Providing Essential Services

CitySpring Infrastructure Trust

Annual Report 2010

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Corporate Profile

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

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

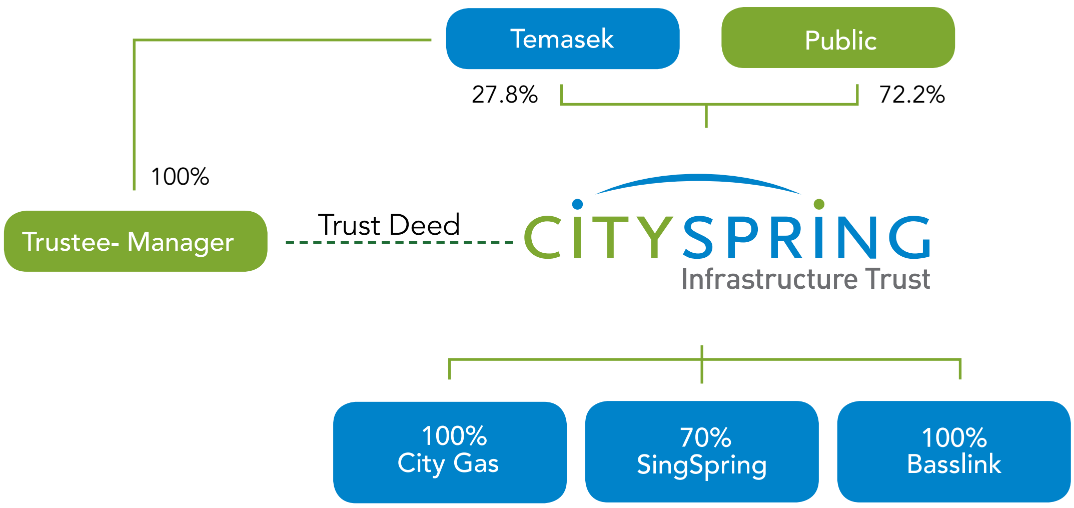
CitySpring's initial assets comprised 100% of City Gas, the sole producer and retailer of town gas and the sole user of the low-pressure piped town gas network in Singapore and 70% of SingSpring, the sole supplier of desalinated water to the PUB, Singapore's national water agency.

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

Embedded in the interconnector are fibre optic cables. Basslink Telecoms, a wholly owned subsidiary of CitySpring, successfully commercialised these cables when it commenced carrying commercial traffic from July 2009. Basslink Telecoms is a wholesale telecoms operator, providing its customers with high-speed broadband connections between locations in Hobart, Tasmania and Melbourne, Victoria.

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

Group Structure



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

Group Structure

City Gas

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

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

SingSpring

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

The desalination plant, which is located in Tuas, Singapore, utilises advanced, cost and energy-efficient reverse osmosis technology. At the time of its completion, the facility was the largest membrane-based seawater desalination plant installed with one of the largest reverse osmosis trains in the world.

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

Basslink

Basslink owns and operates a 370-km high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia. It was constructed to allow Tasmania to participate in the Australian National Electricity Market.

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.

Basslink Telecoms began operations offering broadband capacity between Hobart, Tasmania and Melbourne, Victoria in July 2009.

RELIABILITY

Serving more than half a million residential customers in Singapore, City Gas is the undisputed market leader in the supply of town gas. Widely seen as a more environmentally friendly heat source for cooking, water heating and clothes drying, generations have depended on town gas from City Gas for its quality, versatility and reliability.

Chairman's Statement

"A combination of owning and operating sound businesses, prudent financial management, and strong corporate governance have been key to our success."

Dear Unitholders,

Over the last three years since our listing as the first infrastructure business trust on Singapore's Stock Exchange, we have seen dramatic growth, a severe contraction, and now tentative signs of recovery in the economic fortunes of certain parts of the world. These events have had a major impact on the financial markets as well as the real economy.

Against this background, I am pleased to report that CitySpring has continued to deliver a steady set of results, producing cash earnings of $57.9 million for the year ended 31 March 2010. Significantly, we have increased distributions to unitholders to $10.3 million in the last fiscal quarter compared with $7.3 million in the first full quarter after our listing.

A combination of owning and operating sound businesses, prudent financial management, and strong corporate governance have been key to our success. Let me explain in greater detail:

- Our three businesses, City Gas, SingSpring and Basslink, all provide essential services to the communities that they serve. City Gas is the sole producer and retailer of town gas in Singapore. SingSpring has been designated as one of Singapore's four "taps" or sources of water, being the only water desalination plant supplying to the PUB. Basslink is the only electricity interconnector between Tasmania and mainland Australia, and since July 2009, the only alternative provider of telecommunication connections across the Bass Strait. All of these businesses have proven to be very resilient to changes in the economic environment;

- From the date of our inception, we took the view that we should only pay distributions from operating cashflow to ensure sustainability. We have sized each of our debt facilities to match the cashflow profile of our businesses, and sought to ensure that the tenor of our debt is as long as possible whilst being cost effective;

- We have a strong independent Board focused on the long-term interests of our unitholders. Over 70% of our Board members are independent directors.

During the year, the Board and its various committees met regularly to discuss a wide range of strategic, operational and financial issues. The independence of the Board will remain central to our corporate governance which, we believe, will continue to strengthen CitySpring as a business organisation.

During the year, we have further strengthened our capital base by successfully completing a 1 for 1 rights issue. This has increased our financial flexibility as well as diversified our funding base. We are thus well placed to capture the opportunities that could emerge as economies recover. In this regard, for each opportunity that we evaluate, we have exacting requirements in terms of cashflow stability, risk mitigation and value creation.

Going forward, we will continue to establish CitySpring as a leading infrastructure owner and operator. Apart from growing our portfolio through acquisitions (if they meet our requirements as mentioned above), we will continue to look for synergies within the group and integrate our businesses so that we can leverage the strength of the talents in our Group for managing our assets.

In this regard, the management and staff of CitySpring have remained focused and committed to their work despite the many challenges caused by extremely volatile markets. I want to thank them for their professionalism and dedication.

My fellow Board directors have worked tirelessly throughout the year. Many of them have taken on additional responsibilities through membership of the various Board committees that we had set up in the last fiscal year. I want to thank them for their dedication and good counsel.

Most of all, I want to thank you, our unitholders. Once again, many of you took the trouble to participate in our investor relations programmes, especially our annual Investor Day Conference, and have offered constructive feedback and words of encouragement to our management. We were fortunate to have your vote of confidence for the rights issue and I sincerely thank you for making the fund raising exercise a great success.

Lastly, I wish to update you on a number of changes to the CitySpring Board, designed to ensure that we continue to adopt good practices in corporate governance, especially in terms of giving the Board fresh perspectives, and attracting the appropriate talent.

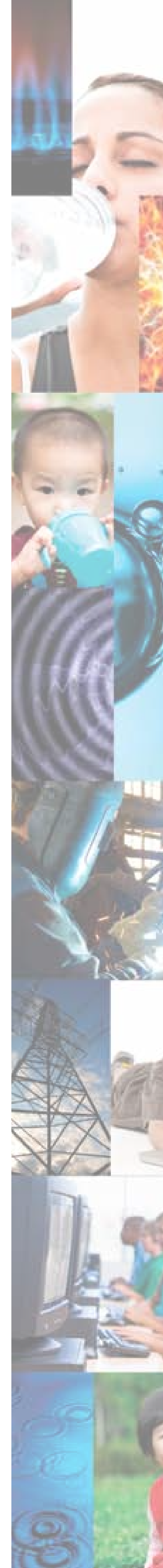
I want to welcome Daniel Ee and Tan Ek Kia to the Board. Daniel has had a highly successful banking career, culminating in his role as Chief Executive of Standard Chartered Merchant Bank Asia Ltd. He has since served on the board of many different companies including SMRT and Tiger Aviation for which he was Chairman. Ek Kia is currently the Chairman of our subsidiary, City Gas. Previously, he was with the Shell Companies for 33 years, during which he held various positions including as Chairman of North East Asia based in Beijing.

