DELIVERING **GROWTH**
& SUSTAINABLE **VALUE**

Annual Report 2008

CITYSPRING
Infrastructure Trust

Contents

This Annual Report is printed on environmentally friendly paper

CORPORATE PROFILE

CitySpring Infrastructure Trust ("CitySpring") 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 Holdings (Private) Limited ("Temasek"), CitySpring has been 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 Trust ("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 Trust ("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, 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.

DELIVERING GROWTH

Asset growth	• The Basslink acquisition - a yield and value accretive investment, was announced within six months of the IPO.
Long-term, predictable cashflows	• Cash earnings achieved for the period 5 January 2007 to 31 March 2008 ("Financial Period") have been 113% higher than IPO projection.
Distribution growth	• CitySpring achieved a distribution per unit ("DPU") of 6.3 Singapore cents for the 12 months ended 31 March 2008, 5% or 0.3 Singapore cents per unit higher than the IPO projection. The Basslink acquisition will increase DPU by 16.7% to 7.0 Singapore cents per annum with effect from the quarter beginning 1 April 2008.
Strong sponsorship	• Temasek intends to remain as CitySpring's largest unitholder. • Temasek demonstrated its support towards CitySpring in the Basslink acquisition through the provision of a support for an equity bridge loan.

Long-term, Stable Distributions

CitySpring is committed to maximising the cash earnings of our portfolio assets so as to provide long-term, regular and predictable distributions to unitholders every quarter.

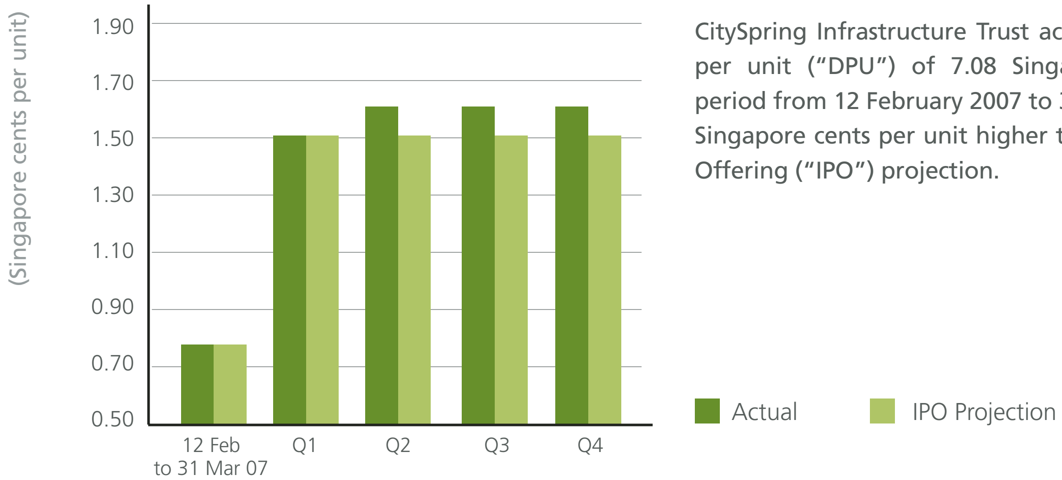
The earnings quality of CitySpring is bolstered by the long economic life of our assets, which are well-supported by long-term contracts with customers including Singapore's Public Utilities Board and Australia's Hydro Tasmania.

Our assets are crucial to the economies we operate in, providing essential gas, desalinated water and electricity transmission services to the general public. Our priorities are to ensure the safety of our people and the communities we serve as we manage and continuously enhance our assets to deliver the expected standards of service and reliability.

We seek to increase returns to unitholders by actively identifying and implementing initiatives that improve the cashflow of our existing assets.

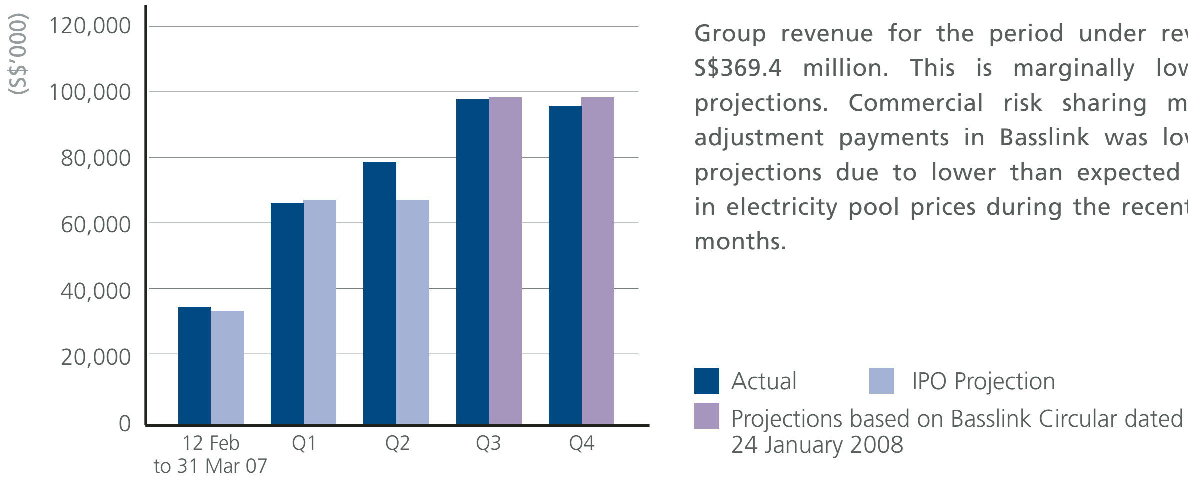
PERFORMANCE HIGHLIGHTS

Distribution Per Unit



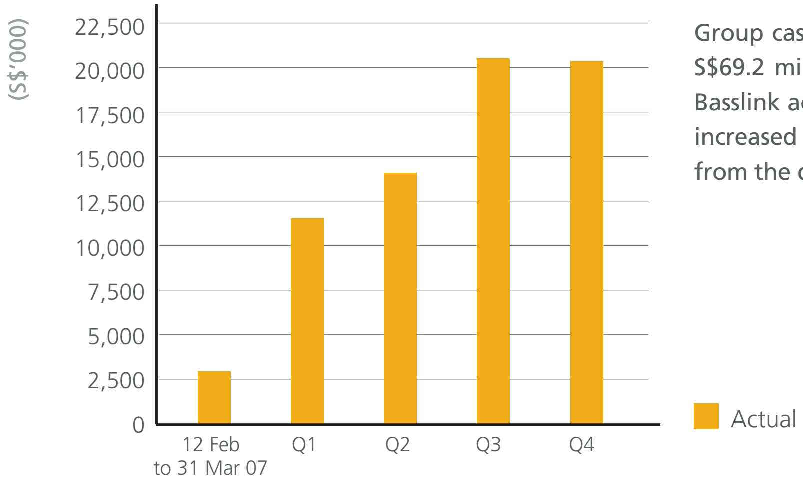
CitySpring Infrastructure Trust achieved a distribution per unit ("DPU") of 7.08 Singapore cents for the period from 12 February 2007 to 31 March 2008, or 0.3 Singapore cents per unit higher than the Initial Public Offering ("IPO") projection.

Group Revenue



Group revenue for the period under review was S$369.4 million. This is marginally lower than projections. Commercial risk sharing mechanism adjustment payments in Basslink was lower than projections due to lower than expected volatility in electricity pool prices during the recent summer months.

Group Cash Earnings[1]



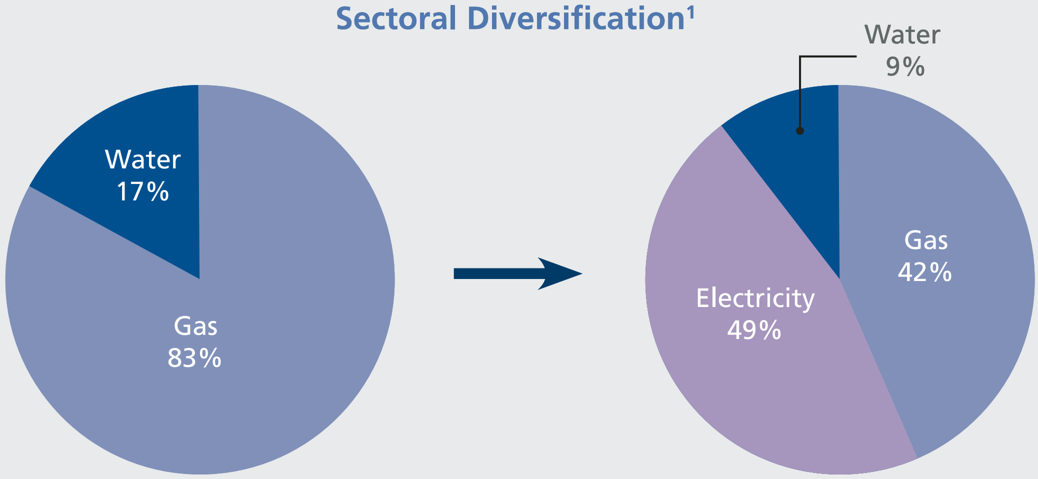
Group cash earnings for the period under review was S$69.2 million. Cash earnings has increased with the Basslink acquisition from September 2007. DPU will be increased to 7.0 Singapore cents per annum with effect from the quarter beginning 1 April 2008.

Q1 - 1 April to 30 June 07   Q2 - 1 July to 30 September 07   Q3 - 1 October to 31 December 07   Q4 - 1 January to 31 March 08

[1] *Cash earnings is defined as the aggregate of profit/(loss) before income tax adjusted for non-cash income and expenses and lease receivable repayment, after deduction of capital expenditure incurred and before principal repayment of debt for the period under review.*

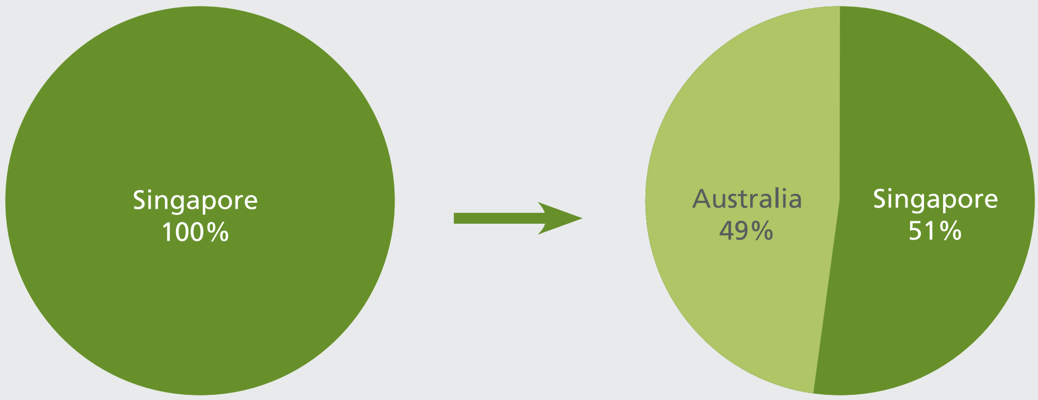
PERFORMANCE HIGHLIGHTS

Sectoral Diversification[1]



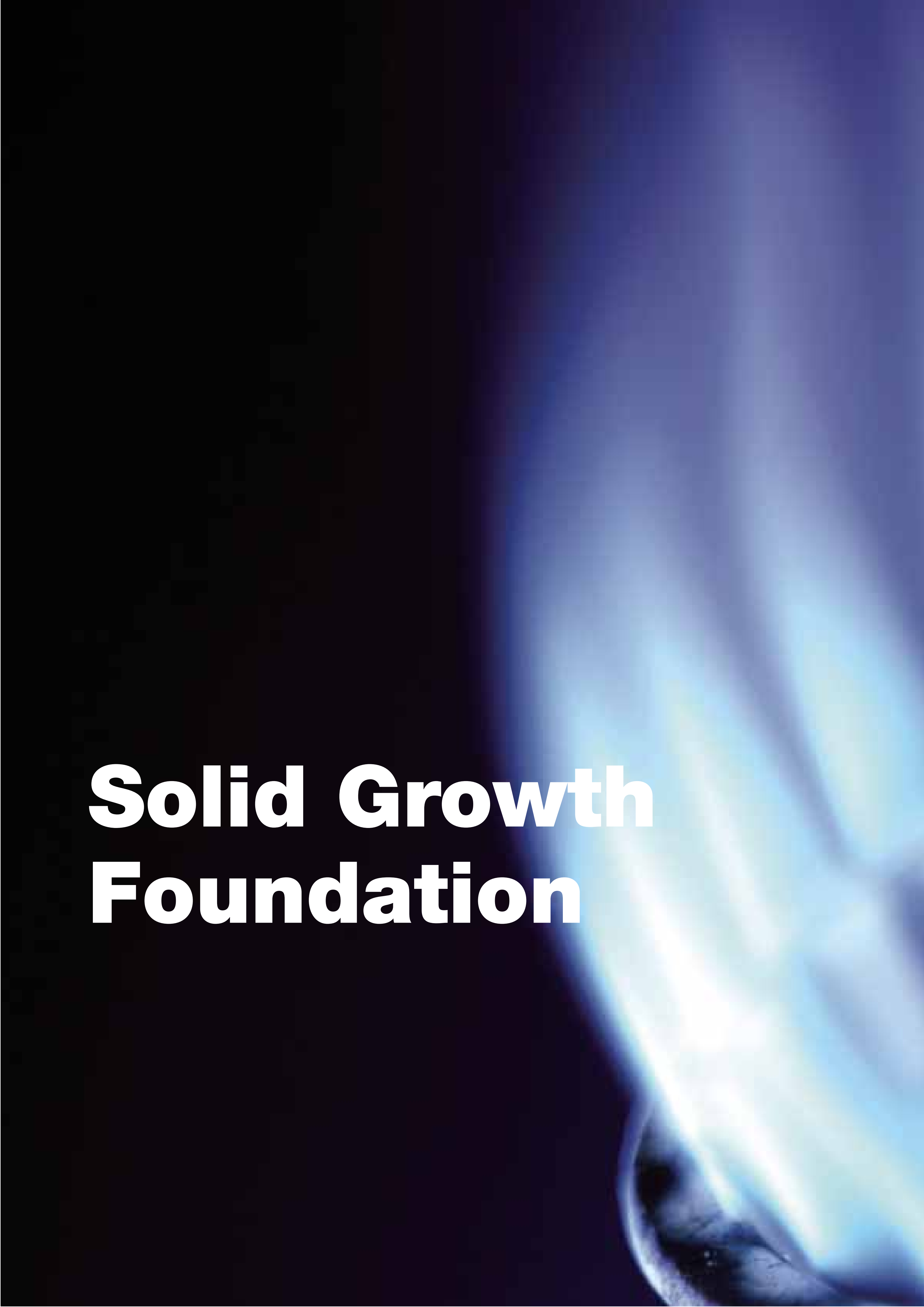
Of the three underlying assets of CitySpring, electricity transmission comprises the largest sectoral representation of 49%. Gas accounts for 42% and water desalination accounts for the remaining 9%.

Assets by Geography[1]



CitySpring's geographical footprint has been extended to Australia following the acquisition of Basslink. Singapore assets currently represents 51% of CitySpring's portfolio and the remaining 49% by the assets in Australia.

[1] *Based on the asset value of 100% of City Gas Trust and 70% of SingSpring Trust based on the mid-point of their respective independent valuations issued in connection with the IPO of CitySpring and 100% of Basslink's enterprise value less net debt.*



Solid Growth Foundation

Although CitySpring is relatively young, we are actively pursuing yield and value accretive investments by leveraging on our extensive business networks and relationships to seek investment opportunities in the global infrastructure sector that have the potential to contribute to our growth.

Our acquisition of Basslink testifies to our ability to expand our geographical footprint and deliver on our strategy to grow. We have an active pipeline of both yield and value-enhancing investment opportunities that will help us grow through acquisitions.

In addition to acquisitions, organic growth through our continuous enhancement of our existing assets also forms a key element of our growth strategy.

CHAIRMAN'S STATEMENT

"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. We believe, over time, investors would benefit from accretive acquisitions as well as organic growth of assets in the CitySpring portfolio."

Dear Unitholders,

I am pleased to present to you the inaugural annual report for CitySpring Infrastructure Trust ("CitySpring"), the first infrastructure business trust to be publicly listed in Asia. This report covers the period from 12 February 2007 (the date of our listing on the Main Board of Singapore Exchange Securities Trading Limited) to 31 March 2008.

It has been a busy year for CitySpring and CitySpring Infrastructure Management Pte. Ltd. (the "Trustee Manager"). We launched CitySpring with an Initial Public Offering ("IPO") in January 2007. This was well received by the market – both in Singapore and abroad – and was more than 48 times subscribed. As a result, CitySpring now has a large and diverse investor base with more than 17,000 unitholders.

CitySpring was established by our Sponsor, Temasek Holdings (Private) Limited ("Temasek"), as an investment platform for both institutional and retail investors to participate in the growing demand for infrastructure in Asia and beyond. We believe, over time, investors would benefit from accretive acquisitions as well as organic growth of assets in CitySpring's portfolio.

