreement on 10 February 2011, which provides a period until June 2011 in which both parties are to further negotiate in good faith a final settlement on the CRSM-related matters underlying the dispute resolution process and on a number of other issues including potential changes to the BSA relating to a new method of calculating the CRSM payment and the incentive adjustment payment, and to use best endeavours to obtain any necessary approvals to any agreed changes by the end of the standstill period. There is no assurance that the standstill agreement will lead into a final settlement. If there is no final settlement by the end of the standstill period, the standstill agreement will fall away and the dispute resolution process will resume and the matter may be referred to arbitration. This standstill agreement has been extended till 31 August 2011.

The Group has taken legal advice on these issues. No provision for any liabilities against Basslink arising from these discussions has been made in the financial statements. Basslink and HT have continued their discussions on how to resolve the matters without going through all of the dispute resolution process.

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 (cont'd)**

**S&P Credit Rating Update**

In August 2007, Basslink issued three bonds maturing in 2015, 2017 and 2019 ("Bonds"). The Bonds are rated BBB- and Baa2 by Standard & Poor's ("S&P") and Moody's, respectively. If their rating falls to BB+ or Ba1, Basslink may not make distributions to CitySpring. Over the last three financial years, Basslink has distributed an average of A\$4.7 million per quarter to CitySpring.

On 11 November 2010, S&P placed the Bonds' rating on "CreditWatch" with negative implications. This is due to, in S&P's view, increased vulnerability to debt-refinancing in 2015.

CitySpring established an A\$20 million escrow account for the benefit of Basslink in January 2011. On 10 February 2011, S&P removed the CreditWatch and affirmed the Bonds' rating at BBB- with a negative outlook.

The Trustee-Manager of CitySpring Infrastructure Trust takes the credit ratings, among other relevant factors, into account in its continuing review of the distribution policy.

**Capital Management**

The Trustee-Manager has completed a review of the capital structure of CitySpring and its subsidiaries to strengthen the Group's financial position and better place it for future growth. Following this review, the Trustee-Manager plans and is committed to reducing the debt at Basslink by A\$145 million (approximately S\$190 million) over time with the objective of maintaining an investment grade rating for Basslink's debt securities. The Trustee-Manager believes this can be achieved by way of cash injection, from internally generated cashflows of the Group or a combination thereof. The Trustee-Manager has announced on 30 June 2011 a renounceable rights issue to raise gross proceeds of approximately S\$210.2 million. The net proceeds of the Rights Issue of approximately S\$204.8 million will be used to reduce the gearing of the Group, with the flexibility to prepay or refinance the Bonds or to provide support for the refinancing of Basslink, as well as for the Group's general corporate purposes, in each case in such manner as the Trustee-Manager may determine. The Trustee-Manager has, on 15 July 2011, received in-principle approval from Singapore Exchange Securities Trading Limited (SGX-ST) for the listing and quotation of the rights units on the Main Board of the SGT-ST. This in-principle approval is subject to the approval of Unitholders at an Extraordinary General Meeting to be convened on 8 August 2011

**CityNet**

CityNet was awarded a mandate to act as the trustee-manager of NetLink Trust ("NetLink Trust") on 22 July 2011. Singapore Telecommunications Limited ("SingTel") undertook to the Infocomm Development Authority of Singapore ("IDA") to transfer certain telecommunications infrastructure assets to a separate wholly-owned entity, as part of the IDA's effective open access requirements. NetLink Trust was established to comply with this undertaking. The transfer will be funded by the issue of new units in NetLink Trust to SingTel, which will be the initial and sole unitholder of NetLink Trust, and a loan from SingTel. It is expected that the completion of the transfer will take place in September 2011.

Upon completion of the transfer, CityNet (in its capacity as trustee-manager of NetLink Trust) will carry on the business of owning, installing, operating and maintaining the assets for the purpose of facilitating telecommunication activities. NetLink Trust's customers will include telecommunication operators, such as SingTel and OpenNet. NetLink Trust's revenue will consist primarily of fees and charges from granting access to and use of the assets and providing related operation and maintenance services. Such revenue will be earned by NetLink Trust (and not CityNet).

CityNet's appointment as the trustee-manager of NetLink Trust is for an initial term of three years and may be extended or terminated in accordance with the trust deed dated 22 July 2011 constituting NetLink Trust. CityNet will receive an annual management fee of approximately S\$2.1 million, which will be for the account of CitySpring. All operating expenses incurred by CityNet in its capacity as trustee-manager of Netlink Trust will be borne by NetLink Trust.