With the appointment of these highly experienced individuals, I am pleased to hand over my chairmanship of CitySpring to Daniel upon the completion of certain formalities immediately after the Annual General Meeting. I will at that time also cease to be a Board member.

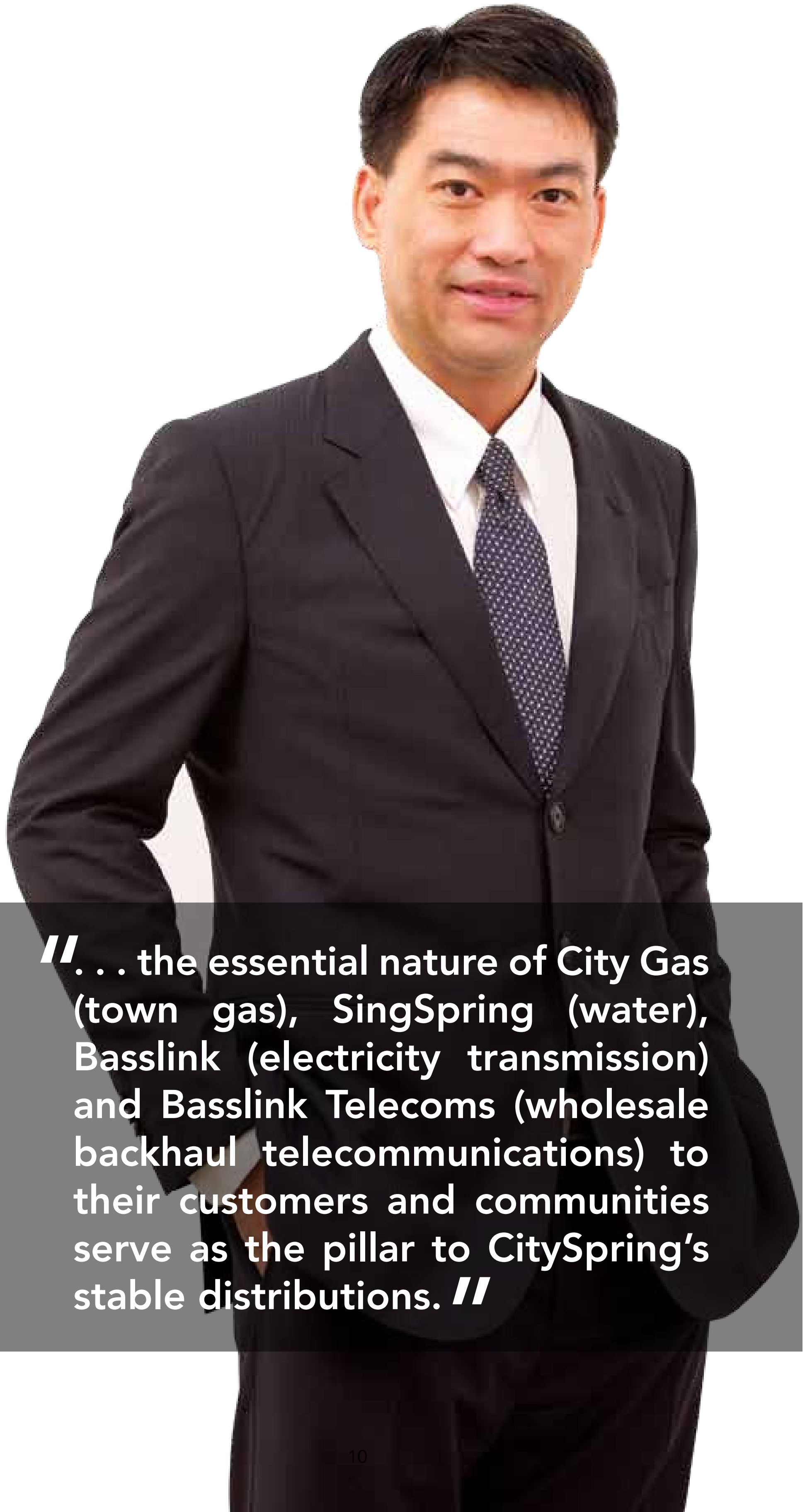
Margaret Lui, who played an instrumental role in setting up CitySpring, and has been a Board member since its inception, will retire from the Board upon the completion of certain formalities after the Annual General Meeting. The Board and I owe much to Margaret's valuable contribution in the last three and half years. Her impending retirement will be sorely missed by all. Her seat at the Board will be taken up by Ong Beng Teck, who is a Managing Director at Temasek, having worked there now for 13 years. He had previously worked at the Inland Revenue and then the Ministry of Finance in Singapore.

While the world economy is moving towards recovery, I am optimistic that the Asia Pacific region will remain the leading growth engine going forward. This will continue to drive demand for infrastructure in this region. I am confident that, with the strategies that we have put in place, we are well positioned to build and grow CitySpring into a premier owner and operator of infrastructure assets.

Sunny Verghese
Chairman
16 June 2010



Chief Executive Officer's Report



"... the essential nature of City Gas (town gas), SingSpring (water), Basslink (electricity transmission) and Basslink Telecoms (wholesale backhaul telecommunications) to their customers and communities serve as the pillar to CitySpring's stable distributions."

At the start of the year under review, both the likely length and depth of the recession were uncertain. We decided to focus on the fundamental strengths of our businesses, namely; we provide essential infrastructure or utility services to state-owned enterprises and end-users. Where appropriate, we took steps to reduce costs without affecting the long-term value of our businesses. At the same time, we continued to invest for future growth, as demonstrated by the launch of Basslink Telecoms. We also took the opportunity to strengthen our capital base with a 1 for 1 rights issue, raising $235.2 million in gross proceeds.

With the execution of these plans, I am pleased to report that CitySpring has delivered a creditable set of results for the year ended 31 March 2010. Cash earnings, a key indicator of our financial performance, was $57.9 million. Due to reasons that I will explain later in this report, this is lower than the cash earnings for the previous year of $60.9 million. Nevertheless, we have increased our distributions to unitholders to $39.4 million for the year, representing a year-on-year increase of 15.0%.

Providing Essential Services

CitySpring's primary objective is to deliver steady long-term distributions to our unitholders. In this regard, we have greatly benefitted from owning and operating infrastructure businesses that provide essential services which are less affected by the cyclical swings of the global or their home economy. To us, essential services tend to be relatively critical in nature and cannot be substituted easily or done without, even when there is a downturn in the economy. In our case, the essential nature of City Gas (town gas), SingSpring (water), Basslink (electricity transmission) and Basslink Telecoms (wholesale backhaul telecommunications) to their customers and communities serve as the pillar to CitySpring's stable distributions.

As the sole producer and retailer of town gas in Singapore, City Gas provides the fuel for many essential purposes including cooking and the provision of heated water for industrial, commercial and residential users. Although the recession has undoubtedly affected gas consumption for some of these users, City Gas' diversified customer base, numbering over 600,000 accounts, still provided growth in overall gas volume consumed compared with the previous fiscal year. In addition, we have sought to enhance our profitability by seeking to increase sales in higher margin segments and reducing our investments in those segments with lower margins.