Delivering Growth

At the IPO, we stated our objective for CitySpring – to provide long-term, regular and predictable distributions with the potential for long-term capital growth. This has not changed. From the outset, the Trustee Manager has been very focused on delivering growth and sustainable value for unitholders.

Our initial assets – City Gas Trust ("City Gas") and SingSpring Trust ("SingSpring") – have performed well post-listing. As a result of this strong performance, the Trustee Manager was able to raise distribution per unit ("DPU") for the 12-month period from April 2007 to March 2008 to 6.3 Singapore cents from the 6.0 Singapore cents projected at the IPO.

The Trustee Manager will continue to adopt an active portfolio management strategy, one that seeks to optimise CitySpring's capital structure, diversify its funding sources and minimise its cost of funding. We seek to strike an appropriate balance between risks and potential returns.

CHAIRMAN'S STATEMENT

As a business trust, CitySpring has been making distributions from its surplus cash, which are more than its accounting profits. These have met, and in some quarters surpassed, the level of distributions set out in the IPO prospectus.

In line with our acquisition growth strategy, CitySpring made a successful bid for Basslink in Australia within six months of its listing. Basslink – a 370km high-voltage, direct current electricity interconnector linking the States of Victoria and Tasmania – fits very well with our investment mandate which is to invest in quality assets with long term predictable cashflow.

CitySpring's unitholders approved the Basslink acquisition at an Extraordinary General Meeting on 19 February 2008. The Trustee Manager also announced on 28 May 2008 that it will be refinancing in full the S$370 million equity bridge loan obtained as part of its financing of the Basslink acquisition through a three-year term loan. DPU after the completion of the refinancing will be increased to 7.0 Singapore cents per annum with effect from the quarter beginning 1 April 2008. This is a 16.7% increase from the initial DPU of 6.0 Singapore cents at listing.

Strong Sponsor's Support

Our acquisition of Basslink would not have been possible without the strong support that we have received from our Sponsor, Temasek. This support enabled CitySpring to put together a fully-financed bid for Basslink.

Moving ahead, CitySpring will continue to gain from the experience, expertise and insights of Temasek in the infrastructure and financing space. We will also continue to tap on Temasek's business network and international reach to identify and assess acquisition opportunities.

In Alignment with Unitholders' Interests

Here, I would like to take the opportunity to address the issue of performance fees payable to the Trustee Manager. At the time of the IPO, the CitySpring Board wanted a performance fee structure that was in line with market practice, and which aligns the interests of the Trustee Manager with those of unitholders.

A fee structure based on 20% out-performance against a benchmark index[1] was developed. Based on historical data, this was in fact a higher bar to clear compared to the fixed absolute return of 8% which some other funds and business trusts have opted. Before the IPO was launched, we also sought the opinion of the global investment community to ensure that this fee structure is consistent with good practice.

The essence of the performance fee is that it is payable only if the CitySpring's unit price outperforms the benchmark index, and that any accumulated benchmark underperformance has to be made up before a performance fee can be paid. In addition, unlike some other listed trusts, the Trustee Manager does not receive any advisory fees or fees for acquisitions or asset disposals.

After the payment of the performance fee in April 2007, the formula works in such a way that there will have to be a significant appreciation in the unit price of CitySpring relative to the benchmark index before another performance fee is payable. The Trustee Manager thus has every incentive to grow CitySpring on a sustained basis through accretive acquisitions. This aligns the interests of the Trustee Manager with those of unitholders over the long term.

Acknowledgements

CitySpring has had a good start as a listed business trust. Many partners and stakeholders have played a key part in making this possible.

I thank my fellow Directors on the CitySpring Board for their dedication, counsel and perspective. As a Board, we have focused on areas that are important to unitholders including people, strategy, investments, risk management and compliance. Our success during the year would not have been possible without the commitment and hard work of the management and staff of the Trustee Manager. On behalf of the Board, I would like to thank them for their exceptional effort and commitment.

We are also grateful to our unitholders and long term investors who have shown the same commitment to partner us in building long term sustainable unitholder value. We are also grateful to our other partners, customers and business advisors who have all played a significant role in our success.

My Directors and I look forward to another successful year ahead.

Sunny Verghese
Chairman

3 June 2008

[1] *CitySpring's Benchmark Index is the MSCI Asia Pacific (ex-Japan) Utilities Index.*

CHIEF EXECUTIVE OFFICER'S REPORT

Since our listing on 12 February 2007, CitySpring Infrastructure Management Pte. Ltd. (the "Trustee Manager") has successfully executed CitySpring Infrastructure Trust's ("CitySpring" or the "Group") business plan and accomplished many of the goals that we set ourselves at the time of the listing. These include maximising the value of our businesses, seeking value and yield accretive acquisitions in line with our investment mandate, and ultimately growing our distributions to unitholders.

In this regard, our Group performed better than the projections made during the IPO by 113%, delivering cash earnings of S$69 million, although it is acknowledged the IPO projections included earnings from our Singapore businesses only. We announced a major acquisition within six months of our listing. With the completion of the transaction, Basslink has more than doubled our initial asset base, and will make very strong contributions to our distributable cashflow.

As Trustee Manager, all of our activities are designed to deliver long term sustainable value to our unitholders. One key performance measure is our growth in distribution per unit ("DPU"). Following our announcement on 28 May 2008, we have increased our DPU to 7 cents per annum starting from the quarter beginning 1 April 2008. From the date of our IPO, we have thus increased our DPU by 16.7% in just a little over a year. For the period under review, I am, however, aware that this has not been reflected by our unit price performance. I will address this issue later in this report.

Maximise the Value of Existing Businesses

City Gas Trust ("City Gas") and SingSpring Trust ("SingSpring") performed well during the year. It was from their strong performances that CitySpring was able to increase its DPU from 1.5 Singapore cents per quarter to 1.6 Singapore cents five months after these assets came under our management.

Our strategy for City Gas has been to enhance its sales and marketing, and at the same time, manage costs without affecting its long term competitiveness. Traditionally, our customers use gas mainly for cooking. We are encouraging them to use gas for other applications such as water heating and clothes drying, as running gas powered water heaters and clothes dryers is cheaper than using appliances that run on other forms of energy. In the residential sector, part of our strategy entails working with property developers to install gas pipelines and appliances in new apartments being built in Singapore. For our commercial/industrial customers, we recognise that they operate in a competitive environment, and that making the right choice for their energy needs is highly important. City Gas has been alert to the opportunities which are emerging from Singapore's rapidly changing business landscape and is working closely with all of its commercial/industrial customers to develop value added energy solutions. In the past year, we have gained a number of new corporate customers. A number of them are large international firms which have critical energy needs.

SingSpring is a strategic asset in Singapore's water supply, being officially designated as one of four "taps" or sources of water for the country. During the year under review, we have achieved 100% water production availability, and have met all requirements under our long term contract with the Public Utilities Board, including water quality.

Growth Through Acquisitions

A key driver of growth for CitySpring is through making acquisitions. During the last year, we reviewed numerous acquisition opportunities, particularly in Asia. We have been disciplined in screening out those opportunities that do not fit our requirement for long term stable cashflow, and yield and value accretion for our unitholders.

Against this background, we were able to announce our first acquisition, Basslink, on 31 July 2007, less than six months after our IPO, at earnings multiple[1] significantly lower than the average for similar transactions. We were attracted to Basslink, an undersea direct current electricity transmission cable linking Tasmania and mainland Australia, because of its stable cashflow protected by a long term agreement with a state-owned entity.

Basslink generates revenues by being "available" to carry electricity across the Bass Strait. For the calendar year 2007, it achieved availability of 98.8% which is above the target of 97% required to generate 100% of the revenue available for any calendar year.

[1] *Enterprise Value/EBITDA Multiple*

CHIEF EXECUTIVE OFFICER'S REPORT

A key feature of the transaction was the competitive financing that we obtained against volatile market conditions. When we submitted our final binding offer on 30 July 2007, we had a fully underwritten long term senior debt financing in place. The financing package of three tranches of A$ bonds, with tenors ranging from eight years to 12 years, was arranged by two leading financial institutions. Rated investment grade by both Standard & Poor's and Moody's, we obtained attractive pricing for these bonds. The transaction was closed on 31 August 2007 on exactly the same terms as those contemplated in our final offer, despite worsening conditions in the financial markets at that time.

Post acquisition, Basslink has been successfully integrated with the rest of the Group. We have, where appropriate, managed costs without affecting the long term value of the asset, and indeed, have recruited additional specialist staff to strengthen our pool of technical expertise to operate and maintain Basslink at the standards expected.

We are confident of our deal pipeline and are currently well placed to embark on our next acquisitions. Continuing uncertainty in the financial markets has created more acquisition opportunities and, from a buyer's perspective, is beginning to have a desirable effect on valuations. However, we will remain disciplined in assessing each of these opportunities, and would not hesitate to walk away from transactions which do not meet our unitholders' requirements. In a market facing tightening liquidity, we continue to find market appetite for funding for quality assets.

Capital Structure

Given the market conditions that we face, I thought that it would be appropriate for me to address the capital structure of the Group. Firstly, we do not have any short term refinancing needs (other than our equity bridge financing which will be refinanced as noted below). All of our businesses, including the recently acquired Basslink business, are fully funded with long term senior debt whose interest rates are all substantially hedged. Secondly, we have announced that we have entered into a three-year corporate loan facility to repay the S$370 million equity bridge financing that was used to fund part of the acquisition of Basslink. We believe that this action is in the best interest of the unitholders, and would not preclude us from considering other attractive financing options as they emerge.

Given that CitySpring and its subsidiaries raise non-recourse debt, structured specifically to match the cashflow profile of the underlying assets, traditional measures of leverage are not as 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 promptly and reliably. The fact that Basslink is rated investment grade by the ratings agencies is a good example of that philosophy.

Moreover, the strength of our portfolio is underlined by the fact that our distributions (now at 7 Singapore cents per annum effective from the quarter beginning 1 April 2008) are more than adequately covered by operating cashflow.

Engage the Global Investment Community

I am acutely aware that, during the year under review, our unit price performance has been disappointing. From a personal perspective, the disappointment is especially hard felt given that we have executed our business plan successfully, i.e. met or outperformed our projections, made a yield and value accretive acquisition and increased our distributions.

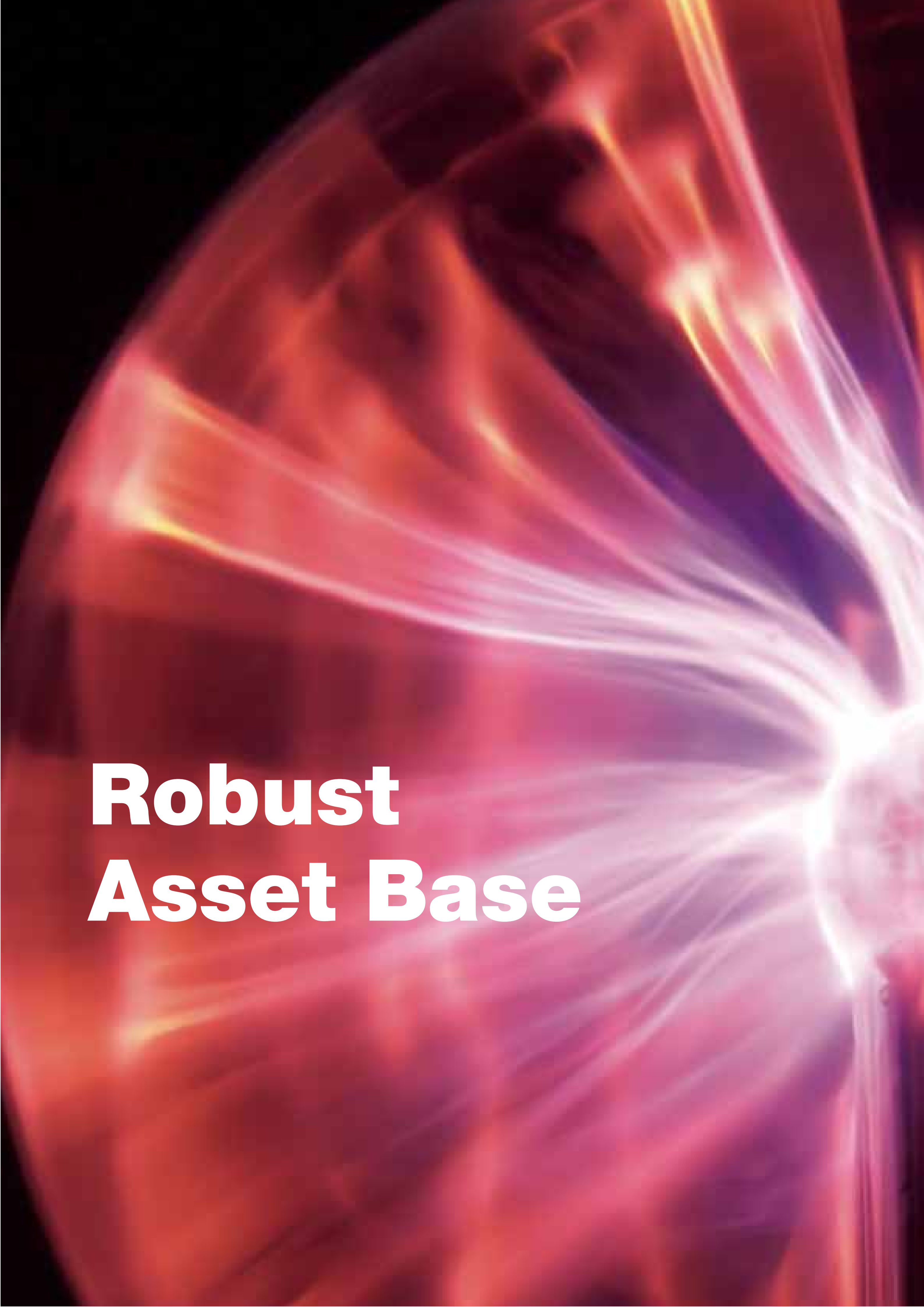
During the year, as we engaged investors and analysts from around the world, it has been clear that market sentiments have very severely affected investment decisions. Although these sentiments can change, for now, the entire business trust and related sectors have been affected. As a newly listed business trust, CitySpring's unit price could not escape the general market trend. Nevertheless, we continue to engage the global investment community to explain the strong fundamentals of our business. Our investor relations programme aims to reach out to all investors. In addition to institutional roadshows and meetings via various forums, on 15 December 2007, CitySpring held an investors' seminar for which a written invitation was extended to all of our unitholders. Over 300 of our unitholders attended the event. They were given the opportunity to ask questions of the Trustee Manager in an open forum. It is our intention to continue to find ways to further enhance our communication with all of our unitholders.

Ultimately, our goal remains to deliver long term value to our unitholders. Our strategy remains to enhance the value of our existing businesses and to create value through accretive acquisitions, delivering DPU growth.

We are confident that our unit price performance will reflect the strong fundamentals of our business and the long term attractive returns that CitySpring offers.