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

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**11. Distributions**

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

Any distributions declared for the current financial period	:	Yes
Amount	:	S\$10,289,275
Distribution period	:	From 01/04/2011 to 30/06/2011
Distribution type	:	Cash, Tax-Exempt Income
Distribution rate	:	1.05 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\$10,289,275
Distribution period	:	From 01/04/2010 to 30/06/2010
Distribution type	:	Cash, Tax-Exempt Income
Distribution rate	:	1.05 Singapore cents per unit
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** : 31 August 2011

**(d) Books closure date** : The Transfer Books and Register of CitySpring Infrastructure Trust will be closed from 5.00 p.m. on 10 August 2011\* 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 10 August 2011 will be entitled to the distribution to be paid on 31 August 2011.

\* On 30 June 2011, the Trustee-Manager announced a renounceable rights issue to raise net proceeds of approximately S\$204.8 million (the "**Rights Issue**"). The Books Closure Date for the Rights Issue is 15 August 2011. The SGX-ST has granted a waiver of the requirement under Rule 704(25) of the SGX-ST Listing Manual that there must be at least eight market days between the dates on which books are closed. The waiver was granted on the ground that the earlier Books Closure Date for the distribution will give unitholders the option of receiving the distribution before deciding whether to participate in the Rights Issue or sell their entitlements under the Rights Issue.

**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 2011**

**13. INTERESTED PARTY TRANSACTIONS**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review excluding (1) transactions less than S\$100,000 and (2) transactions conducted under shareholders' mandate pursuant to Rule 920		Aggregate value of all interested person transactions conducted during the financial period under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus and Circular seeking unitholders approval for Basslink acquisition (excluding transactions less than S\$100,000)	
	1Q FY12 S\$'000	1Q FY11 S\$'000	1Q FY12 S\$'000	1Q FY11 S\$'000
<b>(a) Sales of Goods and Services</b>				
Temasek Holdings (Private) Limited and its Associates				
- Singapore Power Limited				
- Powergas Limited	-	-	317	292
- SATS Catering Pte Ltd	-	-	1,606	1,309
<b>(b) Reimbursement of expenses</b>				
Temasek Holdings (Private) Limited and its Associates				
- Singapore Power Limited				
- Powergas Limited	-	-	1,297	1,222
- CitySpring Infrastructure Management Pte. Ltd.	159	247	-	-
<b>(c) Purchases</b>				
Temasek Holdings (Private) Limited and its Associates				
- Aetos Security Management Pte Ltd	-	-	143	163 <sup>3</sup>
- Certis Cisco Security Pte Ltd	1,874 <sup>3,4</sup>	-	-	-
- Singapore Power Limited				
- Gas Supply Pte Ltd	-	-	44,180 <sup>5</sup>	29,990
- Powergas Limited	-	-	21,152	19,544
- SP Services Limited	-	-	3,641 <sup>6</sup>	3,376
- SembCorp Power	-	1	-	-
- SP Australia Networks				
- SPI PowerNet Pty Ltd	66	47	136	124
- SPI Networks Pty Ltd	29	22	-	-

<sup>3</sup> This relates to security manning services which a subsidiary has agreed to cost share in a contract with its operator and the security company

<sup>4</sup> This relates to the cost of additional security enhancement which a third party has agreed to bear in full

<sup>5</sup> This includes the value of purchases of additional natural gas under the supplemental gas purchase agreement dated 16 May 2008, as approved by independent unitholders at the extraordinary general meeting held on 3 July 2008

<sup>6</sup> This includes the value of services rendered by SP Services Limited under the renewed utilities support services agreement dated 1 June 2009 as approved by independent unitholders at the extraordinary general meeting held on 22 July 2009

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

**Financial Statement And Distribution Announcement for the Quarter ended 30 June 2011**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review excluding (1) transactions less than S\$100,000 and (2) transactions conducted under shareholders' mandate pursuant to Rule 920		Aggregate value of all interested person transactions conducted during the financial period under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus and Circular seeking unitholders approval for Basslink acquisition (excluding transactions less than S\$100,000)	
	1Q FY12 S\$'000	1Q FY11 S\$'000	1Q FY12 S\$'000	1Q FY11 S\$'000
<b>(d) Leasing of Assets (Rental charge)</b>				
Temasek Holdings (Private) Limited and its Associates				
- Singapore Power Limited				
- Powergas Limited	-	-	128	117
- SP Services Limited	-	-	67	60
<b>(e) Management Fee Expense (including Reimbursement of Expenses)</b>				
Temasek Holdings (Private) Limited and its Associates				
- CitySpring Infrastructure Management Pte. Ltd.	91	92	1,428	1,589

CitySpring Infrastructure Management Pte. Ltd. (as Trustee-Manager of CitySpring Infrastructure Trust) and its subsidiaries do not have a shareholders' mandate pursuant to Rule 920 in relation to interested party transactions for financial periods ended 30 June 2011 and 30 June 2010.

**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 2011 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  
1 August 2011