As explained in our previous quarterly results announcements, City Gas' short term profit margins can be affected by movements in fuel costs. This is because City Gas can only change the tariffs at which it charges its customers once every three months, whereas fuel costs fluctuate on the open market more frequently. From quarter to quarter, there is therefore potentially a mis-match between City Gas' fuel costs and tariffs, although the tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time. In this connection, City Gas received approved tariff increases of 7.5% from 1 August 2009, 13.8% increase from 1 November 2009, and 2.2% increase from 1 February 2010. Nevertheless, this time-lag between rises in fuel costs and corresponding changes in our tariffs has affected our financial results, and is one of the main reasons for our reduced cash earnings compared with the previous fiscal year.

The ongoing renewal and expansion of Singapore's residential housing will increase the number of homes connected to the gas network, and in turn, increase City Gas' customer base. Likewise, the launch of many upscale shopping malls on Orchard Road, Singapore's prime shopping district, with large floor areas devoted to food and beverage, has already provided an impetus for growth, and will likely do so in the months ahead. We anticipate that the opening of the integrated resorts, comprising numerous hotels, restaurants, and other entertainment facilities, will similarly be a significant growth driver.

SingSpring is a strategic asset in the nation's water supply system, being the only water desalination plant supplying to the PUB, Singapore's water agency. Its record of 100% availability has enabled us to provide a dependable and high quality water source. Over the last three years, Singapore has experienced several periods of low rainfall and we have seen SingSpring's dispatch increasing from 25% in 2007 to 42% in 2009. With ever increasing water requirements in Singapore, the plant has indeed become an essential part of Singapore's water resource management.

Basslink is the only electricity interconnector between mainland Australia and Tasmania which relies heavily on hydro electricity for power generation. The purpose of the link is to give Tasmania more flexibility in managing its hydro electricity resources, and assist in ensuring the security of power supply for Tasmania. For example, Basslink allows Tasmania to import electricity from the State of Victoria when there are insufficient water resources to operate the hydro generation units to meet demand,

and export electricity when there are profitable opportunities to sell electricity in the State of Victoria. During the last several years, Tasmania has experienced less rainfall than historical averages. Consequently, Tasmania has relied on the Basslink interconnector to import an increasing amount of electricity, from 1350 GWh in 2007 to 2559 GWh in 2009[1]. For the calendar year 2009, Basslink achieved cumulative availability of 98.8%, and for the first three months of 2010, availability of 99.9%. Such a high level of availability has enabled Basslink to play an essential role in the supply of electricity to Tasmania.

As part of the original construction of Basslink, a number of fibre optic cables were installed alongside the electricity interconnector. On 16 July 2009, we officially commercialised some of these fibre optic cables which can now carry voice and data traffic. By launching Basslink Telecoms, we are offering wholesale backhaul services to internet service providers, telecommunication companies and other wholesale users who require telecommunication connection between Tasmania, the rest of Australia and beyond. We are the only alternative provider of such services, and a number of internet service providers have already purchased capacity from us to broaden their telecommunication product offerings in Tasmania. Increasingly, governments around the world recognise that high speed telecommunication is critical to economic growth and development. With Basslink Telecoms now in service, Tasmanian businesses, organisations and consumers have considerably wider choice and greater telecommunication capabilities at their disposal than ever before.

Recognising that we own and operate businesses providing essential services, we take great care in their operation and maintenance. In this regard, apart from adopting prudent operating practices and proactively managing risks, we ensure that the full resources of the group are made available to each of our businesses. An important aspect of this is to take full advantage of the vast pool of experience that our group wide Senior Management Team has in infrastructure and related industries. The Senior Management Team meets regularly to share ideas on asset management, best practices, occupational health and safety, and other wide ranging subjects. The goal is not only to seek areas to increase efficiency through combining group resources, but continuously to raise our operating performance through information sharing and constructive feedback. To help achieve this goal, we have adopted group-wide a set of corporate values, CITER, to guide our conduct: Commitment, Integrity, Teamwork, Excellence, Respect. By living out these values, we believe that we would drive up performance on a long-term sustainable basis.

[1] *Hydro Tasmania Annual & Sustainability Report 2009*

Maintaining Financial Flexibility

Against the challenging market environment, CitySpring took a number of steps to protect the stability of our cashflow, and strengthen our capital structure. Some of these steps were taken before the market downturn, in line with our prudent financial management philosophy. These include paying distributions out of operating cashflow, and having appropriately sized long-term debt in place to match the long-term nature of our businesses. Subsequently, we have taken additional steps to manage our interest rate risks, and when the market window presented itself, we enhanced our capital base by completing a 1 for 1 rights issue.

Launched in August 2009, the fully underwritten rights issue was oversubscribed with a subscription rate of 138.8%. In total, CitySpring raised gross proceeds of $235.2 million, and significantly increased its unitholder base. With our capital structure strengthened, we reduced our debt levels, and thereby increased our financial flexibility. This should position us to take advantage of the opportunities that should emerge as the world economy recovers.

We are however only too aware that none of the above would be possible without the support of our unitholders. We are deeply grateful for your support.

Staying Disciplined and Looking Ahead

Apart from focusing on our business operations and maintaining financial flexibility, we continue to develop strategies for organic growth and review other investment opportunities. We will only pursue those opportunities which meet our requirements for long-term stable cashflow, and value accretion to our unitholders. Looking back, our disciplined approach on investment, prudent financial management, and a focus on delivering performance from our businesses, have enabled us to negotiate the challenges caused by the global financial crisis.

In this regard, I would like to thank the Board for giving me and my management team valuable guidance and advice throughout the last three and a half years that we have been listed. In particular, both Sunny Verghese, as Chairman of the Board, and Margaret Lui, as Board director, have played a leading role in guiding CitySpring from its IPO as Singapore's first listed infrastructure business trust to what CitySpring represents today: A significant infrastructure group providing essential utility services

that have yielded a steady and growing distribution in each of the last three years since listing. Sunny's experience and business knowledge have been invaluable to me, whilst Margaret was the key driver behind the establishment of CitySpring, and has supported the trust ever since.

The fact that people of the calibre of Sunny and Margaret are able to retire, and new directors are appointed, shows that CitySpring has matured as a business enterprise. I, for one, am looking forward to our next stage of development.

Au Yeung Fai
Chief Executive Officer
16 June 2010

Converting seawater to high quality drinking water, SingSpring plays a vital role in Singapore's vision of water sustainability. As the designated fourth National Tap complementing local catchment water, imported water and NEWater, the SingSpring plant produces desalinated water to ensure sufficient water supply for Singapore.

SUSTAINABILITY

Performance Highlights

Group Cash Earnings
($' million)

57.9 — FY2010

60.9 — FY2009

CitySpring has delivered steady performance across all businesses for FY2010.

Total Distribution
($' million)

39.4 — FY2010

34.3 — FY2009

CitySpring has delivered total distributions of $39.4 million for FY2010. CitySpring's distributions are paid from net operating cashflow.

Total Assets
($' million)

2,189.4 — FY2010

1,913.6 — FY2009

Total assets for FY2010 was $2,189.4 million, which is 14.4% higher than FY2009.

Financial Review

CitySpring achieved total cash earnings of $57.9 million for the year ended 31 March 2010 ("FY2010") compared to $60.9 million for the year ended 31 March 2009 ("FY2009").

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

($'000)	**FY2010**	FY2009
Revenue	**388,147**	398,739
Other income	**3,345**	5,469
Other gains/(losses) – net	**6,113**	(22,776)
Total expenses	**(414,382)**	(432,476)
Loss before income tax	**(16,777)**	(51,044)
Income tax credit	**26,004**	1,293
Net profit/(loss) after tax	**9,227**	(49,751)
Cash earnings	**57,853**	60,940
DPU (cents)	**4.90***	7.00

** Aggregate of 1.75 Singapore cents (pre-rights) declared in 1Q FY2010 and 3.15 Singapore cents (post rights) declared for the remaining financial year*

CitySpring's assets, namely City Gas Trust ("City Gas"), SingSpring Trust ("SingSpring") and Basslink Pty Ltd ("Basslink"), performed to expectation and continued to generate robust cashflow. The steady and predictable cashflow from these assets are underpinned by long-term contracts with customers or, in the case of City Gas, a strong market position.