Au Yeung Fai
Chief Executive Officer

3 June 2008

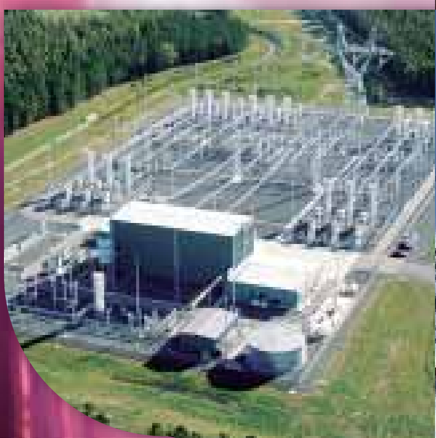


Robust Asset Base

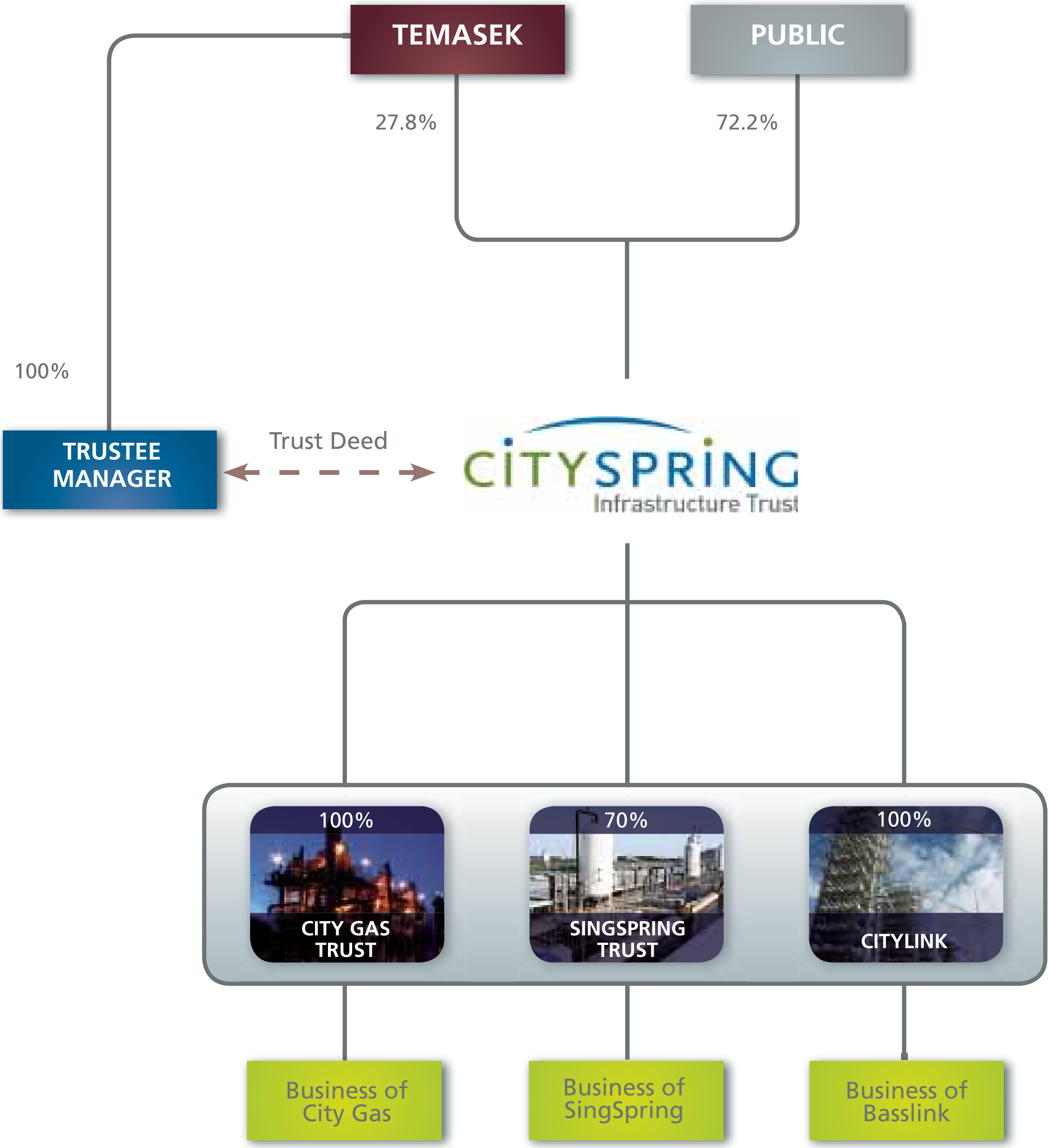
Our high-quality and diversified asset base is one of our competitive strengths.

From our initial businesses of City Gas Trust – Singapore's only producer and retailer of town gas, and SingSpring Trust – Singapore's sole water desalination plant operator, CitySpring has expanded both in terms of geography and sector with the acquisition of Basslink - electricity transmission interconnector between Tasmania and Victoria in Australia.

With the increased robustness of our earnings and the broadened asset base, we are well-positioned to continue delivering high-quality returns and value to our unitholders.



GROUP STRUCTURE



GROUP STRUCTURE

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

City Gas

The business track record 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 subsequently transferred to a unit of Singapore Power Limited, and after which, divested to City Gas.

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 network in Singapore. It owns the only town gas production facility in Singapore, Senoko Gasworks, with a capacity of 1.6 million m^3 per day. City Gas' piped town gas is currently widely utilised by a large customer base in the residential, commercial and industrial segments. 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 capacity of supplying up to 136,380 m^3 of desalinated potable water per day, the plant is an essential facility capable of 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.

In April 2003, SingSpring and Singapore's national water agency, the Public Utilities Board ("PUB"), entered into a long term 20-year Water Purchase Agreement commencing in December 2005 and expiring in December 2025.

SingSpring appointed Hyflux Engineering Pte. Ltd. in October 2003 as the operation and maintenance operator for a 20-year term.

Basslink

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

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

The Basslink interconnector also incorporates a 12-core fibre optic telecommunications cable. Eight cores of the 12-core fibre optic telecommunications cable are currently not utilised and have the potential to be commercialised in the future.

Basslink provides CitySpring with long term, regular and predictable revenues, 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.

OPERATIONS REVIEW

CITY GAS
aims to continue to provide safe, reliable and clean energy solutions to its customers so as to build on its brand and customer loyalty

(Top)
Senoko Gasworks harnesses cutting-edge technology and is equipped with the most advanced automation control system to deliver continuous gas supply.

(Bottom)
All of City Gas' production and storage facilities are closely monitored for safety, quality and reliability.

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 in Singapore by focusing on the needs of its customers, providing a high quality of service and offering value for money.

It aims to continue to provide safe, reliable and clean energy solutions to its customers so as to build on its brand and customer loyalty. It also 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 Infrastructure Trust ("CitySpring").

Earnings Review

For the financial period from 5 January 2007 to 31 March 2008 ("Financial Period"), City Gas performed well. Despite a rising fuel cost environment, cash earnings[1] at S$38.0 million was 16% higher than projections.

The improvements came from higher sales achieved on all its product segments – town gas, natural gas and liquefied petroleum gas ("LPG"). Total sales volume at 1,768 million kWh was 1.2% higher than projections.

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[1] *Cash earnings of a subsidiary asset is defined as the aggregate of profit/(loss) before income tax and interest paid on Notes issued to CitySpring adjusted for non-cash income and expenses, lease receivable repayment, after deduction of capital expenditure and before principal repayment of debt incurred for the period of review.*

OPERATIONS REVIEW

Market Overview

In Singapore, the gas market continues to grow in all segments. Within the residential segment of approximately 1.1 million households, about 770,000 households have piped access to town gas. Of this segment, approximately more than 75% of households are users of town gas.

In the commercial segment, competition remains intense, particularly for hawker centres and eating houses. Competition comes mainly from the LPG suppliers.

In the industrial segment, the food processing industry in particular is seeing strong competition as it traditionally tends to be more price sensitive given the choice customers in this industry have from town gas, LPG and diesel.

Operations Review

During the Financial Period, City Gas was granted three tariff adjustments by the Energy Market Authority ("EMA") in August 2007, November 2007 and February 2008 to cover increases in fuel costs.

City Gas continued to build on its market leading position in Singapore during the Financial Period and also kept its focus on acquiring new customers, retaining existing ones and growing with them to sustain its longer term growth. The number of customers grew by about 2% to reach about 595,000 as at the end of March 2008 as compared to the same period last year.

While town gas is traditionally used for cooking, City Gas launched various initiatives during the year to promote the usage of gas appliances such as water heaters and gas dryers among consumers. These gas appliances are positioned as being more energy efficient and environmentally friendly than similar appliances that run on other forms of energy.

City Gas worked with property developers and the Housing Development Board ("HDB") to provide piped access to town gas for usage of these gas appliances. It embarked on a series of marketing campaigns to promote the usage of its new 8-litre gas water heaters and gas clothes dryers among HDB households. One of City Gas' key successes in 2007 was the supply of the 8-litre gas water heaters to the new HDB Design Build Sell Scheme project. City Gas will continue to build on this success and translate it to other new developments.

(Top)
The City Gas Gallery carries a wide range of gas appliances, such as cooker hobs and hoods, burners, cookers, clothes dryers and water heaters.

(Middle)
Gas clothes dryers work faster than similiar appliances that run on other forms of energy and consume less energy.

(Bottom)
City Gas' piped town gas is a convenient source of fuel for customers such as hotels, restaurants, food courts and centres as well as bakeries.

OPERATIONS REVIEW

As an essential and integral piped gas supplier in Singapore for over a century, City Gas is strongly committed to providing excellent services to all its customers.

In reinforcing its strong partnerships with players in the food and beverages industry, City Gas has been the official town gas provider for the national event - Singapore Food Festival for three conservative years since 2005. For the first time last year, City Gas inaugurated the "City Gas Singapore Chef Awards" to recognise and award young talented chefs from various restaurants and hotels to create uniquely Singaporean dishes. This event was very well received by both the local and regional media.

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

Besides regular promotional sales, City Gas also worked closely with other gas appliances suppliers to host festive promotions at its showroom. These included promotions held in conjunction with Mother's Day, National Day and the year-end festive season.

City Gas held a technical seminar in October 2007 to showcase the usage of gas solutions. The event drew more than 300 housing design consultants, property developers and industry players. There was also an exhibition to showcase the latest gas solutions in cooking, water heating and other lifestyle products such as the mist bar. Following the success of the technical seminar, City Gas organised eight sessions of small group workshop "Green Energy Unlimited" for the consultants and engineers on the design of gas solutions such as central hot water heating system.

City Gas targeted marketing programmes on the use of gas-fired central hot water heating systems at new hotels and hospitals. In the year, central hot water heating using piped town gas was specified for six new hotels and the NUS Townhouse (which is part of the Youth Olympics Village). In view of record high tourist arrivals, existing hotels have planned for expansion and alteration to maximise room revenue. City Gas's central hot water heating system is an attractive solution to hotel owners in view of lower capital expenditure and ease of installation compared to alternatives.

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

In the area of customer service, City Gas conducted phase two of its customer service training for its staff and contractors last year. Excellent customer service is one of the competitive differentiators that City Gas is enjoying as compared to the other market players. Independent audits were conducted and the results showed that customers had rated services offered by City Gas better in 2007 than in 2006.

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 that City Gas was involved in included its participation in the Singapore Civil Defence Force Community Bonding Day 2007. This was held for members of the public to better understand

OPERATIONS REVIEW

the concept of emergency preparedness. City Gas also partnered Esplanade - Theatres on the Bay for the Pesta Raya Festival 2007 to reach out to six children's homes to create acrylic trees. City Gas also worked with a non-profit theatre company to organise an educational play on gas safety for school children and teachers.

Business outlook

As the sole licence holder from the EMA for the production and retailing of town gas, City Gas has been able to consistently maintain and 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 pipeline of new hotels to be developed in Singapore.

To increase gas consumption, City Gas is planning a series of multi-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 the other benefits such as convenience and safety.

The Gas Act (Cap. 116A) came into operation on 14 February 2008. The Act creates a new framework for the piped gas industry for natural gas and town gas, and makes provision for the safety, technical and economic regulation of the transportation and retail of gas. City Gas has applied to EMA, the Singapore gas industry regulator, and was granted a Gas Retailer Licence on 31 March 2008 and a Gas Shipper Licence on 7 April 2008.

The Singapore Gas Network Code, which is expected to be implemented on 1 July 2008, will facilitate open access and competition on the natural gas network. Gas shippers, including City Gas, will be able to transport natural gas from different sources to any consumer connected to the natural gas network. Consumers will be able to purchase natural gas from a gas retailer of their choice. While new natural gas retailers may enter the market as a result of the implementation of the new Code, these developments are not expected to have any significant impact on City Gas' town gas business.

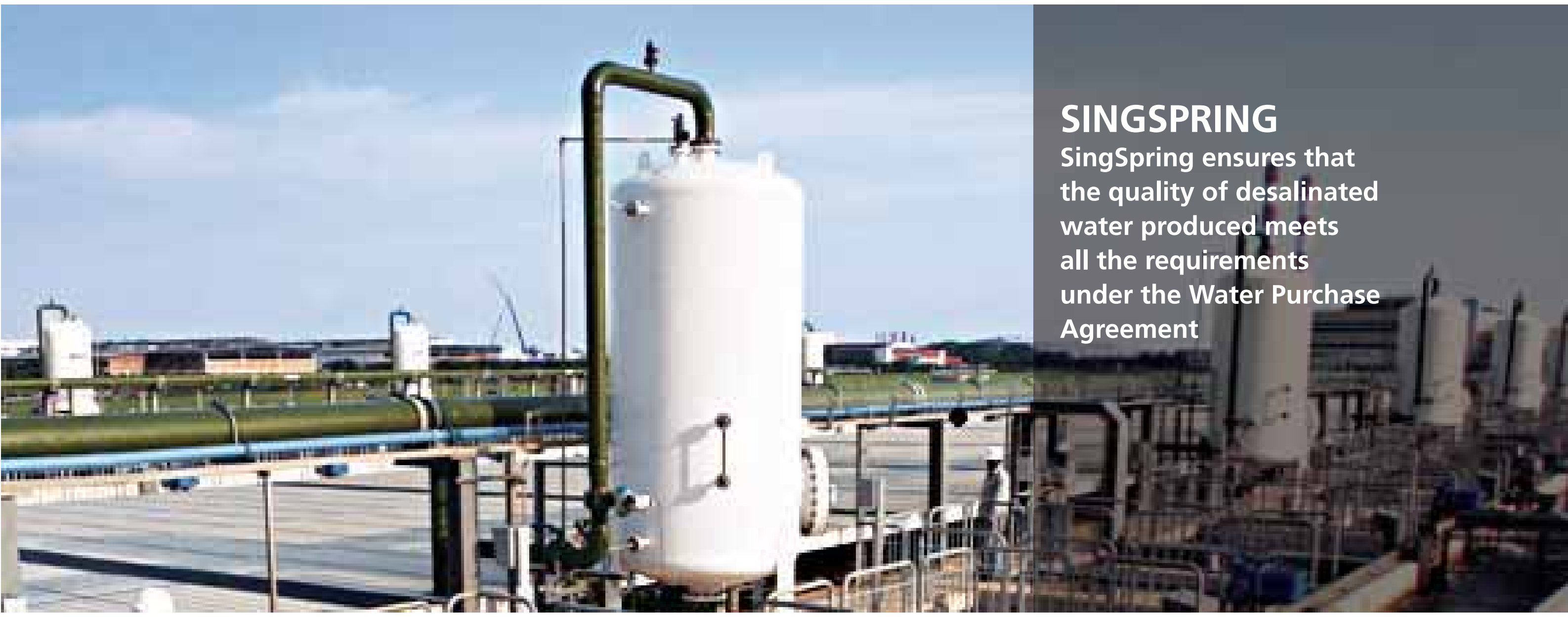
On its green initiatives, City Gas is in partnership with a leading hotel in Singapore for a tri-generation project using town gas as the feedstock for power, steam and cooling generation. This project is expected to earn carbon credit for the efficient use of green energy.

City Gas' strength of collective experience of its people in supporting its business objectives is unmatched in the industry. As at end March 2008, slightly over 50% of its workforce has served more than 20 years in City Gas. City Gas will continue to leverage the breadth and depth of experience and talent of its staff members to sustain its growth and profitability.

(Top)
Senoko Gasworks has eight gas-making plants, with the capacity to provide 1.6 million m^3 of gas daily.

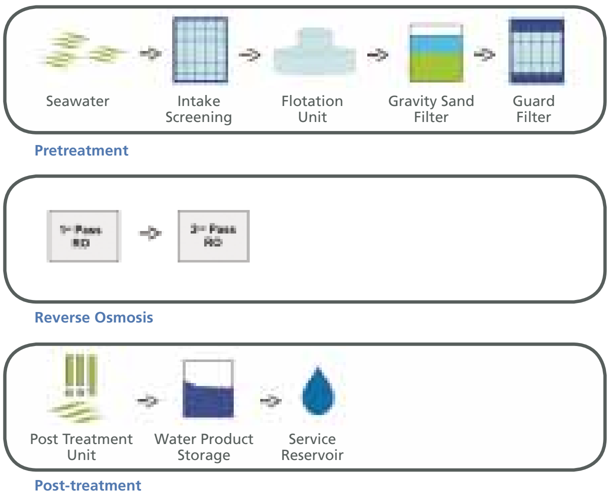
(Bottom)
Town gas is delivered to customers through underground transmission and distribution networks which are monitored and controlled round-the-clock.

OPERATIONS REVIEW



SINGSPRING

SingSpring ensures that the quality of desalinated water produced meets all the requirements under the Water Purchase Agreement



(Top)
SingSpring is the largest reverse osmosis seawater desalination plant in Asia.

(Bottom)
The diagram above illustrates the SingSpring Plant process from the intake of seawater until delivery to PUB's water transmission pipeline.

Business Objectives

SingSpring ensures that the quality of desalinated water produced 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 SingSpring 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 performed better than its financial projections. Cash earnings[1] for the financial period from 5 January 2007 to 31 March 2008 ("Financial Period") improved 23% over projections to S$17.3 million. These improvements were mainly the result of the realised gain in the fuel hedges taken to reduce the volatility of its energy exposures.

[1] *Cash earnings of a subsidiary asset is defined as the aggregate of profit/(loss) before income tax and interest paid on Notes issued to CitySpring adjusted for non-cash income and expenses, lease receivable repayment, after deduction of capital expenditure and before principal repayment of debt incurred for the period of review.*

OPERATIONS REVIEW

Market Overview

The SingSpring desalination plant serves as one of the "Four Taps" in PUB's approach in meeting Singapore's water needs. The "Four Taps" are local catchment water, imported water from Johor, NEWater and desalinated water. Due to the nature of the business of SingSpring and the terms of the WPA, SingSpring does not have any direct competitors or a market in which it competes.