For FY2010, City Gas recorded cash earnings of $25.5 million compared to $48.8 million in the previous year. The reduction was caused by the time-lag between changes in City Gas' fuel costs and corresponding adjustments in gas tariffs. Over time, City Gas' tariff setting mechanism is designed to ensure that City Gas is not affected by changes in fuel costs.

SingSpring, the sole supplier of desalinated water to Singapore's PUB, continued to deliver steady results, achieving 100% water production availability throughout the year. Dispatch for the year was 42% compared to 32% in the previous year. Cash earnings for FY2010 was $18.5 million compared to $17.4 million in FY2009.

Basslink achieved cumulative availability of 98.8% for the calendar year 2009. Cumulative availability for the three months ended 31 March 2010 was 99.9%. Basslink Telecoms commenced carrying commercial traffic from July 2009 and has sold capacity to several internet service providers in Tasmania. Basslink's cash earnings for FY2010 was A$22.2 million compared to A$18.3 million in FY2009.

The CitySpring Group continues to adopt an active risk management strategy, and where appropriate, would enter into hedging contracts to protect its cashflow. This policy is consistent with the Group's stated objective of delivering regular and stable distributions to unitholders. Accounting standards require movements in the fair value of these hedging contracts to be recorded in the income statement and balance sheet. While such changes in fair value affect the net profit, they are non-cash in nature, and do not reflect the fundamental value nor the cash earnings of the Group's businesses.

City Gas

City Gas seeks to maintain its market leadership in gas retailing by meeting the needs of its customers, providing them with high quality service and offering value for money.

Business Objectives

City Gas is currently the sole producer and retailer of town gas in Singapore. It seeks to maintain its market leadership in gas retailing by meeting the needs of its customers, providing them with high quality service and offering value for money.

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

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

Earnings Review

For the financial year, City Gas recorded cash earnings of $25.5 million compared to $48.8 million for the previous financial year. The lower cash earnings is due to the time mis-match between tariffs and fuel costs for City Gas. Fuel costs, which are pegged to the High Sulfur Fuel Oil ("HSFO") price, changes on a daily basis whereas tariffs are adjusted on a quarterly basis. The tariffs adjustment mechanism is designed to ensure that tariffs "catch up" with fuel costs over time. The contributions from City Gas can therefore fluctuate from quarter to quarter depending on the changes in tariffs as they respond to changes in fuel costs. However, over time, these fluctuations should leave City Gas neutral to the effect of changes in fuel costs.

Market Review

In Singapore, the energy market recovered with the economic upturn. City Gas' sales continued to grow particularly during the second half year with service turn-on at several new building projects.

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

In the commercial town gas segment, competition from liquefied petroleum gas ("LPG") suppliers was intense in some sub-segments such as hawker centres and eating houses.

In the industrial town gas segment, gas demand grew with the increase in economic activities and strong growth in the food processing segment even though it is a highly competitive segment as customers have a choice of town gas, LPG or diesel.

Operating Review

During the financial year, City Gas was granted three tariff adjustments by the Energy Market Authority of Singapore ("EMA"). These involved a 7.5% or 1.14 cent/kWh increase from 1 August 2009, a 13.8% or 2.24 cent/kWh hike from 1 November 2009 and a 2.2% or 0.4 cent/kWh increase from 1 February 2010.

Gas tariffs are reviewed quarterly and adjusted in line with changes in the cost of feedstock for gas production, which in turn is pegged to the price of HSFO. These tariff adjustments during the financial year reflected higher fuel costs since the reduction in gas tariffs by 29% from 1 February 2009.

For the financial year ended March 2010, the number of City Gas customers has grown by 2% to about 620,000, compared to the same period a year ago.

Growth in town gas sales during the financial year was partly attributable to the launch of integrated resort Resorts World Sentosa ("RWS"), which opened in phases since February 2010. City Gas supplies town gas to the central kitchens and all F&B outlets in RWS for cooking and water-heating. In addition, town gas is also used for the creation of special effects display at the Universal Studios attractions, including the 'Water World', 'Jurassic Park' and 'Revenge of the Mummy'.

Apart from the integrated resort, town gas supply demand by the commercial market segment was also boosted by the completion of major shopping malls in the popular shopping districts in Singapore. These include the ION, 313@Somerset, TripleOne Somerset, Orchard Central, Illuma, City Square Mall and Tampines One.

Within the commercial sector, City Gas has also successfully installed water heating systems in nine hotel and hostel establishments. Another 14 installation projects are in progress as at end-March 2010.

In the area of marketing initiatives, City Gas is continuing to seek various avenues to drive customers' take-up of gas water heaters. These include leveraging its strong ties with local property developers and M&E consultants as well as greater gas-application awareness among home-owners.

In driving home the message of the energy efficiency of gas applications, City Gas collaborated with Professor Lee Siew Eang, Head of Energy Sustainability Unit, National University of

Singapore, to conduct a study on the extent of carbon footprint emissions from the use of gas-operated water-heaters.

The findings, which revealed a considerable reduction of green house gas emission and savings of utility bills gained through switching from electricity-powered to gas-operated water-heaters, were compiled in Professor Lee's energy report entitled "Gas Heater, Green Energy for Greener Singapore". The findings were shared in a technical seminar organised by City Gas in October 2009.

The exhibition-cum-seminar which included City Gas' business partners showcased a wide range of gas appliances and applications that can be used to reduce users carbon footprints. It was an ideal platform to re-affirm the 'green' potential of gas applications to over 500 industry players including government agencies, property developers, M&E consultants and architects.

These initiatives are bearing results as 2,300 out of 6,000 applications for town gas supply to new private housing units, use town gas for water heating in addition to the traditional use of town gas for cooking.

Through its partnership with Chinese daily Shin Min Daily News, City Gas held the 'City Hawker Food Hunt 2009' from April to October 2009 – a programme supported by the Singapore Tourism Board, the Health Promotion Board and the National Environment Agency to search for the best hawker foods in Singapore. The event culminated in a grand finale where winning hawkers took centre-stage in an award presentation ceremony, graced by Dr. Amy Khor, Senior Parliamentary Secretary, Ministry of Environment and Water Resources.

In the area of customer service, City Gas continued with training programmes for staff and contractors.

The company actively endorsed and cascaded its service values 'P.R.I.D.E' (Professionalism, Relationship Builder, Initiative, Dependable and Efficiency) to motivate staff and contractors in delivering the desired City Gas experience. Independent service audits conducted quarterly showed that City Gas services continued to be highly rated by its customers.

City Gas has always believed in harnessing the strengths, skills and experience of its staff, young and old, in collectively offering the best value and quality service to its customers. Its structured staff training programme is effectively complemented with experience and knowledge sharing from the more mature colleagues in smaller group discussions and briefings. In February 2010, City Gas was awarded a $20,000 grant through the 'Initial Advantage Scheme' awarded by the Workforce Development Agency for its commitment and pro-active support in the re-employment of performing staff beyond their retirement age of 62.

During the course of the year, City Gas attained 100% all-year-round gas production availability without any gas incident. In particular, City Gas achieved an all-time-high gas production level of 881,022 cubic metres of town gas on the eve of Chinese New Year on 13 Feb 2010. In recognition of its good safety performance and management system, City Gas was awarded a Silver Award under the annual Workplace Safety and Health Performance Awards 2009.

Business Outlook

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

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

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

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

SingSpring

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

Business Objectives

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

The SingSpring plant harnesses reverse osmosis ("RO") technology, which is reliable and effective in its energy use, as part of its water desalination process. The plant also adopts an advanced energy recovery system, which makes it cost effective and energy efficient. SingSpring anticipates that the RO technology will remain viable over the long-term and taken together with the continuous efforts and investments required to operate and maintain the SingSpring plant, will meet the WPA's availability and performance standards for the foreseeable future.

Earnings Review

SingSpring continued to deliver good results for the year ended 31 March 2010. Cash earnings for the year was $18.5 million which was 7% higher than $17.4 million for the previous financial year. Average dispatch for the financial year was 42% compared with 32% for the previous financial year. Its steady cash earnings are underpinned by the contractual nature and availability payment based regime of the WPA.

Market Review

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

Operating Review

SingSpring receives capacity payments from PUB for making available the full water capacity of the desalination plant. The capacity payments are payable throughout the term of the WPA, regardless of whether the SingSpring plant supplies any water to PUB, and does not vary with the volume of water supplied. This ensures a long-term and predictable cashflow for SingSpring. For the year ended 31 March 2010, SingSpring achieved 100% availability.

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

During the year, SingSpring supplied an average of 57,226m3 of water per day, representing 42% of the plant's capacity, to PUB.

Business Outlook

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

Basslink

Basslink's main objective is to either meet or exceed the 97% availability target for its electricity interconnector between Tasmania and mainland Australia. Basslink Telecoms was officially launched on 16 July 2009 and has signed on several telecoms service providers as customers.

Business Objectives

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

Basslink's availability for the calendar year 2009 was 98.8%, which is above the 97% availability target.

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

Earnings Review

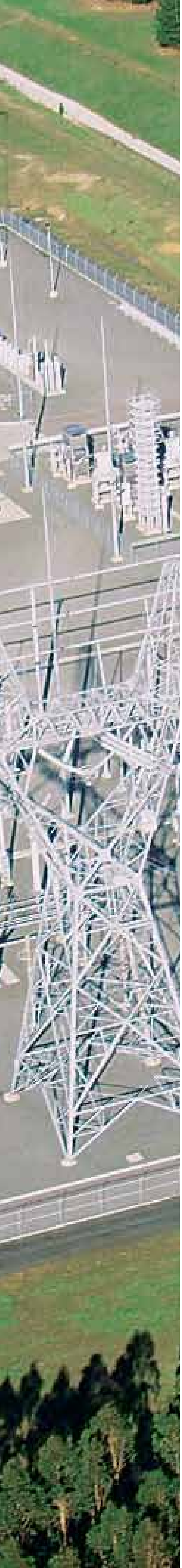
Basslink's principal source of revenue from the operations of the interconnector is a facility fee paid monthly by Hydro Tasmania. The facility fee is based on availability and is payable in full if Basslink's cumulative availability, based on calendar year-to-date, is greater than 97%. If Basslink's 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 caps 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 intention of this mechanism is to have a neutral impact on both parties over the longer term.

Cash earnings achieved for the year ended 31 March 2010 was A$22.2 million compared to A$18.3 million for the previous financial year. The higher cash earnings was due to higher facility fee from higher availability, higher CRSM payments and contributions from telecoms business which commenced carrying commercial traffic from July 2009.

Market Review

Most of the electricity generated in Tasmania is hydro-generated, which is constrained by water levels in hydro dams. Periods of low rainfall tend to increase the cost of hydro-generated electricity.



Tasmanian electricity demand tends to peak during the winter months due to its cool climate.

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

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

Operating Review

Basslink achieved an availability of 98.8% for the calendar year 2009. This was above the 97% threshold to earn 100% of the facility fee under the BSA.

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

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

Basslink Telecoms

The Basslink cable system incorporates a fibre optic cable which was only partly utilised by the electricity interconnector control systems. The spare fibres were unlit and a project was commenced in 2008 to light these dark fibres in order for telecommunication services to be offered.

Basslink Telecoms was officially launched on 16 July 2009 in a ceremony attended by the Tasmanian Premier David Bartlett and the Federal Minister for Communications Senator Steven Conroy.

Basslink Telecoms provides wholesale telecommunications between Tasmania and Melbourne, Victoria and has signed several telecoms service providers as customers.

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.

Basslink looks forward to growing its revenue from the sale of more telecoms capacity on its telecoms network connection from Tasmania to Melbourne, Victoria.

SECURITY

Operating the interconnector between the electricity grids of Victoria and Tasmania in Australia, Basslink serves as the crucial link allowing Tasmania to participate in the country's national electricity market. Through this interconnector, Basslink balances consumer demand for and the supply of electricity across the Bass Strait, enhancing the security of electricity supply to both Tasmania and Victoria.

Board of Directors

From top left to bottom right-

Sunny George Verghese
Peter Foo Moo Tan
Yeo Wico
Mark Andrew Yeo Kah Chong
Haresh Jaisinghani Rupchand
Daniel Cuthbert Ee Hock Huat
Tan Ek Kia
Margaret Lui-Chan Ann Soo
Au Yeung Fai

Mr Sunny George Verghese
Chairman and Independent Director

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

Mr Verghese is the Chairman of International Enterprise Singapore, a statutory board under Singapore's Ministry of Trade & Industry. He is also a member of the Rabobank Food & Agribusiness Asia Advisory Board. In May 2010, Sunny was appointed as the chairman of the Governing Council of Human Capital Leadership Institute. In April 2009, Sunny was appointed by the Ministry of Education, Singapore to serve as a member of the National University of Singapore, Board of Trustees.

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

Mr Peter Foo Moo Tan
Independent Director

Mr Foo is currently CEO of Fortis Bank S.A. /N.V. in Singapore, which is a subsidiary of BNP Paribas. He concurrently serves as Senior Banker for Asia Sovereigns, Supras and Central Banks for the bigger BNP Paribas Group. Mr Foo's banking career spans over 23 years and has included various management, trading and sales positions in Chemical Bank, Sumitomo Trust & Banking Co, Bank of America and Bank Austria Creditanstalt.

He is also a volunteer with various trade/ professional associations and social/ community organizations.

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

Mr Yeo Wico
Independent Director

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

Mr Mark Andrew Yeo Kah Chong
Independent Director

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

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

Mr Haresh Jaisinghani Rupchand

Independent Director

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

Mr Jaisinghani is also the Chairman of Basslink Pty Ltd, a wholly owned subsidiary of CitySpring.

Mr Daniel Cuthbert Ee Hock Huat

Independent Director

Mr Ee is currently the Chairman of Gas Supply Pte Ltd. He also serves on the boards of Citibank Singapore Ltd, Surface Mount Technology (Holdings) Limited and the National Environment Agency. He is a Council Member of the Singapore Institute of Directors and a Member of the Corporate Governance Council.

Mr Ee has more than 14 years of experience in the banking sector, in particular in corporate finance. He graduated from the University of Bath, UK with a Bachelor of Science in Systems Engineering (1st Class Honours) and has a Master of Science in Industrial Engineering from the National University of Singapore. He was awarded the Public Service Medal in 2003.

Mr Tan Ek Kia

Independent Director

Mr Tan is a seasoned executive in the oil and gas and petrochemicals business, with more than 30 years of experience in design, engineering and construction, project management, health, safety and environment, production, logistics, procurement and drilling operations management, business management and development, joint venture management and governance, and organisation change/transformation. He has worked in different countries and cultures. Prior to his retirement in September 2006, he held senior positions in Shell including Managing Director of Shell Malaysia Exploration and Production (based in Sarawak), Chairman of Shell North East Asia (based in Beijing) and Executive Vice President of Shell Chemicals Asia Pacific and Middle East (based in Singapore).