Operations Review

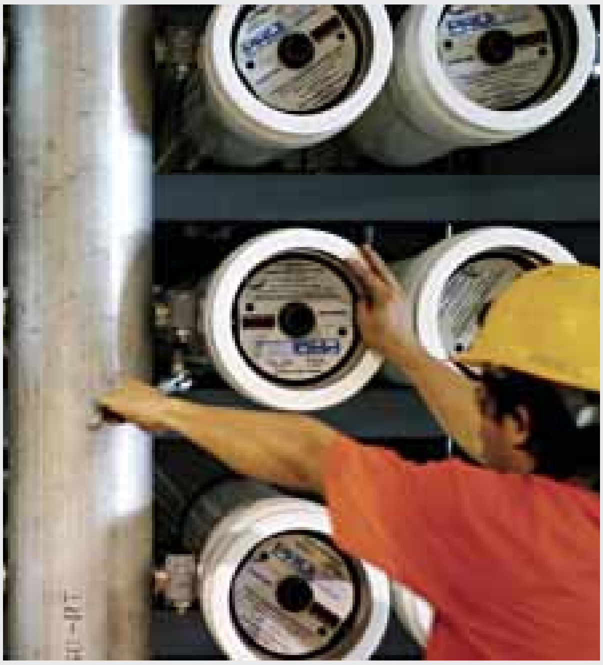
SingSpring received capacity payments from PUB for making available the full water capacity of the desalination plant to PUB. The capacity payments are payable throughout the term of the WPA, regardless of whether the SingSpring plant supplies any water to PUB and do not vary with the volume of water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

SingSpring also received output payments from PUB for the variable costs in supplying water to PUB from the desalination plant. The amount of payments was pegged to the volume of water supplied by the plant to PUB.

For the Financial Period under review, SingSpring supplied an average of 34,500 m^3 per day of water, representing 25% of the SingSpring plant's capacity, to PUB.

Business Outlook

SingSpring is committed to make available 100% of plant's capacity and supply desalinated water to PUB as set out by the terms of the WPA. While PUB is not obliged to purchase any water supplied by the SingSpring plant, it has the option to require the SingSpring plant to supply water at between 23% and 100% of its capacity.



(Top)
The pre-treated seawater is pumped at high pressure through semi-permeable reverse osmosis membranes.

(Bottom)
After the seawater goes through the pre-treatment, reverse osmosis and post-treatment processes, the water is pumped into PUB's potable water distribution main.

OPERATIONS REVIEW

BASSLINK

As the only electricity interconnector between Tasmania and mainland Australia, Basslink enhances the availability and security of electricity supply to both Tasmania and Victoria.

(Top)
Harmonic filter capacitor banks help to filter out unwanted electrical noise caused by the direct current conversion process.

(Bottom)
Basslink constantly assesses and reviews its sites, work methods and safety standards to create the best possible processes to deal with potential or actual hazards.

Business Objectives

Basslink's main objective is to meet and exceed the 97% availability target for the interconnector. The company is also committed to maintain expected standards of operational performance. 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 is also totally committed to ensuring a safe and injury free workplace for its employees and 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 Tasmania. The facility fee is based on availability, and it is payable in full if Basslink's cumulative availability is equal to or greater than 97%. If Basslink'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 Hydro Tasmania and Basslink. The 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) to the unadjusted facility fee. The stated

OPERATIONS REVIEW

intention of this mechanism is to have a neutral impact on both parties over the longer term.

Cash earnings[1] achieved from 1 September 2007 to 31 March 2008 was S$21.7 million which was 20% lower than projection. This was mainly due to lower CRSM payment for the period under review. CRSM was 15% of the facility fee instead of the projected 25%. This was due to lower than expected volatility in pool prices during the recent summer months.

Market Overview

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 Hydro Tasmania to sell to Victoria hydro electricity at peak pool prices during the summer months and import electricity from Victoria at base load prices during the winter months.

Operations Review

Basslink achieved a cumulative availability of 98.8% during calendar year 2007, well above the 97% minimum threshold required to earn 100% of the facility fee under the BSA.

A bushing fault on a transformer which caused an outage fault at the connection point of the transformer at the Loy Yang converter station on 31 December 2007 was expeditiously rectified. There was no damage to the transformer and the fault repair was covered by warranties from its contractors. This outage impacted Basslink's availability for January 2008. Basslink, nevertheless, expects to achieve at least 97% cumulative availability for the full calendar year of 2008. Deductions made to the facility fee in the financial period under review for being less than 97% available will be recovered during the remaining calendar year of 2008 and will be recorded as part of FY 2009 revenue. From the incident, Basslink has also shown that it has the appropriate systems in place to deal promptly with unscheduled interruptions.

Basslink has met its statutory reporting obligations to amongst others the Office of the Tasmanian Energy Regulator and EnergySafe Victoria.

It has achieved a zero incident safety record during the period of review.

Basslink has put in place 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 and complete yearly refresher training.

Basslink continued with its programme of engaging the residents in Tasmania by sponsoring the traditional Tasmanian Christmas carnival series as well as local sporting events.

Business Outlook

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

Over the longer term, Basslink may stand to gain from potential growth in its telecommunications revenue associated with possible commercialisation of the eight cores of the 12-core fibre optic telecommunications cable which are currently not utilised.

The State of Tasmania announced in December 2007 that it had selected Aurora Energy as its preferred partner to commercialise its on-island fibre optic network, TasGovNet. Basslink has engaged the State of Tasmania and Aurora Energy as well as other interested market participants in on-going negotiations to commercialise Basslink's fibre optic telecommunications cable.

Basslink Telecoms Pty Ltd was incorporated in February 2008 as a wholly owned subsidiary of Basslink Pty Ltd. It was granted a telecommunications carrier licence in May 2008 by the Australian Communications and Media Authority.

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[1] *Cash earnings of a subsidiary asset is defined as the aggregate of profit/(loss) before income tax and interest paid on Notes issued to CitySpring adjusted for non-cash income and expenses, lease receivable repayment, after deduction of capital expenditure and before principal repayment of debt incurred for the period of review.*

BOARD OF DIRECTORS

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. Mr Verghese used to work for the Unilever Group in India before joining the Kewalram Chanrai ("KC") Group in 1986. In 1989, the KC Group mandated Mr Verghese to start Olam.

Mr Verghese is the Chairman of International Enterprise Singapore, a statutory board under the Ministry of Trade & Industry, Singapore Government. 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.

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 included various management, trading and sales positions in Chemical Bank, Sumitomo Trust & Banking Co, Bank of America and Bank Austria Creditanstalt. In addition, he volunteers his time for various trade, professional and non-profit/community organisations in Singapore, including Association of Banks, ACI Singapore, CFA Society, European Chamber of Commerce, Methodists' Welfare Services and Citizens' Consultative Committee in Taman Jurong Constituency.

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.

BOARD OF DIRECTORS

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Yeo is currently Executive Director 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, Credit Agricole 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 BA (Hons) degree and obtained his LLM from the National University of Singapore. He also completed the Insead's Advanced Management Programme.

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 in and actively monitored Temasek's transportation portfolio. In the course of her career at Temasek, she has also worked in various other divisions including its corporate finance division and private equity funds division. She currently sits on, among others, the boards of Singapore Food Industries Ltd and Singapore Cruise Centre Pte. Ltd.

Ms Lui graduated from the National University of Singapore in 1982 with a degree in Accountancy. She completed the Advanced Management Programme in Wharton in 2001.

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 more 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 and also advised a number of Asian governments on their privatisation plans for the power industry and also advised a number of Asian utility and infrastructure companies on their merger and acquisition plans, including the first merger of two listed Chinese power companies. He arranged a number of innovative structured/non-recourse financing for infrastructure projects throughout Asia and Europe. In addition, Mr Au Yeung had 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 also 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

1) Au Yeung Fai
Chief Executive Officer and Director
CitySpring Infrastructure Management Pte. Ltd.

Please refer to the section – Board of Directors for Mr Au Yeung's background.

2) Tong Yew Heng
Chief Financial Officer
CitySpring Infrastructure Management Pte. Ltd.
Chief Executive Officer
SingSpring Pte. Ltd.

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

He successfully led several investments in the energy and resources sector across Asia, and was instrumental in establishing an energy fund in India, jointly with a leading India energy group.

He was also responsible for the restructuring of power and gas companies within Temasek Group, and was a member of the Electricity Market Implementation Group, which was charged with responsibility for the implementation of the new wholesale electricity market in Singapore.

Mr Tong's experience in Temasek includes stewardship of companies in Temasek Group, 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

SENIOR MANAGEMENT

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 currently responsible for the finances and investments of CitySpring. He focuses on the financial performance and the key performance indicators to facilitate the effective management of CitySpring as well as assist the Chief Executive Officer with regard to investment strategies and regulatory compliance issues. He is also responsible for investor relations and corporate communications, statutory reporting, liaison with SGX-ST and the Monetary Authority of Singapore and other regulators on regulatory issues.

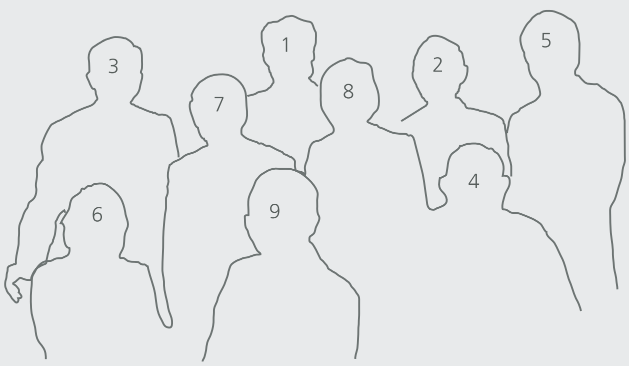
3) Ng Yong Hwee
President & Chief Executive Officer
City Gas Pte. Ltd. ("City Gas")

Mr Ng joined City Gas as a 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 & 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.



4) Malcolm Eccles
Chief Executive Officer & Director
Basslink Pty Ltd ("BPL")

Before his appointment as the CEO, Mr Eccles was responsible for all operational and engineering functions on the Basslink interconnector, including leading the commissioning of the facility. Mr Eccles joined BPL in April 2005.

Before joining BPL, Mr Eccles was with Siemens Power, Transmission and Distribution ("Siemens PTD") in Ireland with overall responsibility for developing and managing a power services business in Ireland as well as managing the operations and maintenance contract on the Moyle HVDC Interconnector. Mr Eccles was with Siemens PTD from June 2002 until April 2005. His engineering career started with a 16-year stint with British Nuclear Fuels Limited. Mr Eccles worked on various power and nuclear projects in the United States, Japan and Europe.

He is a Chartered Engineer and member of the Institute of Engineering Technology and the Institute of Electrical & Electronic Engineers. He is a director of the International Cable Protection Committee Ltd ("ICPC"), 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, a post-graduate Diploma in Project Management from the Lancaster University Business School, Lancaster, United Kingdom and a post-graduate Diploma in Strategic Management from the Institute of Management, United Kingdom.

Mr Eccles is currently responsible in determining overall business and operational strategies of BPL. He represents BPL on several business and technical forums both nationally and internationally, including ESAA CEO's Group, CIGRE, HVDC Users, ICPC, NEMMCO, EnergySafe Victoria, OTTER, ESC, BSERC, SPMMA, CEDA and Marine Interconnectors Group. He is also a technical advisor to the Tasmania voltage control group.

SENIOR MANAGEMENT

5) Robert Liu
Senior Vice President (Investments)
CitySpring Infrastructure Management Pte. Ltd.

Mr Liu has over fifteen years of banking and finance experience working at ICBC (including its investment banking subsidiary - ICEA), Merrill Lynch, JPMorgan and Bank of America. He has participated in many pioneering capital markets transactions for the largest Chinese companies in power and infrastructure, telecommunications and financial sectors, including Initial Public Offerings, follow-on equity and equity-linked offerings, mergers and acquisitions, bond and loan financing, derivatives transactions, credit rating and other corporate finance advisory engagements.

Mr Liu's current responsibilities at CitySpring include sourcing, screening and execution of infrastructure investments, mainly in the Greater China region.

6) Susanna Cher Mui Sim
Vice President (Finance and Corporate Services)
Company Secretary
CitySpring Infrastructure Management Pte. Ltd.

Prior to joining the Trustee Manager, Ms Cher was the Chief Financial Officer of Singapore public-listed healthcare company, Thomson Medical Centre Limited ("TMC"). In addition to being the Chief Financial Officer of TMC, Ms Cher managed the Patient Service Centre, Business Office, Management Information Systems, Central Supplies Departments and assisted in managing the Investor Relations Department. She was a key team member who contributed to TMC's listing on SGX-ST, SESDAQ in 2005.

Prior to joining TMC, Ms Cher was the Group Management Accountant of Wearne Brothers Management Services Pte. Ltd., the management arm of Wearne Brothers Limited (now known as 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 currently responsible for all aspects of financial reporting and treasury activities, including distribution planning, cash management, financial risk management, co-ordinating with external auditor, managing tax affairs and any other finance-related management issues. She handles the human resources and administration functions and is also the Joint Company Secretary.

7) Teo Kwan Hai
Senior Vice President (Customer Services)
City Gas Pte. Ltd. ("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 service.

Mr Teo is a Professional Engineer registered with 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 service in City Gas.

8) Jacqueline Ong
Vice President (Investments)
CitySpring Infrastructure Management Pte. Ltd.

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 divestments. She also provides analysis of country/sector development in areas of interest.

SENIOR MANAGEMENT

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.

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

9) Gerry Chan
Vice President (Investments)
CitySpring Infrastructure Management Pte. Ltd.

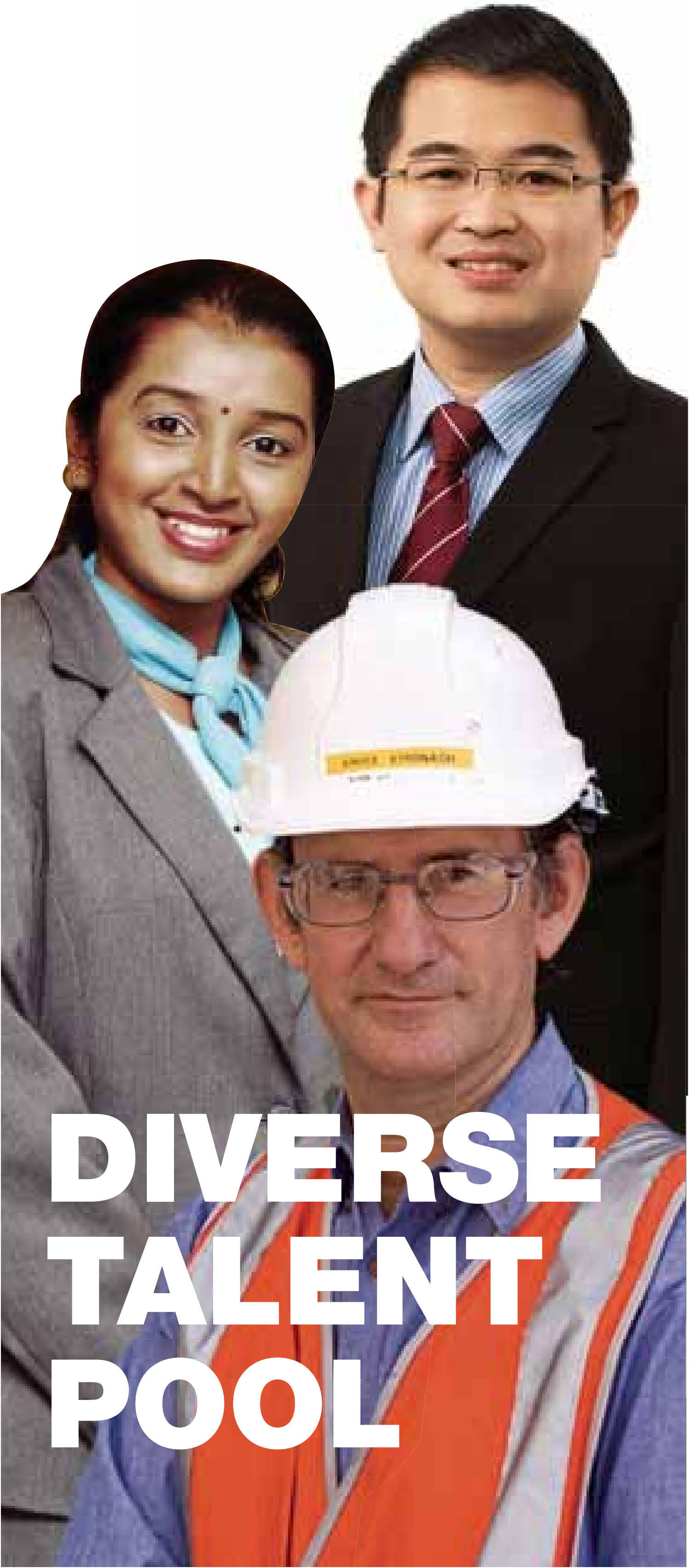
Mr Chan held various investments and corporate finance positions in Asia's leading infrastructure companies, including PSA International and Singapore Changi Airport prior to joining the Trustee Manager. He has extensive experience in evaluating and structuring infrastructure investments.