Mr Tan graduated from Nottingham University in 1973 with a First Class Honours degree of B. Sc in Mechanical Engineering and has attended various management development programmes. He is a Chartered Engineer with UK Engineering Council and Fellow with the Institute of Engineers, Malaysia.

Mr Tan currently sits on the boards of SMRT Corporation Ltd, Keppel Offshore & Marine Ltd, Dialog Systems (Asia) Pte Ltd, and Interglobal Offshore Pte Ltd. Mr Tan is also the Chairman of City Gas Pte Ltd, a wholly owned subsidiary of CitySpring.

Ms Margaret Lui-Chan Ann Soo
Director

Ms Lui is Managing Director (Special Projects) at Temasek Holdings (Private) Limited ("Temasek"). She is currently seconded to Temasek's wholly-owned subsidiary, Seatown Holdings Pte Ltd as Chief Operating Officer.

Whilst at Temasek Holdings, she was responsible for the investments and portfolio management for Temasek in the infrastructure, industrial and engineering sectors. CitySpring is amongst the infrastructure portfolio companies that she oversees. Ms Lui was also the former head of Temasek's transportation and logistics unit where she led investments for and actively monitored Temasek's transportation portfolio.

She currently sits on, among others, the boards of Singapore Cruise Centre Pte Ltd, Singbridge International Singapore Pte Ltd and Brookstone Inc.

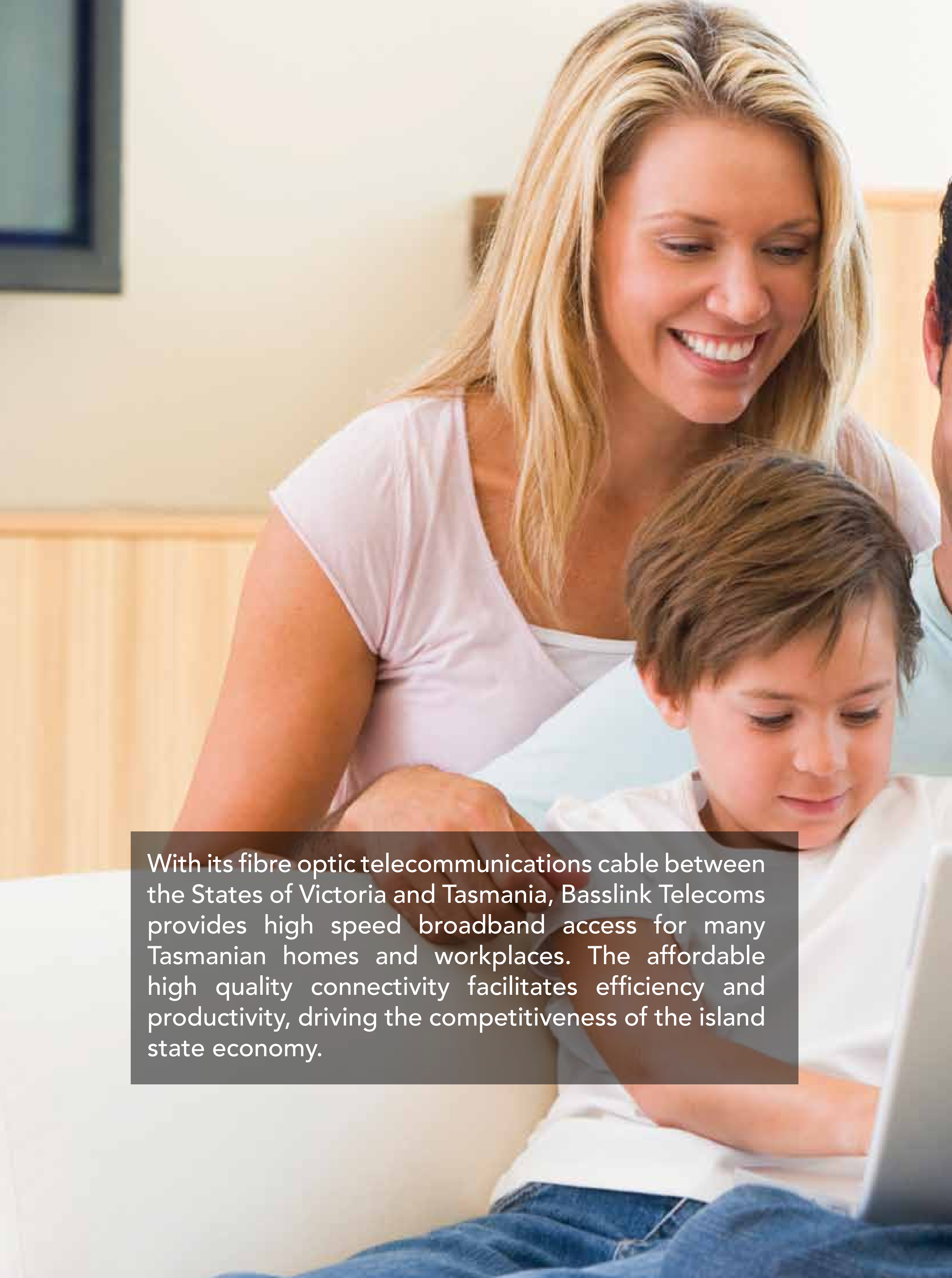
Mr Au Yeung Fai
Chief Executive Officer and Director

Prior to joining the Trustee Manager in December 2006, Mr Au Yeung was with the Barclays Bank Group, JP Morgan and CK Life Sciences Int'l, Inc. ("CK Life Sciences") which is part of the Cheung Kong Group.

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

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

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



With its fibre optic telecommunications cable between the States of Victoria and Tasmania, Basslink Telecoms provides high speed broadband access for many Tasmanian homes and workplaces. The affordable high quality connectivity facilitates efficiency and productivity, driving the competitiveness of the island state economy.

CONNECTIVITY

Senior Management

From top left to bottom right-

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

Mr Au Yeung Fai
Chief Executive Officer and Director

Pls refer to the Board of Directors Section.

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 for 11 years from 1995 to 2006 where he held various positions, including as a director of investments where he led a team responsible for sourcing, evaluating and making investments in the energy and resources sector.

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

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

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

Ng Yong Hwee
President & Chief Executive Officer
City Gas Pte Ltd

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

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

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

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

Malcolm Eccles

Chief Executive Officer & Director
Basslink Pty Ltd ("Basslink")

Before his appointment as the CEO, Mr Eccles was responsible for all operational and engineering functions of the Basslink Interconnector. Mr Eccles joined Basslink in April 2005.

Prior to joining Basslink, 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. His engineering career started with a 16-year stint with British Nuclear Fuels Limited ("BNFL"). He joined BNFL in 1986 and left the organisation in 2002 to join Siemens PTD.

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

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

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").

Before joining TMC, Ms Cher was the Group Management Accountant of WBL Corporation Limited, a company listed on the Mainboard of the SGX-ST.

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

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

Teo Kwan Hai

Senior Vice President (Customer Services)
City Gas Pte Ltd

Mr Teo joined Singapore's PUB in 1976 and was subsequently posted to its successor companies, PowerGas and City Gas. He has, over 34 years, acquired a wide range of experience in town gas production, gas distribution and utilisation, sales and customer services.

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

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

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 Asian infrastructure industries like power, water/waste, roads/logistics, telecommunications and urban development. Ms Ong was responsible for deal sourcing, due diligence, deal finalization, post-investment management and securing/realizing an exit for the investment. She also provided analysis of country sector development in areas of interest.