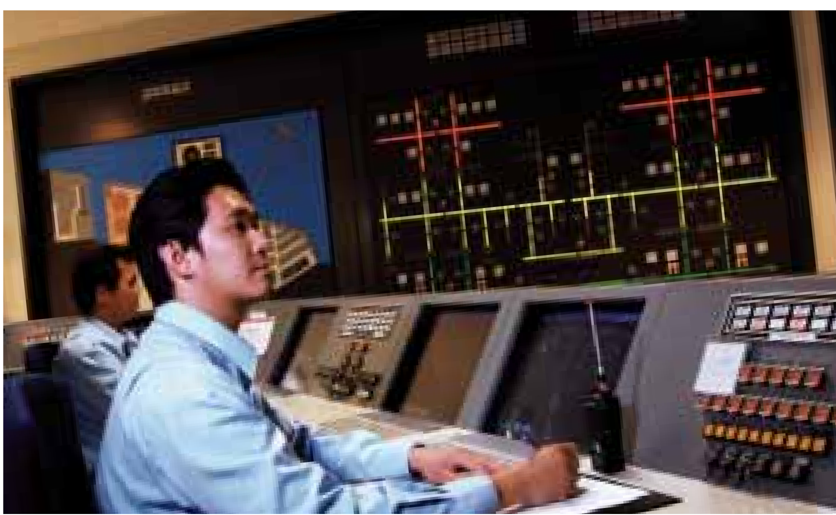
Most recently, Mr Chan headed the finance/corporate finance function of a Beijing-based environmental protection company. Mr Chan successfully led a US$600 million fund raising for the company's portfolio of environmental infrastructure assets and was instrumental in establishing the company's investment processes and various board committees.

Mr Chan is a Chartered Financial Analyst and obtained a First Class Honours in Accountancy, as well as a Master of Business degree from Nanyang Technological University, Singapore.

His current key responsibilities include sourcing, screening, structuring and execution of infrastructure investments for CitySpring.

DIVERSE TALENT POOL

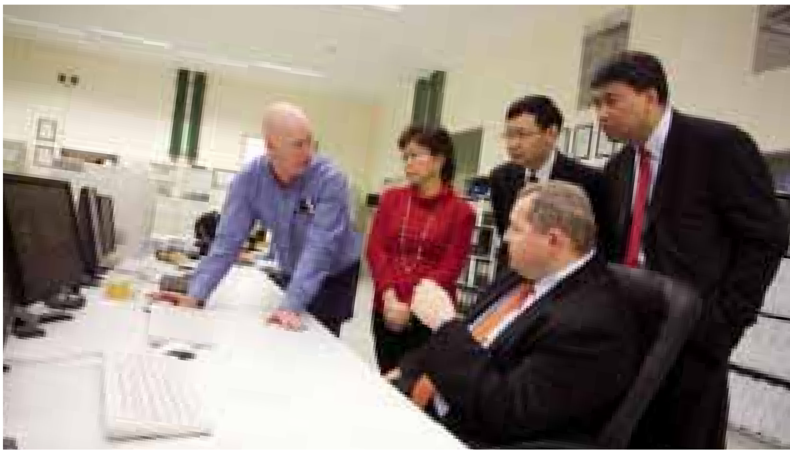




CitySpring has the talent pool with depth of management and operational expertise to enhance the returns of our portfolio of quality assets.

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 the footprint of CitySpring.



THE CITYSPRING FAMILY

CitySpring Infrastructure Trust ("CitySpring" or the "Group") aims to maximise the potential of every employee by developing their individual skill sets and talents to enable them to contribute to CitySpring's objective of delivering growth and sustainable value. In line with this objective, the Group places strong emphasis on identifying, recruiting and retaining talented people as it builds up its team of highly effective individuals.

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 commitment to building an even stronger future for the Group.

Steeped in a long standing and proud heritage history of 147 years, City Gas Pte. Ltd. ("City Gas") has an unsurpassed track record in Singapore's gas and energy industry. Its management team has extensive experience and its trained workforce has the expertise in the areas of gas production, distribution and retailing. As at end March 2008, slightly over 50% of its workforce has served more than 20 years in the company.

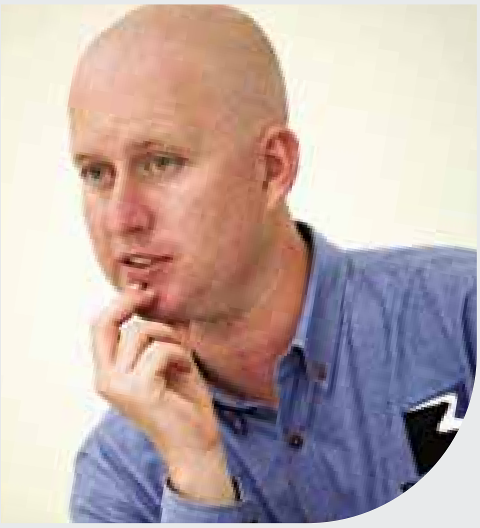
As a leading gas producer and retailer, City Gas also engages and maintains good industrial relations with the Union of Power and Gas Employees in collective bargaining arrangements and other co-operatives through regular dialogue sessions.

Basslink Pty Ltd ("BPL") aims to be an employer of choice. It has put in place employee friendly policies. It also ensures that its employees are given the opportunity to develop to their maximum potential through the active identification of their individual training and developmental needs. Some of the BPL technical staff members are regarded as some of the most knowledgeable high-voltage direct current engineers and specialists. Amid the prevailing shortage of skilled labour, BPL also places strong emphasis on the retention of its talents.

CitySpring Infrastructure Management Pte. Ltd., the Trustee Manager, has a team of experienced investment staff with varied experiences in the infrastructure sector who continually source and evaluate projects that meet the investment criteria of CitySpring to deliver long term value to unitholders. They are supported by an experienced Finance team who handles the regulatory reporting and compliance issues.

As CitySpring grows, there will be opportunities for outstanding individuals in the different business areas to expand their career experience with other businesses within the Group.

THE CITYSPRING FAMILY



Joska Ferencz
Site Manager - George Town, Tasmania
Basslink Pty Ltd

Responsible for the day-to-day management of the George Town converter station in Tasmania. Mr Ferencz gets a sense of accomplishment from exceeding the target of 97% availability of Basslink, for the customer Hydro Tasmania every month.

Mr Ferencz credits the Basslink site operational team, saying: "We've a flexible and well-motivated team in which everybody puts in their very best to overcome challenges and achieve success. Indeed, this was prominently demonstrated in a recent power outage which the team had to overcome within a short period of time."

"The power outage occurred on New Year's Eve 2007 due to a bushing fault on one of the transformers at our Victorian site. A decision was subsequently made that the quickest way to bring the interconnector back into operation was to replace the transformer to which the relevent bushing was attached."

Mr Ferencz recounts, "The prompt replacement of the transformer could not have been completed without the professionalism and drive of the whole team at Basslink. We were working throughout the New Year holiday, and battling the challenges of transporting a 280-tonne transformer. The entire team worked tirelessly under scorching temperature as high as 40 degrees. Though the cumulative availability of Basslink was affected in January 2008, we have achieved 100% availability for our client since the incident."

Apart from site management, Mr Ferencz looks after safety, health and environmental issues at the Tasmanian end of Basslink.

Jacqueline Ong
Vice President (Investments)
CitySpring Infrastructure
Management Pte. Ltd.

Turning a business potential into results is a rewarding experience for Ms Ong. She was in the thick of action as a core member of the team that brought the Basslink opportunity into reality. Her role involved conducting ground work and due diligence as well as securing financing for the Basslink acquisition.

"The Basslink asset is a strategic fit for CitySpring as it provides a stable contractual revenue. This will be beneficial for our unitholders as they will enjoy value accretion," Ms Ong explains.

"The deal process was intensive and much hard work was involved. I am, however, greatly satisfied with the completion of the transaction and proud to have played a part in helping CitySpring grow," she adds.

While challenges are inevitable, Ms Ong counts teamwork as one of the winning factors for CitySpring's successful acquisition of Basslink.

Like the rest of her team members, Ms Ong is constantly keeping an eye out for opportunities in the infrastructure sector. "The sector is an interesting and dynamic one. Opportunities abound as new assets are being built and existing assets are changing hands," she observes.

THE CITYSPRING FAMILY

Zyn Leow
Group Management Accountant
CitySpring Infrastructure Management Pte. Ltd.

Providing corporate support services to SingSpring – one of Singapore's "Four Taps" – is all in a day's work for Ms Leow. Formerly an auditor from one of the big four audit firms, she joined the Trustee Manager in January 2008. Part of her work scope involves supporting SingSpring in areas such as accounting and cash management as well as corporate secretarial services.

SingSpring, which is 70% owned by CitySpring, is an important income generating asset. Ms Leow explains, "SingSpring is the sole supplier of desalinated water to PUB. Our contract with PUB till December 2025 for the supply of desalinated water means that CitySpring can look forward to a steady stream of income from SingSpring over this period."

Despite being a relatively newcomer to the Trustee Manager, Ms Leow is well-assimilated into its strong work culture. "The spirit of teamwork is very pervasive. The entire team is very involved when it comes to potential transactions, even if assessing acquisitions is not a key job focus area for some of us," she observes.

Lye Kwak
Senior Technician
City Gas Pte. Ltd.

Working as a technician with City Gas for almost 45 years, Mr Lye has witnessed the transition of an industry that was previously fraught with poor safety management to one that places service and safety as its top priorities.

"Service and safety are the foremost priorities that characterise our work at City Gas, which is a far cry from when I started," Mr Lye shares.

The 63 year-old veteran shows no sign of slowing down. More than ever, he is upbeat about his job which he says provides him some of the most memorable experience. In the course of his work, Mr Lye has also forged many strong friendships with the fellow technicians whom he worked with over the years. He also takes pride in having earned an Institute of Technical Education certificate in recognition of the training he received.

The adept senior technician counts troubleshooting problematic gas piping and dealing with gas leaks as his daily challenges. The prospect of handling gas pipes, however, does not faze him one bit. Rather, Mr Lye challenges himself to constantly raise the bar on the service that he provides his customers.

"Customers' expectations are growing and it is our job to provide the best service under the most demanding of circumstances," he says.

Mr Lye shares that customers today, as compared with the past, will not hesitate to question employees like him on the details of his troubleshooting techniques. This is especially so when the customers are frustrated over their problems. Mr Lye takes it in his stride in responding positively to such challenges at work.

THE CITYSPRING FAMILY

Abdul Hamid B Bakar
Senior Manager
(Human Resources & Admin)
City Gas Pte. Ltd.

Mr Abdul takes pride in working at City Gas where he can stretch his potential and contribute to the growth of the company of which he has been part of in the past 15 years. Having started with the company as an engineer in 1993, Mr Abdul now manages the human resources functions. He is also responsible for the company's administrative as well as procurement and logistics functions.

It helps that Mr Abdul was involved in both people and project management back when he was an engineer. He recounts the aeromatic project as his most memorable experience.

"I led the planning and execution of changing the burning heads of aeromatic burners for all of our 14,000 over commercial clients. With the replacement of these burner heads, the gas burners are able to function better with natural gas as the new burning agent instead of naphtha which was previously used as feedstock. This project was successfully completed on schedule and to the satisfaction of our customers," Mr Abdul recalls.

Prior to his current position in the Human Resources & Admin Division, he managed a team of 60 technicians handling after-sales service. Mr Abdul's key role was to investigate causes of gas disruption, take remedial action to restore gas supply, prepare incident reports and recommend preventive measures.

In his present role, Mr Abdul was involved earlier this year in the successful implementation of the group medical insurance and insurance benefit package for all the employees. He currently serves in an internal task-force that is reviewing staff resources and competencies so as to align the planning and development of its human resources with that of the company's strategic plans.

GENERAL INFORMATION ON BUSINESS TRUSTS

Business trusts were introduced in Singapore as a new form of business structure in October 2004 when the Business Trusts Act (Chapter 31A of Singapore) came into force.

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

While a business trust is similar to a company as both run and operate business enterprises, the difference is that 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 and holds such assets on trust for the unitholders of 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 interests 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 with the Monetary Authority of Singapore.

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 businesses 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 with significant non-cash depreciation expense in the operating life of the infrastructure asset and which offer stable operating cashflow.

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 Infrastructure Trust ("CitySpring"), its 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 in future periods of outperformance.

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

	Business Trust	REIT	Listed Company
Legislation Regime	• Business Trust 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 Holdings (Private) Limited ("Temasek"). It is Temasek's intention to position CitySpring as 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 but that same QPDS interest income received by CitySpring from the sub-trusts is tax exempt.

3. CitySpring's mandate is to grow by acquisition. What does the acquisition pipeline look like for financial year 2009?

   CitySpring has a clear investment mandate which is to grow by acquisitions. We are very focused on this strategy and are always looking for investments that fit our stated investment philosophy and objectives. As CitySpring is primarily focused on the quality of assets that it may potentially invest in, it has not set any targets for the pace and size of its future acquisitions.

   The healthy outlook for infrastructure investment opportunities bodes well for CitySpring. We are currently evaluating a number of opportunities in China, Hong Kong, South East Asia and Australia. Our objective is to provide long term, regular and predictable distributions and the potential for long term capital growth to unitholders.

4. Does CitySpring expect to delay acquisitions because of the current weak global market conditions?

   Our pace of looking for high quality businesses has not changed amid the current weak global market conditions. We remain focused on looking at opportunities that fit within our stated mandate. Our primary objective remains on finding yield and value accretive opportunities for our unitholders.

5. Why is cash earnings more appropriate then using accounting profit as a performance measure?

   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 prejudice to distributable cashflow.

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

GENERAL INFORMATION ABOUT BUSINESS TRUSTS

Cash earnings is defined as the aggregate of profit/(loss) before income tax adjusted for non-cash income and expenses and lease receivable repayment, after deduction of capital expenditure incurred and before principal repayment of debt for the period under review.

6. Can you explain CitySpring's distribution policy and practice?

Our distribution policy is to make distributions to our unitholders out of our residual cashflow. Our residual cashflow consist of:

(a) principally distributions we received from City Gas Trust ("City Gas") and SingSpring Trust ("SingSpring") and, now that we have completed our Basslink acquisition, CityLink Investments Pte. Ltd., the entity through which we hold Basslink, together with principal and interest payments on the Notes issued by City Gas and SingSpring ; and

(b) after paying our operating expenses (including the Trustee Manager's management fees) and repaying principal amounts, interest and other financing expense under our debt or financing arrangement.

In considering the amount of any distributions to be made from our residual cashflow, the Trustee Manager may reduce such distributions so as to provide for our cashflow needs or to ensure that we have sufficient funds and/or financing resources to meet our liquidity 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 usually made by the Trustee Manager within 90 days after the end of each distribution period. The distributions are made in Singapore dollars.

7. 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 S$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.

8. 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 promptly and reliably. The fact that Basslink is rated investment grade by the ratings agencies is a good endorsement of that philosophy.

The Trustee Manager aims to optimise the overall capital structure of CitySpring and its infrastructure businesses, and will therefore seek diversified funding sources from both financial institutions and the capital markets as CitySpring grows in size and scale. In optimising the capital structure of CitySpring, the Trustee Manager will also consider the appropriate use of both debt and equity financing.

GENERAL INFORMATION ABOUT BUSINESS TRUSTS

9. How does CitySpring intend to fund its acquisitions?

CitySpring will fund its acquisitions using a mixture of both debt and equity, depending on which structure optimises its capital structure. It is noteworthy that infrastructure-related businesses tend to have higher gearing as they typically use long term debt financing. These debts, however, are often of investment grade quality as the interest financing is usually backed by the predictability of the long term stable cashflow offered by the underlying infrastructure assets.

10. At what point will CitySpring have to issue new equity to fund new acquisitions?

CitySpring has considerable balance sheet flexibility. To fund new acquisitions, it has a number of financing options, some of which would not require any issuance of units. Any decision to issue equity will take into account the interests of existing unitholders.

11. Should we 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 could distrubute surplus cashflow that is greater than our accounting profits. Our businesses, namely City Gas Trust, SingSpring Trust 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. In fact, since our Initial Public Offering ("IPO") in 2007, we have reported quarterly results that are all ahead of our IPO projections. The operating cashflow from our businesses has also been stronger than projected at the IPO. With this stronger cashflow, we were able to raise our distributions above the IPO projection for the last three quarters of financial year 2008. 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 #07-02
Singapore Power Building
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

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 Yeo Wico

Nominating and Remuneration Committee
Mr Sunny George Verghese (Chairman)
Mr Mark Andrew Yeo Kah Chong
Ms Margaret Lui-Chan Ann Soo

Conflicts Resolution Committee
Mr Sunny George Verghese (Chairman)
Mr Peter Foo Moo Tan
Mr Yeo Wico
Mr Mark Andrew Yeo Kah Chong

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: 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 website:
www.cityspring.com.sg

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. It sets the corporate strategies, and the direction and goals for the management team of the Trustee Manager. It supervises the management and monitors performance towards achieving these goals. The Board is also responsible for the overall corporate governance of CitySpring and its subsidiary assets which comprises 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 has established a number of Board Committees namely, the Nominating and Remuneration Committee ("NRC"), the Audit Committee ("AC") and the Conflicts Resolution Committee ("CRC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

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.

On 23 and 24 November 2007, the Directors attended a two day off-site "Strategic Session" with management to review and discuss CitySpring's strategic growth initiatives. A follow-up full-day session was held on 19 January 2008 to further discuss these initiatives.

Corporate Governance Report

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:

	Board		Audit		Nominating and Remuneration		Conflict Resolutions Committee	
Name of Directors	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Sunny George Verghese	16	15	-	-	2	2	-	-
Peter Foo Moo Tan	16	15	6	5	-	-	-	-
Yeo Wico	16	16	6	6	-	-	-	-
Mark Andrew Yeo Kah Chong	16	16	6	6	2	2	-	-
Margaret Lui-Chan Ann Soo	16	15	-	-	2	2	-	-
Au Yeung Fai	16	16	-	-	-	-	-	-

The Directors were briefed by our external legal advisers on their duties and obligations, including under the Companies Act, the BTA, the BTR and the Listing Manual. They also visited 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 Board comprises six directors, four of whom are independent and non-executive. 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 four 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 unitholders.

Corporate Governance Report

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. There has been no change in the Board since the initial public offering of CitySpring on SGX-ST on 12 February 2007 ("IPO"). The Nominating and Remuneration Committee ("NRC") is tasked with reviewing board membership.

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

Mr Sunny George Verghese, *Chairman (Independent Director)*
Ms Margaret Lui-Chan Ann Soo, (*Director)*
Mr Mark Andrew Yeo Kah Chong, *(Independent Director)*

The NRC 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 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

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 with any substantial shareholder of the Trustee Manager.

The NRC has conducted an annual review of the independence of the Independent Directors in accordance with the BTR. The four Independent Directors - Mr Sunny Verghese, Mr Peter Foo, Mr Yeo Wico and Mr Mark Yeo - 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.

Corporate Governance Report

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.

Mr Peter Foo is the Chief Executive Officer of Fortis Bank S.A./N.V. in Singapore which provides financial services to Temasek Group. However due to the matrix structure under which Fortis’s 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 Mark Yeo was Managing Director of IMC Pan Asia Alliance Pte. Ltd. (“IMC”) till November 2007. He was also a director of several companies in the IMC group of companies. He is currently Executive Director of Al Fahim Holdings (Dubai) and which does not have any business relationship with Temasek and its related corporations.

All the four independent Directors would have paid for services such as telecommunication services and utilities, financial and banking services, provided by 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 and Mr Mark Yeo have, in the course of their service as Directors of the Trustee Manager, shown independent judgment in their deliberation of the interest of CitySpring.

The NRC 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 and its related corporations including the Temasek Group, are satisfied that each of the four Independent Director’s independent judgment 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 four 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.

Corporate Governance Report

5. Board Performance

The NRC has adopted a set of board performance appraisal criteria which was endorsed by the Board. The performance evaluation exercise enables the NRC 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 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 NRC comprises three non-executive Directors, two of whom (including the Chairman) are independent. At the date of this report, the members of the NRC are:

Mr Sunny George Verghese, *Chairman, Independent Director*
Mr Mark Andrew Yeo Kah Chong, *Independent Director*
Ms Margaret Lui-Chan Ann Soo, *Director*

The NRC, 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 NRC 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, the NRC takes into consideration the pay and employment conditions within the industry and in comparable companies. The NRC 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 8 of the financial statements.

Corporate Governance Report

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 2008 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
Ms Margaret Lui-Chan Ann Soo	100	-	-	-	100
$1 million to below $1.25 million					
Mr Au Yeung Fai *Chief Executive Officer, Trustee Manager*	Nil	49	34	17	100
KEY EXECUTIVES					
$500,000 to below $750,000					
Mr Tong Yew Heng *Chief Financial Officer, Trustee Manager and Chief Executive Officer, SingSpring Pte. Ltd.*	Nil	56	36	8	100
Mr Robert Liu Bao Jie *Senior Vice President (Investments) Trustee Manager*	Nil	56	43	1	100
$250,000 to below $500,000					
Mr Ng Yong Hwee *President and Chief Executive Officer, City Gas Pte. Ltd.*	Nil	67	26	7	100
Mr Malcolm Robert Eccles* *Chief Executive Officer, Basslink Pty Ltd*	Nil	77	13	10	100
Ms Susanna Cher *Vice President (Finance & Corporate Services) and Company Secretary, Trustee Manager*	Nil	60	32	8	100

* *Based on annualised remuneration paid/payable from 1 September 2007 to 31 March 2008*

There are no employees of the Trustee Manager, CitySpring and its subsidiaries who are immediate family members of the Directors and whose remuneration exceeds $150,000 during the financial period under review.

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 available through the SGX-ST website. CitySpring's latest events, press releases, analysts' presentations and other relevant information are also posted on its website.

Corporate Governance Report

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*

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; and
- 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.

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 six 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 appointment / 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

Corporate Governance Report

- reviewed and implemented a Whistle Blowing Policy whereby employees of the Trustee Manager and the subsidiaries may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Cases that are significant are reviewed by the AC for adequacy and independence of investigative actions and resolution.

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 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 December 2007. This was attended by over 300 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.

Corporate Governance Report

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 interests.

The interested person transactions transacted for the period from 5 January 2007 to 31 March 2008 by the Group are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2008 $'000	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) 2008 $'000
(a) Sales		
Powergas Limited	-	5,319
SATS Catering Pte. Ltd.	-	4,376
(b) Purchases		
Aetos Sercurity Management Pte. Ltd.	-	552
Gas Supply Pte. Ltd.	-	104,144
Powergas Limited	-	83,148
SembCorp Power Pte. Ltd.	-	4,496
Senoko Energy Pte. Ltd.	-	522
SP Services Limited	-	13,100
Seraya Energy Pte. Ltd.	-	11,784
(c) Leasing of Assets (Rental Charges)		
Powergas Limited	-	356
Singapore Power Limited	-	647

15. 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*
Mr Yeo Wico, *Independent Director*
Mr Mark Andrew Yeo Kah Chong, *Independent Director*

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.

Corporate Governance Report

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 period from 5 January 2007 to 31 March 2008.

17. Statement of Policies and Practices

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. During the period under review, CitySpring acquired Basslink, a high voltage electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia;
- the measures taken to manage conflicts or potential conflicts of interest are set out in paragraph 15 above;
- management identifies Interested Persons 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 8 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 in relation to acquisitions and capital raising and has complied with the requirements of the BTA and the Listing Manual.

Financial Statements
Contents

Report of the Trustee Manager of CitySpring Infrastructure Trust

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

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 period from 5 January 2007 (date of constitution) to 31 March 2008 ("Financial Period") and the balance sheet of the Trust as at 31 March 2008.

Directors

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

Mr Sunny George Verghese (Chairman)	(appointed on 26 October 2006)
Mr Peter Foo Moo Tan	(appointed on 26 October 2006)
Mr Yeo Wico	(appointed on 26 October 2006)
Mr Mark Andrew Yeo Kah Chong	(appointed on 16 November 2006)
Ms Margaret Lui-Chan Ann Soo	(appointed on 16 November 2006)
Mr Au Yeung Fai	(appointed on 16 November 2006)

Arrangements to enable directors to acquire units and debentures

Neither at the end of nor at any time during the Financial Period was the Trustee Manager a party to any arrangement whose object is 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 interests of directors who held office at the end of the Financial Period in units 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 date of appointment	As at 31.3.08	As at date of appointment	As at 31.3.08
Number of units				
Mr Sunny George Verghese	-	200,000	-	-
Mr Peter Foo Moo Tan	-	600,000	-	-
Mr Yeo Wico	-	200,000	-	-
Mr Mark Andrew Yeo Kah Chong	-	200,000	-	-
Ms Margaret Lui-Chan Ann Soo	-	200,000	-	-
Mr Au Yeung Fai	-	200,000	-	-

There were no changes in any of the above mentioned interest between the end of the financial period and 21 April 2008.

Report of the Trustee Manager of CitySpring Infrastructure Trust

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

Options

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

No units have been issued during the Financial Period 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 Period.

Audit committee

The members of the Audit Committee of the Trustee Manager during the Financial Period 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

All members of the Audit Committee are independent and 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 Trust and the independent auditor's report on the consolidated financial statements of the Group for the Financial Period;

- 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, 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 procedures put in place by the Trustee Manager for managing any conflicts 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 2008 and the balance sheet of the Trust and the consolidated financial statements of the Group for the Financial Period 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, be nominated for re-appointment at the forthcoming Annual General Meeting of the Trust.

Independent auditor

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

On behalf of the Board of Directors of the Trustee Manager

Sunny George Verghese Director	Au Yeung Fai Director

Singapore
3 June 2008

Statement by the Trustee Manager of CitySpring Infrastructure Trust

In our opinion,

(a) the consolidated income statement set out on page 58 is drawn up so as to give a true and fair view of the results of the business of CitySpring Infrastructure Trust for the Financial Period;

(b) the balance sheets set out on page 59 are drawn up so as to give a true and fair view of the state of affairs of CitySpring Infrastructure Trust as at 31 March 2008;

(c) the consolidated cash flow statement set out on page 61 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 Period covered by the statement; and

(d) at the date of this statement, there are reasonable grounds to believe that the Trustee Manager, will be able to fulfill 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 of CitySpring Infrastructure Trust;

(b) the interested person transactions as disclosed on page 49 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 these financial statements for issue.

On behalf of the Board of Directors of the Trustee Manager

Sunny George Verghese
Director

Au Yeung Fai
Director

Singapore
3 June 2008

Statement by the Chief Executive Officer of the Trustee Manager

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
3 June 2008

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 58 to 102, which comprise the balance sheets of the Trust and of the Group as at 31 March 2008, the consolidated income statement, the statements of changes in unitholders' funds and the consolidated cash flow statement of the Group for the financial period from 5 January 2007 (date of constitution) to 31 March 2008 (the "Financial Period"), 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 control 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 control. 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 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 2008, and the results, changes in unitholders' funds and cash flows of the Group for the Financial Period 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
Public Accountants and Certified Public Accountants

Singapore
3 June 2008

Consolidated Income Statement

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

	Note	Group $'000
Revenue	**4**	**369,387**
Other income	**5**	**23,871**
Expenses		
Fuel and electricity costs		(112,392)
Transportation costs		(79,282)
Costs associated with listing of the Trust		(4,786)
Depreciation and amortisation		(43,920)
Staff costs	**6**	(18,895)
Operating and maintenance costs		(14,334)
Network operations and maintenance costs		(2,188)
Finance costs	**7**	(59,093)
Energy costs		(9,498)
Management fees	**8**	(65,308)
Other operating expenses		(37,148)
Total expenses		(446,844)
Loss before income tax		**(53,586)**
Income tax credit	**9**	1,564
Net loss after tax		**(52,022)**
Attributable to:		
Unitholders of the Trust		(55,177)
Minority interest		3,155
		(52,022)
Loss per unit for loss attributable to Unitholders of the Trust, expressed in cents per unit		
– basic	**10**	(11.38)
– diluted	**10**	(11.38)

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

Balance Sheets
as at 31 March 2008

	Note	Group $'000	Trust $'000
ASSETS			
Non-current assets			
Derivative financial instruments	11	96,558	-
Finance lease receivable	12	185,474	-
Long-term receivables	13	-	230,570
Other assets		235	-
Investment in subsidiaries	14	-	155,135
Property, plant and equipment	15	1,308,973	-
Intangibles	16	473,897	-
Total non-current assets		**2,065,137**	**385,705**
Current assets			
Cash and cash equivalents	17	105,982	7,027
Derivative financial instruments	11	50,708	-
Trade and other receivables	18	57,004	6,053
Finance lease receivable	12	6,657	-
Inventories	19	13,036	-
Other current assets	20	1,818	34
Total current assets		**235,205**	**13,114**
Total assets		**2,300,342**	**398,819**
LIABILITIES			
Trade and other payables	21	63,053	2,781
Current tax liabilities		2,386	8
Borrowings	22	373,634	-
Total current liabilities		**439,073**	**2,789**
Non-current liabilities			
Derivative financial instruments	11	18,485	-
Borrowings	22	1,345,368	-
Notes payable to minority interest	23	15,000	-
Deferred tax liabilities	24	23,952	-
Other non-current liabilities	25	82,835	-
Total non-current liabilities		**1,485,640**	**-**
Total liabilities		**1,924,713**	**2,789**
Net assets		**375,629**	**396,030**
EQUITY			
Units issued and reserves attributable to Unitholders of the Trust			
Units in issue		451,157	451,157
Hedging reserve	26	(3,555)	-
Translation reserve		(6,376)	-
Accumulated loss		(81,715)	(55,127)
		359,511	396,030
Minority interest		16,118	-
Total equity		**375,629**	**396,030**

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

Statements of Changes in Unitholders' Funds

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

	Note	Units in Issue $'000	Hedging reserve (Note 26) $'000	Translation reserve $'000	Accumulated Loss $'000	Total $'000	Minority interest $'000	Total equity $'000
		◄—Attributable to Unitholders of the Trust—►						
Group								
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 loss recognised directly in equity		-	(3,555)	(6,376)	-	(9,931)	(1,041)	(10,972)
Net loss for the financial period		-	-	-	(55,177)	(55,177)	3,155	(52,022)
Total recognised expenses		**-**	**(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 interest		-	-	-	-	-	15,162	15,162
Distribution paid		-	-	-	(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**
Trust								
On date of constitution	(a)	*	-	-	-	*	-	*
Net loss for the financial period		-	-	-	(28,589)	(28,589)	-	(28,589)
Total recognised expenses		**-**	**-**	**-**	**(28,589)**	**(28,589)**	**-**	**(28,589)**
Units issued	(b)	460,466	-	-	-	460,466	-	460,466
Unit issue costs		(9,309)	-	-	-	(9,309)	-	(9,309)
Distribution paid		-	-	-	(26,538)	(26,538)	-	(26,538)
End of financial period		**451,157**	**-**	**-**	**(55,127)**	**396,030**	**-**	**396,030**

* *- Amount less than $1,000*

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

(b) On Listing Date on 12 February 2007, 449,999,998 units were issued. 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.

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

Consolidated Cash Flow Statement

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

	Note	Group $'000
Cash flows from operating activities		
Net loss		(52,022)
Adjustments for:		
Income tax credit		(1,564)
Depreciation and amortisation		43,920
Finance costs		59,093
Interest income		(3,411)
Excess of fair value of identifiable net assets over purchase consideration	29	(8,686)
Fair value gain on derivative financial instruments		(3,404)
Property, plant and equipment written off		184
Gain on disposal of property, plant and equipment		(272)
Unrealised translation losses		(1,297)
Management fees paid in units		59,966
Operating cash flow before working capital changes		92,507
Changes in working capital		
Trade and other receivables		(6,882)
Inventories		(550)
Trade and other payables		12,481
Income tax paid		(20,422)
Interest received		3,323
Interest paid		(38,861)
Net cash generated from operating activities		**41,596**
Cash flows from investing activities		
Purchase of property, plant and equipment		(728)
Proceeds from sales of property, plant and equipment		604
Acquisition of subsidiaries, net of cash acquired	29	(2,073,099)
Net cash used in investing activities		**(2,073,223)**
Cash from financing activities		
Increase in restricted cash		(37,918)
Proceeds from notes issued by subsidiary to minority interest		15,000
Proceeds from units issued by subsidiary to minority interest		15,162
Net proceeds raised from issue of units		391,191
Net proceeds from borrowings		1,823,284
Repayment of borrowings		(79,332)
Distribution paid to unitholders of the Group		(26,538)
Distribution paid by subsidiary to minority unitholder		(1,158)
Net cash provided by financing activities		**2,099,691**
Net increase in cash and cash equivalents		**68,064**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at end of the period	**17**	**68,064**

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

Notes to the Financial Statements

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

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 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 all its 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 #07-02, Singapore Power Building, Singapore 238164.

CitySpring is a business trust registered with the Monetary Authority of Singapore. It 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 are set out in Note 39.

CitySpring was formally 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.

The Group's current liabilities exceeded its current assets as at 31 March 2008 by $204 million due to an equity bridge loan of $370 million taken to finance the acquisition of Basslink. The Trustee Manager of CitySpring has announced on 28 May 2008 that it will be refinancing the equity bridge loan when it matures in August 2008 with a three year term loan. Accordingly, the financial statements have been prepared on a going concern basis.

All financial information are presented in Singapore dollars and has 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.

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 collectibility of the related receivables is reasonably assured.

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

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) Accounting policy for recognising finance lease income is stated in Note 2.15(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 of more than one half 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 and 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 have been changed where necessary to ensure consistency of accounting policies adopted by the Group.

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 the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interest is 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 is attributed to the unitholders of the Trust until the minority interest's share of losses previously absorbed by the unitholders of the Trust are recovered. See Note 2.7 "Investments in subsidiaries" for the accounting policy on investment in subsidiaries in the separate financial statements of the Trust.

Notes to the Financial Statements

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

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment acquired as part of business combination are recognised at their fair values at the date of acquisition and subsequently carried at cost 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 cost that is 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 purpose other than to produce inventories.

(b) *Depreciation*

Freehold land is 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	30 years
Easements	38.67 years
Buildings	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 for the financial period in which 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 reliably measured. Other repair and maintenance expense incurred during the financial period is recognised in the income statement when incurred.

(e) *Disposal*

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

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

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	– 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 for the financial period in which 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.

2.7 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 income statement.

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

2. Significant accounting policies (continued)

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 of 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. Recoverable amount of the 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 on a pro-rata basis to 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 reviewed 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.