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

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

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

Gerry Chan

Vice President (Investments)
CitySpring Infrastructure Management Pte Ltd

Mr Chan has more than eight years of experience in Asia and Singapore with a core focus on asset acquisitions, deal structuring and project development in the infrastructure sector. As a member of the Trustee-Manager, his responsibilities include sourcing, structuring and executing infrastructure investments for CitySpring. During the year, he was also an instrumental part of the equity fund raising team that executed the highly successful S$235.2m fully underwritten Rights issuance for CitySpring. As a key member of the asset management team for SingSpring Pte. Ltd., he provides operational and management oversight for the performance of the desalination plant.

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

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

QUALITY

The CitySpring Group has developed a quality workforce to support its operating assets in Singapore and Australia. Its values of commitment, integrity, teamwork, excellence and respect are shared guiding principles among its employees, as they support the Trust's aim of achieving sustainable growth.

The CitySpring Family

Driving success with shared core values

To support the Trust's aim of achieving sustainable growth, CitySpring established in 2009 a Corporate Values committee. After a consultative process the committee unveiled a defined set of corporate values to guide employees across the Group in their relationships with one another and stakeholders. The team comprises senior representatives from the Trustee-Manager, City Gas, SingSpring and Basslink.

As these values are intended to shape the professionalism and work relationships of CitySpring employees, the committee plays a key role in helping staff members understand and internalise these values of Commitment, Integrity, Teamwork, Excellence and Respect.

The essential characteristics of these shared qualities and beliefs are:

Commitment	Dedication to create the best value for all stakeholders
Integrity	Act honestly and ethically
Teamwork	Work as one to achieve more together
Excellence	Always strive for better performance and outcome
Respect	Belief in open communication, active learning and a respect for the unique contributions of every person

Through the constant infusing of its culture with these values, CitySpring aims to develop a quality employee base which is guided by these shared qualities and working collectively to achieve sustainable growth.

We help maximise the potential of every member of the CitySpring family by developing their talents and skills to make them successful professionals in their own right as well as contribute to CitySpring's success.

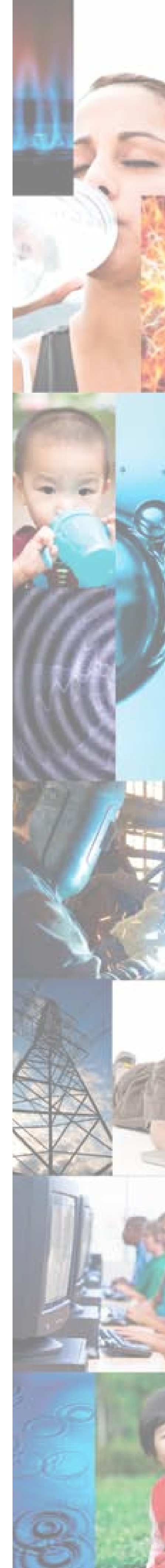
Within the CitySpring family, there is a myriad of individuals from varying backgrounds equipped with different skill sets. They are however united by their drive, determination and dedication to building an even stronger future for the Group.

Oh Hock Seng
Technical Officer
Supply Branch (Production Division)

I have worked at City Gas as a Technical Officer (Supply) for 7 years. My daily responsibilities include ensuring the safe and efficient operation of the gas making plants and its ancillaries, as well as attending to the occasional faults and breakdowns. We have to ensure that the plants are operating optimally all the time to provide a completely reliable delivery of town gas to our customers.

Health and safety are very important to us at the gas plants, as we handle flammable gases and chemicals to produce town gas. Every employee working at the gas plants needs to be conscious of not only his own safety, but also the safety of all the others working in the plant area. The act of looking out for one another strongly exemplifies our spirit of teamwork - a core value of CitySpring. By working as a team, we ensure that the plant operations work at top efficiency and accidents arising from negligence or complacency are avoided. You can say that safety has been hardwired into all of us who work at City Gas.

I was brainstorming for the HSSE slogan competition and thought "Safety is free, Use it generously" is something that expressed how work safety is part of everything we do. The slogan is also easy for everyone to understand and remember. I am very honoured that the Management chose this slogan as the winning entry.



Tina Bolakani
Accountant

I have been working at Basslink for over 3 years and have found the experience to be a very enriching and rewarding one. Basslink has provided me with many opportunities to demonstrate and constantly improve my skills and knowledge.

Being a member of a small but very competent finance team, my roles include assisting the timely completion of management financial reports and ensuring corporate and statutory compliance. I have gained tremendous confidence as an accounting professional in the process. In addition, it has been professionally fulfilling to gain the trust and respect of my superiors and team members.

Commitment is one of the integral values of CitySpring. Basslink demonstrates this value through its commitment to the ongoing professional development of its employees. This is done through Basslink sponsoring employees' professional studies and encouraging them to regularly attend training courses and seminars. Moving ahead, I look forward to continue to work at Basslink and contributing to its growth with my fellow team members.

Teo Kwan Hai
Senior Vice President (Customer Services)

Managing a team to provide the best customer services to our 620,000 piped gas customers has been an interesting and rewarding experience for me.

Piped gas is an essential service in homes, commercial establishments and in some industrial segments. Being an essential service provider has challenged our team to work closely with our partners and contractors to provide an efficient and seamless one-stop service to our customers.

I work with an experienced team of around 100 staff, each of whom is equipped with different skills but fully committed to maintaining a safe and reliable gas supply system for our customers. It is encouraging to hear from a colleague who has just retired that there was never an instance of a total gas supply failure in his forty-five years with City Gas.

This year marks the fourth year in City Gas' service excellence journey. I am excited to be part of the management team that has endorsed and rolled out specialized customer service training for our staff, partners and contractors so as to deliver the service standards that City Gas is known for in the market.

Our commitment to service excellence has shown steady improvement in customer satisfaction ratings over the years. I look forward to delivering even better service to our customers and contribute further to the success of CitySpring.

Michael Coates
General Manager (Basslink Telecoms)

I joined Basslink Telecoms after having worked for other larger telecoms providers in both Australia and New Zealand, predominantly in sales and operational roles. The opportunity to join a small but potentially, very successful start-up was extremely compelling. Within my first year, the Basslink Telecoms network commenced operations and customers started using the network to meet their bandwidth needs between Tasmania and Victoria. In delivering this outcome, Basslink Telecoms has been able to leverage on the existing Basslink assets – both the interconnector infrastructure and the staff.

The great thing about working for Basslink is that no two days are the same. There are always many challenges that provide me with the opportunity to broaden my management experience into new areas and apply problem solving skills which would otherwise not be possible in larger organisations.

Having been afforded the opportunity to work with other members of the CitySpring family has opened my eyes to how the Group lives and breathes its corporate values. In particular, the respect (a core value of the Group) that we have for one another's expertise has enabled us to make collaborative decisions and contribute to the growth and prosperity of the Group. The small size of the Basslink team is not an inhibitor to our contribution to CitySpring and it is rewarding to know that we can come to work and make a difference.

Teng Poi Leng
Senior Associate (Investments)

Joining CitySpring during its IPO in 2007 was one of the best decisions I have made. I have been given opportunities to work with a competent and experienced management team and the experience that I have gained here continues to have a great influence on my growth as a professional.

CitySpring has a lean headcount where we all need to multi-task and this has allowed me to participate in varied aspects of our businesses. As part of the Investment team, my role includes analysing investment opportunities and playing a part in asset management to meet our goal of delivering regular and sustainable distributions to our unitholders. In addition, I am also part of the investor relations team at CitySpring, working with the management to communicate to the investment community and the general public on CitySpring's performance and prospects.

A careless mistake in any financial analysis could lead to a wrong conclusion, and a work attitude that is self-serving and lacks integrity can lead to serious consequences for the Group and its stakeholders. As such, I am mindful of the need for accuracy and integrity in my work knowing that they would be used to help my senior colleagues in their day-to-day decision-making.