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 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.

Notes to the Financial Statements

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

2. Significant accounting policies (continued)

2.9 Financial assets

The Group has only one category of 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 receivable" 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 Financial guarantee

Financial guarantees are initially recognised at their fair value plus transaction costs in the balance sheet.

Financial guarantees are subsequently amortised to the income statement over the period of the contract, unless it is probable that the Trust will reimburse the third party for an amount higher than the unamortised amount. In this case, the expected amount payable to the third party shall be carried in the balance sheet.

2.11 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs incurred) and subsequently stated 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.

Borrowings which are due to be settled within 12 months after balance sheet date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are presented as non-current borrowings in the balance sheet.

2.12 Trade and other payables

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

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

2. Significant accounting policies (continued)

2.13 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps 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 re-measured at fair value.

Any gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement.

The fair values of the interest rate swap and commodity swap contracts are determined by reference to market values quoted by bankers at the balance sheet date.

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 of a trading derivative is presented as a current asset or liability.

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.

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 does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

Notes to the Financial Statements

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

2. Significant accounting policies (continued)

2.14 Fair value estimation of financial assets and liabilities

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair value of non-current financial liabilities is 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.

2.15 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 the 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.

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 taken to 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 in the financial year in which 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 period in which termination takes place.

Notes to the Financial Statements

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

2. Significant accounting policies (continued)

2.15 Leases (continued)

(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 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 lease income.

2.16 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 variable selling expenses.

2.17 Income taxes

Current income tax for current period 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 substantially 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.

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

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

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 substantially 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.

2.18 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.

Other 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.

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. When discounting is used, the increase in provision due to the passage of time is recognised as a finance cost.

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

2. Significant accounting policies (continued)

2.19 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.

2.20 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.

2.21 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 ("the functional currency"). The consolidated financial statements of the Trust is presented in Singapore Dollars, which is the functional and presentation currency of the Trust.

(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.

(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 exchange differences 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.

Notes to the Financial Statements

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

2. Significant accounting policies (continued)

2.22 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.

2.23 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, less restricted cash.

2.24 Distributions to the Trust's unitholders

Distributions to the Trust's unitholders are recorded in equity in the period in which they are paid.

2.25 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.

(i) *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.

Management 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 33a (ii) and Note 33a (iii) respectively.

Notes to the Financial Statements

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

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

(ii) *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.

Management 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.

(iii) *Customer relationship and customer contracts*

The valuation of the customer relationship and customer contracts was arrived at using the Income Approach. This approach requires an estimation of the expected future cash flows that will be generated from the customer relationship and customer contracts and the appropriate discount rates applied to determine the present value of those cash flows. Details of the estimates used in determining the value of the customer relationship and customer contracts are disclosed in Note 16.

(iv) *Impairment of 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 has been 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 2008 was $287 million. Details of the estimates used to assess the impairment of goodwill are disclosed in Note 16. Management 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.

(v) *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 period ended 31 March 2008, the Group recognised deferred income tax asset amounting to $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 $'000
Sale of goods	278,953
Service income	82,802
Finance lease income	7,632
	369,387

Notes to the Financial Statements

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

5. Other income

	Group $'000
Excess of fair value of identifiable net assets over purchase consideration	8,686
Realised gain on derivative financial instruments	5,647
Interest income	3,411
Fair value gain on derivative financial instruments	3,404
Other miscellaneous income	2,224
Gain on disposal of property, plant and equipment	272
Currency translation-net gain	227
	23,871

6. Staff costs

	Group $'000
Salaries and wages	16,254
Employer's contribution to defined contribution plans including Central Provident Fund	1,670
Other short-term benefits	971
	18,895

7. Finance costs

	Group $'000
Interest expense	
- bank borrowings	57,720
- notes payable	1,107
Amortisation of discount	
- provision for decommissioning costs	199
- interest-free deposits	593
Cash flow hedges, transfer from equity	(572)
Others	46
	59,093

8. Management fees

	Group $'000
Base fee	5,786
Performance fee	59,522
	65,308

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.

Performance fee is payable when the total returns on CitySpring units outperforms the total returns on MSCI Asia Pacific (excluding Japan) Utilities 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.

Notes to the Financial Statements

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

8. Management fees (continued)

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

Any change in the structure of the management fee must be approved by an extraordinary resolution of a meeting of unitholders duly convened and held in accordance with the provision of the Trust Deed.

39,965,504 units were issued at $1.5005 per unit on 4 April 2007 for the full payment of 100% of the performance fee and 50% of the base fee during the period 12 February 2007 to 31 March 2007. As at 31 March 2008, $870,219 of management fees was payable to the Trustee Manager and the amount was paid on 4 April 2008.

The performance fee paid for the period ended 31 March 2007 was $59.5 million. This is 20% of the outperformance of $297.6 million. This performance fee was paid entirely in units on 4 April 2007. There was no performance fee paid for the quarters ended 30 June 2007, 30 September 2007, 31 December 2007 and 31 March 2008. The accumulated deficit (calculated using the performance fee formula) as at 31 March 2008 was $423.9 million. This deficit as a result of underperformance must be made up with returns to unitholders before the Trustee Manager may become entitled to further performance fees.

9. Income tax

	Group $'000
Income tax is made up of:	
Current income tax expense	8
Deferred income tax credit	(1,572)
	(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 $'000
Loss before income tax	(53,586)
Tax calculated at a tax rate of 18%	(9,646)
Effect of:	
- Different tax rates in other countries	(1,160)
- Effect of expenses not deductible for tax purposes	11,811
- Effect of income not subject to tax	(1,937)
- Deferred tax assets not recognised	2,266
- Change in tax rate from 20% to 18%	(2,628)
- Others	(270)
	(1,564)

Notes to the Financial Statements

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

10. Loss per unit

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

	Group
Loss for the financial period ($'000)	(55,177)
Weighted average number of units during the financial period	485,042,217

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

11. Derivative financial instruments

	Group		
	Contract Notional Amount	Fair value Asset	Fair value Liability
	$'000	$'000	$'000
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	-
Total		147,266	18,485
Less: Current portion		**(50,708)**	**-**
Non-current portion		**96,558**	**18,485**

The Group has entered into interest rate swaps and commodity swaps that are designated as cash flow hedges for the Group's exposure to interest rate risk 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.

Interest rate swaps

Interest rate swaps, 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 portion of the interest rate swaps are recognised in the hedging reserve. The amounts taken to the hedging reserve are transferred to the income statement when the finance cost on the borrowings are recognised in the income statement. The fair value gain or loss on the portion undesignated as hedging instrument are recognised in the income statement.

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

11. Derivative financial instruments (continued)

Commodity swaps

Commodity swaps are used to hedge the fuel price risk that directly impacts one of the subsidiary under an energy contract. Management has designated 60% of the notional amount of the commodity swaps as cash flow hedge. The fair value gain on the portion designated as hedging instrument are 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 on the portion undesignated as hedging instrument are recognised in the income statement.

12. Finance lease receivable

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

	Group $'000
Minimum finance lease receivable :	
Not later than one year	13,146
Later than one year but not later than five years	52,622
Later than five years	167,223
Total minimum lease receivable	232,991
Less: Future finance income	(67,122)
Present value of minimum lease receivable	165,869
Unguaranteed residual value	26,262
Net investment in finance lease	192,131
Less: Present value of finance lease receivable not later than one year	(6,657)
Non-current finance lease receivable	185,474

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

	Group $'000
Not later than one year	6,657
Later than one year but not later than five years	29,374
Later than five years	129,838
Present value of minimum lease receivable	165,869

The finance lease receivable 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 which the subsidiary operates. 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 receivable approximates its fair value.

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

13. Long-term receivables

	Trust $'000
Notes issued by subsidiaries	230,570

These notes were issued by City Gas Trust and SingSpring Trust. 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 at a fixed rate of 6.5% per annum (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 notes will be direct, unsecured and subordinated obligations of the subsidiaries.

The carrying amounts of long-term receivables approximate their fair values and are denominated in Singapore Dollars.

14. Investment in subsidiaries

	Trust $'000
Investments, at cost	
Beginning of financial period	-
Additions	155,135
End of financial period	155,135

Details of subsidiaries are included in Note 39.

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

15. Property, plant and equipment

Group
As at 31 March 2008

	Freehold Land $'000	Leasehold land $'000	Easement $'000	Buildings $'000
Cost				
At the beginning of financial period	-	-	-	-
Acquisition of subsidiaries	2,367	3,000	1,984	7,870
Additions	35	-	30	-
Disposal	(270)	-	-	-
Written off	-	-	-	-
Currency translation differences	(38)	-	(37)	-
End of financial period	2,094	3,000	1,977	7,870
Accumulated depreciation				
At the beginning of financial period	-	-	-	-
Depreciation charge	-	182	31	455
Disposal	-	-	-	-
Written off	-	-	-	-
Currency translation differences	-	-	(1)	-
End of financial period	-	182	30	455
Net book value				
At 31 March 2008	**2,094**	**2,818**	**1,947**	**7,415**

Certain bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of approximately $1,309 million.

Notes to the Financial Statements

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

Plant and Machinery $'000	Vehicles $'000	Renovation $'000	Furniture, fittings and equipment $'000	Total $'000
-	-	-	-	-
1,343,086	817	264	3,218	1,362,606
270	45	13	335	728
-	(67)	-	-	(337)
(43)	-	-	(147)	(190)
(23,350)	(4)	(5)	(12)	(23,446)
1,319,963	791	272	3,394	1,339,361
-	-	-	-	-
28,643	289	96	1,143	30,839
-	(5)	-	-	(5)
-	-	-	(6)	(6)
(434)	(1)	(2)	(2)	(440)
28,209	283	94	1,135	30,388
1,291,754	**508**	**178**	**2,259**	**1,308,973**

Notes to the Financial Statements

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

16. Intangibles

	Group $'000
Goodwill arising on consolidation	287,001
Customer contracts	129,162
Customer relationship	57,734
	186,896
	473,897

	Goodwill $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
Cost				
Beginning of financial period	-	-	-	-
Acquisition of subsidiaries	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				
Beginning of financial period	-	-	-	-
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				
At 31 March 2008	287,001	129,162	57,734	473,897

(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. The recoverable amount is determined based on value-in-use calculation using discounted cashflow projections derived from the financial projections approved by management. The key assumptions made are those regarding the discount rate, growth rate, exit multiple and forecasted costs. The pre-tax discount rate used was 8.17% which reflects current market assessment of the time value of money and the risks specific to the CGU. The growth rates and forecasted costs are based on past performance and its expectations of market development whilst the exit multiple used was consistent with forecasts contained in industry reports.

(b) *Customer contracts and customer relationship*

The valuations of the customer contracts and customer relationships were arrived at using the Income Approach.

In determining the values of the customer contracts and customer relationships under this approach, cash flow projections over the estimate useful lives, ranging from 10 to 38.67 years, prepared by management, were used and a discount rate applied to the projections. The discount rates used are pre-tax, ranging from 7.5% to 10.18% per annum and reflect specific risks relating to the relevant business sectors.

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

17. Cash and cash equivalents

	Group $'000	Trust $'000
Cash and short term deposits	105,982	7,027
Less: Restricted cash	(37,918)	-
Cash and cash equivalents per consolidated cash flow statement	68,064	7,027

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

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

18. Trade and other receivables

	Group $'000	Trust $'000
Trade receivables	50,300	-
Less: Allowance for impairment loss	(3,988)	-
Trade receivables - net	46,312	-
Interest receivable	4,551	1
Receivables for the settlement of commodity swaps	698	-
Other receivables	5,417	4,138
Amount due from Trustee Manager (non-trade)	26	-
Amount due from subsidiaries (non-trade)	-	1,914
	57,004	6,053

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

The allowance for impairment losses of $958,000 was recognised in the income statement and included in other operating expenses.

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

19. Inventories

	Group $'000
At cost	
Pipes and fittings	62
Fuel	7,524
At net realisable value	
Spare parts and accessories	5,450
	13,036

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

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

20. Other current assets

	Group $'000	Trust $'000
Deposits	168	-
Prepayments	1,650	34
	1,818	34

21. Trade and other payables

	Group $'000	Trust $'000
Trade payables	10,955	-
Other payables - third parties	5,593	1,434
- Trustee Manager	1,169	1,047
Accrued operating expenses	3,099	300
Accrued purchases	9,087	-
Interest payable	7,208	-
Deferred income (Note 25c)	996	-
Advance payments received	2,085	-
Deposits received	22,861	-
	63,053	2,781

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

22. Borrowings

	Group $'000
Bank Borrowings	
- Current	373,634
- Non-current	1,345,368
	1,719,002

(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 CitySpring Infrastructure Management Pte. Ltd. as Trustee Manager for the Trust and Hyflux Ltd and a charge over the shares held by CitySpring Infrastructure Management Pte. Ltd. as Trustee Manager for the Trust in SingSpring Pte Ltd.

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 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.

The equity bridge loan obtained by CityLink Investments Pte. Ltd. is secured by a charge over the shares held by CitySpring Infrastructure Management Pte. Ltd. as Trustee Manager for the Trust in CityLink Investments Pte. Ltd.

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

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

22. Borrowings (continued)

All borrowings obtained are at variable interest rates except for 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 11 for further details.

Total assets of the Group with carrying amount of $1,797 million are pledged to the banks for certain bank borrowings.

(b) *Maturity of borrowings*

The current borrowings have a maturity of 12 months from the end of the financial year. The non-current borrowings have the following maturity:

	Group $'000
Later than one year and not later than five years	164,484
Later than five years	1,180,884
	1,345,368

The carrying amounts of the loans approximate their fair values.

23. Notes payable to minority interest

This relates to notes 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.

24. Deferred taxation

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 $'000
Deferred income tax liabilities	
- to be settled within one year	4,509
- to be settled after one year	19,443
	23,952

Notes to the Financial Statements

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

24. Deferred taxation (continued)

Movement in deferred income tax account is as follows:

	Group $'000
Beginning of financial period	-
Fair value adjustment on acquisition of businesses	26,288
Change in tax rate from 20% to 18%	(2,628)
Currency translation differences	108
Charge/(credited) to	
- income statement	1,056
- equity	(872)
End of financial period	23,952

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

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Intangible assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
Beginning of financial period	-	-	-	-	-
Acquisition of businesses	8,561	46,976	1,290	993	57,820
Change in tax rate from 20% to 18%	-	(2,676)	(128)	(99)	(2,903)
Currency translation differences	(155)	(381)	(20)	-	(556)
Charge/(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

Deferred income tax assets

	Tax losses $'000	Allowances against assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
Beginning of financial period	-	-	-	-	-
Acquisition of businesses	(26,732)	(991)	(1,764)	(2,045)	(31,532)
Change in tax rate from 20% to 18%	-	99	176	-	275
Currency translation differences	626	-	-	38	664
Charge/(credited) 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 $86,851,000 (including pre-acquisition losses of a subsidiary) and unabsorbed capital allowances of $113,648,000 as at 31 March 2008 which can be carried forward to offset against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

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

25. Other non-current liabilities

	Group $'000
Provisions for decommissioning costs	5,791
Accrual for debt transaction costs	15,230
Other payable	17,597
Deferred income	44,217
	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.

Movement in provisions are as follows:

	Group $'000
Beginning of financial period	-
Acquisition of subsidiaries	5,705
Currency translation differences	(113)
Amortisation of discount (Note 7)	199
End of financial period	5,791

(b) *Accrual for debt transaction costs*

This relates to the guarantee fees payable from August 2009 on a quarterly basis up to the maturity of the bonds issued (see Note 22) 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 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 $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.

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 service agreement. The current portion of deferred income is disclosed in Note 21.

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

Notes to the Financial Statements

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

26. 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 is determined to be effective.

	Group $'000
Beginning of financial period	-
Net change in fair value during the period	(6,176)
Transferred to income statement under:	
- Energy costs	2,321
- Interest expenses	(572)
Deferred tax on fair value change	872
End of financial period	(3,555)

27. Units in issue

	Trust Units
On date of constitution	2
Units issued during period	489,965,502
End of financial period	489,965,504

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

28. Distribution

Exempt distribution paid in respect of the financial period are as follows:

	Group $'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 2007 to 30 June 2007	
- Distribution of 1.50 Singapore cents per unit	7,349
For the period from 1 July 2007 to 30 September 2007	
- Distribution of 1.60 Singapore cents per unit	7,839
For the period from 1 October 2007 to 31 December 2007	
- Distribution of 1.60 Singapore cents per unit	7,839
	26,538

For the quarter ended 31 March 2008, the Trustee Manager of the Trust declared a distribution per unit of 1.60 Singapore cents totalling $7,839,448 to the unitholders of the Trust, payable on 27 June 2008. 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 2009.

Notes to the Financial Statements

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

29. 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, 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 aggregate effects of the acquisition of subsidiaries and businesses were as follows:

Acquisition of City Gas Trust	Fair value at City Gas Trust Level $'000	Carrying amounts in City Gas Pte Ltd $'000
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	

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

29. Business combinations (continued)

Acquisition of SingSpring Trust	Fair value at SingSpring Trust Level $'000	Carrying amounts in SingSpring Pte Ltd $'000
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 receivable	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	

Acquisition of Basslink	Fair value at Basslink Group Level $'000	Carrying Amount at Basslink Group Level $'000
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	
Total net outflow from acquisition of subsidiaries	2,073,099	

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

30. 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 $'000
Not later than one year	1,100
Later than one year but not later than five years	1,623
	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 $'000
Property, plant and equipment	308

31. Related party transactions

The Trust has entered into a management fee agreement with 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 are stated in Note 8.

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 period was $2.1 million. The legal fees 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 24 January 2008 to seek unitholders ratification of the acquisition of Basslink.

32. Segment information

(a) Primary reporting format – business segments

Group	Gas $'000	Water $'000	Electricity $'000	Total $'000
Revenue	**282,278**	**29,111**	**57,998**	**369,387**
Segment result	26,065	31,085	35,875	93,025
Finance costs				(59,093)
Unallocated costs				(90,929)
Finance income				3,411
Loss before income tax				**(53,586)**
Income tax credit				1,564
Net loss after tax				**(52,022)**

Notes to the Financial Statements

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

32. Segment information (continued)

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

	Gas $'000	Water $'000	Electricity $'000	Total $'000
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**	**1,521,138**	**2,289,142**
Unallocated assets				11,200
Consolidated total assets				2,300,342
Segment liabilities	**47,163**	**17,526**	**34,093**	**98,782**
Unallocated liabilities				1,825,931
Consolidated total liabilities				1,924,713

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

(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 $'000	Total consolidated assets $'000	Total consolidated capital expenditure $'000
Singapore	311,389	779,204	511,794
Australia	57,998	1,521,138	1,339,727
	369,387	2,300,342	1,851,521

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

33. 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 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 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.

In addition, the Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia are managed predominantly by 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 forwards for the projected distributions in the short to medium term. At 31 March 2008, the Group does not have any outstanding forward exchange contracts.

Notes to the Financial Statements

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

33. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Group's foreign currency exposure is as follows:

	SGD S$'000	AUD S$'000	USD S$'000	Total S$'000
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 receivable	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 interest	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	-	6,235	(8,544)	(2,309)

Sensitivity analysis

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

	Group Increase/(Decrease) Loss after tax S$'000	Group Increase/(Decrease) Equity S$'000
US$	(350)	-
A$	312	-

(ii) *Commodity price risk*

Energy cost is a major component of the total operating costs of the seawater desalination plant of one of the subsidiary. The energy cost varies with the cost of fuel (whose price is linked to 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, ending in December 2008 based on anticipated capacity demand of the plant. If the commodity price increases/(decreases) by 5% with all the other variables held constant, the loss after tax will decrease/(increase) by $204,000 and the hedging reserve will increase/(decrease) by $307,000.

Notes to the Financial Statements

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

33. Financial risk management (continued)

(a) Market risk (continued)

(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.

Sensitivity analysis

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 change in Singapore interest rate will increase/decrease the Group's loss after tax by $1,327,000.

For interest rate swap 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 increase in variable interest rate will increase the Group's hedging reserve in the balance sheet by $30,642,000. A 50 basis points decrease in variable interest rate will lower the Group's hedging reserve in the balance sheet by $33,288,000.

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 increase/(decrease) in interest rate will decrease/(increase) the Group's loss after tax by $5,204,000/($5,884,000).

(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 segment, 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 of the subsidiary monitors the credit risk by ensuring that the payments are received by the contracted date.

For the Gas business segment, there is no significant concentration of credit risk due to the significant number of customers. 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.

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 22 (a).

Notes to the Financial Statements

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

33. Financial risk management (continued)

(b) Credit risk (continued)

The credit risk for trade receivables is as follows:

	Group $'000
By geographical areas	
Singapore	35,504
Australia	10,808
	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 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 impaired is as follows:

	Group $'000
Past due but not impaired	
Past due 0 to 3 months	5,253
Past due 3 to 6 months	248
Past due over 6 months	253
	5,754

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 $'000
Beginning of financial period	-
Acquisition of entities	(3,855)
Allowance made	(958)
Allowance utilised	825
End of financial period	(3,988)

The impaired trade receivables arise mainly from sales to customers who have difficulty in settling the amount due.

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

33. 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.

	Less than 1 year $'000	Between 1-5 years $'000	Over 5 years $'000	Total $'000
Group				
Borrowings	451,279	473,398	1,679,333	2,604,010
Notes payable by minority interest	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
	510,206	503,814	1,783,329	2,797,349
Trust				
Trade and other payables	2,781	-	-	2,781

The Group and Trust manages the liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by management 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 2008, the Group maintains the following undrawn lines of credit:
- A$39 million working capital facility; and
- S$15 million working capital facility.

In addition, the Group has secured a three year term loan to refinance its equity bridge loan when it matures at the end of August 2008 as set out in Note 35(b).

(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 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.

Management 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 interest.

Notes to the Financial Statements

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

33. Financial risk management (continued)

(d) Capital risk (continued)

	Group $'000
Net borrowings	1,613,020
Total assets	2,300,342
Ratio	70%

The Group is in compliance with all externally imposed capital requirements for the financial period.

34. Contingent liability

SingSpring Trust has received a revised assessment of the annual value of its property from Inland Revenue Authority of Singapore ("IRAS"). SingSpring Trust has been advised by its external property consultant that the valuation by IRAS appears to be excessive and has submitted a Notice of Objection to IRAS.

The total assessment by IRAS of $1.3 million has been paid as at 31 March 2008. The property tax payable based on the consultant's valuation is $0.4 million. An amount of $0.9 million will be recoverable in the event that IRAS agrees with the consultant's valuation. SingSpring Trust's share of the recoverable amount is $0.4 million. The remaining $0.5 million is payable to the former shareholders of SingSpring Pte Ltd ("SSPL") as it relates to the period prior to SingSpring Trust's acquisition of the business and net assets of SSPL on 12 February 2007.

In the event that SingSpring Trust is not successful in its objection, the tax recoverable amount of $0.4 million will be expensed to the income statement.

35. Events occurring after balance sheet date

The following subsequent events took place:

(a) *City Gas Trust*

On 16 May 2008 the Trustee of City Gas Trust entered into a supplemental gas purchase contract with Gas Supply Pte Ltd ("GSPL") to purchase an additional 35.16 trillion Btu ("Additional Volume") of natural gas from 2009 to 2023, increasing the total contracted volume under the Gas Purchase Agreement by 31% to 147.16 trillion Btu. The Additional Volume will help enable City Gas Trust to increase its natural gas supply in order to meet projected increase in gas sales over the next few years.

(b) *CitySpring*

On 28 May 2008, the Trustee Manager of CitySpring announced that it has finalised the terms of a three year term loan for the re-financing of the $370 million equity bridge loan which matures at the end of August 2008. The loan will be secured by the following: (i) pledge of the shares/units in CityLink Investments Pte. Ltd. ("CityLink") and City Gas Trust respectively; (ii) charge over the bank accounts of the Trust; (iii) debenture over all the assets of the Trust, save for those already pledged to senior creditors at the subsidiaries level; and (iv) corporate guarantee from CityLink.

Notes to the Financial Statements

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

36. Comparative figures

No comparative figures have been presented as this is the first set of financial statements prepared by the Group and the Trust since the date of its constitution on 5 January 2007.

37. New or revised accounting standards and interpretations

The Group has not early adopted the following applicable FRS and INT FRS that have been issued but not yet effective:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 23 (Revised)	Borrowing Costs
FRS 27 (Amendments)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combinations
FRS 108	Operating Segments
INT FRS 112	Service Concession Arrangements

(a) FRS 1 (Revised) Presentation of Financial Statements (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 are 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.

(b) FRS 23 (Revised) 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 (Revised) is not expected to have any impact to the Group.

(c) FRS 27 (Amendments) 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 lost 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 (Revised) from 1 April 2010.

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

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.

Notes to the Financial Statements

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

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

(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 management 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 2009. The Group does not expect the new operating segments to be significantly different from the business segments currently disclosed. Comparative information will be provided.

Interpretation that is not yet effective and not relevant for the Group's operations

(f) INT FRS 112 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)

INT FRS 112 addresses how operators shall account for rights and obligations arising from service concession arrangements, where control of the assets remain in public hands but the operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. The Group does not expect the adoption of INT FRS 112 to have a significant 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 3 June 2008.

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

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

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
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
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 [c]	Australia	Investment holding	Australia	Shares 100% held by Coral Holdings Australia Pty Ltd
Basslink Australia GP Pty Ltd [c]	Australia	Investment holding	Australia	Shares 100% held by Nexus Investments Australia Pty Ltd

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

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
Basslink Australia GP Pty Ltd [c]	Australia	Investment holding	Australia	Shares 100% held by Nexus Investments Australia Pty Ltd
Basslink Australia LLP [c]	Australia	Investment holding	Australia	Shares 99% held by Nexus Investments Australia Pty Ltd and 1% held by Basslink Australia GP Pty Ltd
Basslink Holdings Pty Ltd [c]	Cayman Island	Investment holding	Australia	Shares 100% held by Basslink Australia LLP
Basslink Pty Ltd [c] ("Basslink")	Australia	Operation of undersea electricity interconnector	Australia	Shares 100% held by Basslink Holdings Pty Ltd
Basslink Telecoms Pty Ltd	Australia	Operation of telecom business (has not commenced operations)	Australia	Shares 100% held by Basslink Pty Ltd

(a) Audited by PricewaterhouseCoopers, Singapore
(b) Audited by Ernst & Young, Singapore
(c) Collectively known as Basslink Group and audited by PricewaterhouseCoopers, Melbourne

Statistics of unitholdings
As at 15 May 2008

Distribution of Unitholdings

Size of Holdings	No. of Unitholders	%	No. of Units	%
1 - 999	10	0.06	1,264	0.00
1,000 -10,000	14,555	83.05	42,884,791	8.75
10,001 - 1,000,000	2,938	16.76	124,672,101	25.45
1,000,001 and above	23	0.13	322,407,348	65.80
Total	**17,526**	**100.00**	**489,965,504**	**100.00**

Location of Unitholders

Country	No. of Unitholders	%	No. of Units	%
Singapore	17,349	98.99	487,053,504	99.40
Malaysia	86	0.49	1,165,000	0.24
Others	91	0.52	1,747,000	0.36
Total	**17,526**	**100.00**	**489,965,504**	**100.00**

Twenty Largest Unitholders

S/No.	Name	No. of units	%
1.	Bartley Investments Pte. Ltd.	67,500,000	13.78
2.	CitySpring Infrastructure Management Pte. Ltd.	39,965,504	8.16
3.	DBSN Services Pte Ltd	38,422,500	7.84
4.	Napier Investments Pte. Ltd.	28,575,000	5.83
5.	HSBC (Singapore) Nominees Pte Ltd	28,330,500	5.78
6.	Citibank Nominees Singapore Pte Ltd	26,332,188	5.37
7.	DBS Nominees Pte Ltd	24,193,700	4.94
8.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	19,766,000	4.03
9.	United Overseas Bank Nominees Pte Ltd	17,880,000	3.65
10.	UOB Kay Hian Pte Ltd	4,745,000	0.97
11.	Chue Chee Cheong or Priscilla Leong Sau Peng	4,000,000	0.82
12.	Phillip Securities Pte Ltd	3,886,794	0.79
13.	DBS Vickers Securities (S) Pte Ltd	2,672,000	0.55
14.	Tommie Goh Thiam Poh	2,550,000	0.52
15.	BMT A/C Estate of Mse Angullia (Wakaff) Clause 7 Trust	1,917,000	0.39
16.	Merrill Lynch (S'pore) Pte Ltd	1,915,162	0.39
17.	Seah Kiok Leng	1,730,000	0.35
18.	Raffles Nominees Pte Ltd	1,477,000	0.30
19.	OCBC Securities Private Ltd	1,422,000	0.29
20.	ABN Amro Nominees S'pore Pte Ltd	1,388,000	0.28
	Total	318,668,348	65.03

Notice of Annual General Meeting of the Unitholders

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Unitholders of CitySpring Infrastructure Trust ("CitySpring") will be held at Taurus & Leo Ballroom, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 3 July 2008 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 CitySpring Infrastructure Trust for the period from 5 January 2007 to 31 March 2008 together with the Independent Auditors' Report thereon.
(Ordinary Resolution 1)

2. To re-appoint PricewaterhouseCoopers as the Independent Auditor of CitySpring Infrastructure Trust and to authorise the Trustee Manager to fix their remuneration.
(Ordinary Resolution 2)

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

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

That pursuant to Clause 6.1 of the trust deed dated 5 January 2007 constituting CitySpring ("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"):

(A) The Trustee Manager be authorised to:

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

(ii) make, grant or issue offers, agreements, options or awards (collectively, "Instruments") that might or would require Units to be issued, including without limitation the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible, exercisable or redeemable 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 that the authority conferred by this Ordinary Resolution may have ceased to be in force, the Trustee Manager be authorised to issue Units pursuant to any Instrument made, granted or issued by the Trustee Manager while this Ordinary Resolution was in force; and

(C) the Trustee Manager and any Director of the Trustee Manager be authorised to do all such things and execute all documents as it or he may consider necessary or expedient to give effect to this Ordinary Resolution as it or he may deem fit.

provided that:

(i) the aggregate number of Units to be issued pursuant to this Ordinary Resolution (including Units to be made, granted or issued pursuant to any Instrument made, granted or issued pursuant to this Ordinary Resolution) shall not exceed 50% of the total number of Units in issue as at the date on which this Ordinary Resolution is passed (as calculated in accordance with paragraph (ii) below) ("Total Number of Units in Issue"), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders of CitySpring (including Units to be issued pursuant to any Instrument made, granted or issued pursuant to this Ordinary Resolution) shall not exceed 20% of the Total Number of Units in Issue;

Notice of Annual General Meeting of the Unitholders

(ii) subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued pursuant to paragraph (i) above, the percentage representing such aggregate number of Units shall be based on the total number of Units in issue as at the date on which this Ordinary Resolution is passed after adjusting for:

  (a) new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting as at the date on which this Ordinary Resolution is passed; and

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

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

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

(Ordinary Resolution 3)

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

Susanna Cher
Company Secretary
Singapore,
13 June 2008

Explanatory Note:

For the avoidance of doubt, Ordinary Resolution 3 ("Unit Issue Mandate") shall be without any prejudice to the Trustee Manager's ability to issue new Units and/or securities convertible into new Units pursuant to the approval and authority granted by Unitholders at the Extraordinary General Meeting of CitySpring held on 19 February 2008 in connection with CitySpring's acquisition of Basslink ("Basslink EFR Approval") so as to raise gross proceeds of up to S$370 million in aggregate pursuant to such structure, in such manner, on such terms and at such time as the Trustee Manager may determine, and the Basslink EFR Approval shall continue to have full force and effect after the date of this Annual General Meeting.

Notes:

1. A Unitholder entitled to attend and vote at the Annual General Meeting of the Unitholders of CitySpring (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 must be deposited at the Registered Office of the Trustee Manager at 111 Somerset Road, #07-02, Singapore Power Building, Singapore 238164 not less than forty-eight (48) hours before the time appointed for holding the Meeting (i.e. by **2 p.m.** on **1 July 2008**).

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.

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 proxy need not be a Unitholder.

4. 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.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Trustee Manager at 111 Somerset Road, #07-02, Singapore Power Building, Singapore 238164 not less than 48 hours before the time appointed for the Annual General Meeting i.e. by **2 p.m.** on **1 July 2008**.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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.

7. Where an instrument appointing a 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 may be treated as invalid.

8. 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.

9. The Trustee Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee Manager may reject a Proxy Form 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 CDP to the Trustee Manager.

10. 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.

11. At any meeting, a resolution put to the vote of the 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 (i) by the Chairman; (ii) by five or more Unitholders having the right to vote at the meeting; (iii) by Unitholder(s) representing not less than 10% of the total voting rights of the Unitholders having the right to vote at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been 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.

12. 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.

CITYSPRING INFRASTRUCTURE TRUST

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

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ____ (Name)

of ____ (Address)

being a Unitholder/ Unitholders of CitySpring Infrastructure Trust ("CitySpring"), hereby appoint:

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

and/or (delete as appropriate)

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

or both of whom failing, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting (the "Meeting") of Unitholders of CitySpring to be held on Thursday, 3 July 2008 at 2 p.m. at Taurus & Leo Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
1	Receive and adopt the Report of the Trustee Manager, Statement by the Trustee Manager and the Audited Accounts of CitySpring for the period from 5 January 2007 to 31 March 2008				
2	Re-appointment of PricewaterhouseCoopers as the Independent Auditor of CitySpring				
3	Unit Issue Mandate				

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________ 2008

Total number of Units held

____

Signature of Unitholder(s)

or, Common Seal of Corporate Unitholder

*Delete where inapplicable

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 #07-02
SIngapore Power Building
Singapore 238164

Annual General Meeting

fold along this line (1)

CITYSPRING INFRASTRUCTURE MANAGEMENT PTE. LTD.

(as Trustee Manager of CitySpring Infrastructure Trust)
(Incorporated in Singapore with Reg No.: 200614377M)

111 Somerset Road #07-02, Singapore Power Building, Singapore 238164
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