Contributing To The Community

For the third year running, City Gas continued to partner the Esplanade as it contributes to and touches lives in the community. In 2009, City Gas and staff volunteers were involved with two adopted homes, Canossaville Children's Home and Pertapis Children's Home.

In June, about 30 children from both homes were invited to the Senoko office. The programme started with a plant tour conducted by an engineer who was able to help them learn about gas production in a fun way. This entertaining show-and-tell session helped the children understand the nature of City Gas' business and the service it provides to Singapore.

This was followed by a handicraft workshop as part of the Octoburst! programme; where the children and volunteers had a fun time creating attractive postcards attached with messages to the moon. On 3 October 2009, City Gas staff volunteers invited the children to the Esplanade to view their wonderful postcard displays at the Jendela. The group then watched a play together at the theatre studio.

Also during the Octoburst! Festival, City Gas sponsored a drawing competition held on Children's Day in 2009 for children aged 5 to 12 years old. The response was very good with over 900 children participating in the competition.

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

The sports carnival series in Tasmania organised by the Sport Carnivals Association of Tasmania attracts professional sports people from around the world. The sports events carried out at this carnival include athletics, cycling and woodchopping. Basslink has been the major sponsor of the carnivals for the past six years and the year-end event is known as the 'Basslink Tasmanian Christmas Carnivals'. Basslink has agreed to a two-year sponsorship of the carnivals and will also sponsor the 2009/10 series. Additionally, Basslink also sponsored a number of other sports events, for example, the North Gippsland Netball & Football League and the Buchan junior cricket club.

Basslink has been a long-time supporter of the Tasmanian Special Children's Party, which is held every year in Hobart, with the aim of providing an unforgettable Christmas for over 1,600 children. Basslink has also been sponsoring the annual Tarra Easter Festival, which attracts more than 10,000 participants, for the past 37 years. Basslink was the sponsor of the training award at both the Tasmanian and Victoria bi-annual Seafood Industry Awards in 2009. Sponsorship of these awards continues Basslink's close association with the fishing industry on either side of Bass Strait.

In spreading the spirit of volunteerism throughout the group, staff members from CitySpring Infrastructure Management organised a day of fun and educational learning with a tour to the Singapore Zoo for children from The Haven. Held in December, the zoo visit provided 13 children from disadvantaged families enriching insights into the animal kingdom, through the many fun facts, behavioral patterns, feeding habits of the animals on exhibit. At the outing, CitySpring volunteers also took the opportunity to spread early Christmas cheer among the young brood through games, songs, food and goodie bags, warming the children's hearts with the season's spirit of joy, hope and love.

General Information On Business Trusts

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

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

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

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

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

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

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

General Information On Business Trusts

	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 payout	• No impact on payout	• Affect 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. Can you explain CitySpring's distribution policy?

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

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

3. How sustainable are CitySpring's distributions?

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

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

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

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

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

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

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

5. 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 this philosophy.

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

6. 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.

7. One of CitySpring's assets, Basslink, operates in Australia. How would the fluctuation of the Australian dollar ("AUD") against the Singapore dollar ("SGD") impact CitySpring's financial position and its distributions?

Basslink operates in Australia with its earnings denominated in AUD. Any weakening of the AUD against the SGD is not expected to have any impact on CitySpring's ability to service its debt or meet projected distributions for FY2011. Our investment in Basslink is 75% funded by AUD bonds and 25% by equity contribution from CitySpring. Borrowings in local currency provide a natural hedge against foreign exchange exposure. CitySpring has accumulated significant cash over and above its distribution requirement.

8. How does fuel cost escalation affect CitySpring?

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

Fuel costs changes have no impact on SingSpring as energy cost of producing water is borne by the PUB in accordance with the principles set out in the Water Purchase Agreement.

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

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

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

This however does not affect our businesses in any way. Our distributions are more than adequately covered by operating cashflow.

10. CitySpring's mandate is to grow by acquisition. What does the acquisition pipeline look like for financial year 2011?

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

Corporate Information

Trustee-Manager
CitySpring Infrastructure Management Pte. Ltd.
Registration No : 200614377M

Registered/Business Office

111 Somerset Road #02-05
TripleOne Somerset
Singapore 238164
Tel: (65) 6594 9828
Fax: (65) 6594 9811
Email: enquiries@cityspring.com.sg

Board of Directors
Mr Sunny George Verghese*
Chairman and Independent Director

Mr Peter Foo Moo Tan
Independent Director

Mr Yeo Wico
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Haresh Jaisinghani Rupchand
Independent Director

Mr Daniel Cuthbert Ee Hock Huat*
Independent Director

Mr Tan Ek Kia
Independent Director

Ms Margaret Lui-Chan Ann Soo^
Director

Mr Au Yeung Fai
Chief Executive Officer and Director

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

Governance and Nominating Committee ("GNC")#
Mr Yeo Wico (Chairman)
Ms Margaret Lui-Chan Ann Soo
Mr Daniel Cuthbert Ee Hock Huat

Management Development and Compensation Committee ("MDCC")#
Mr Peter Foo Moo Tan (Chairman)
Ms Margaret Lui-Chan Ann Soo
Mr Daniel Cuthbert Ee Hock Huat
Mr Tan Ek Kia

Finance and Investment Committee ("FIC")#
Ms Margaret Lui-Chan Ann Soo (Chairman)
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani Rupchand
Mr Au Yeung Fai
Mr Daniel Cuthbert Ee Hock Huat

Conflicts Resolution Committee
Mr Daniel Cuthbert Ee Hock Huat (Chairman)
Mr Mark Andrew Yeo Kah Chong
Mr Yeo Wico
Mr Haresh Jaisinghani Rupchand

Company Secretaries
Ms Susanna Cher
Ms Lynn Wan Tiew Leng

Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

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

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

Sponsor
Temasek Holdings (Private) Limited

* *Mr Sunny Verghese will step down upon the conclusion of the CitySpring Annual General Meeting ("AGM") which will be held on 16 July 2010 and Mr Daniel Ee will succeed him as Chairman of the Board.*

^ *Ms Margaret Lui-Chan will retire at the forthcoming Annual General Meeting of the Trustee-Manager (the "Trustee-Manager AGM") scheduled to be held on 16 July 2010 after the conclusion of the AGM. Mr Ong Beng Teck will be appointed as a Director at the Trustee-Manager AGM.*

\# *Mr Daniel Ee will take over as Chairman of FIC whilst Mr Ong Beng Teck will be appointed as a member of FIC, GNC and MDCC upon the conclusion of the Trustee-Manager AGM.*

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 high standard of corporate governance so as to ensure transparency and protection of unitholders' interests.

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

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

1. The Board's Conduct of its Affairs

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

- guide the strategy and direction of the Group;
- ensure that senior management exercises business leadership with integrity and enterprise;
- review the financial performance of the Group;
- approve acquisitions, financing of the acquisitions and fund raising by the Group;
- evaluate systems and 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 help discharge its responsibilities, the Board (which comprises 9 members) has established a number of Board Committees; namely the Audit Committee ("AC"), Finance and Investment Committee ("FIC"), Governance and Nominating Committee ("GNC"), Management Development and Compensation Committee ("MDCC") and Conflicts Resolution Committee ("CRC"). These committees function within clearly defined terms of reference and operating procedures. The terms of reference of these committees are reviewed on a regular basis.

The composition of the Board Committees as at the date of this report are:

Name of Directors	Board	Audit Committee	Finance and Investment Committee	Governance and Nominating Committee	Management Development and Compensation Committee	Conflicts Resolution Committee
Sunny George Verghese +	Non-Executive Chairman and Independent Director	-	-	-	-	Chairman*
Peter Foo Moo Tan	Independent Director	Member	-	Member*	Chairman	-
Yeo Wico	Independent Director	-	-	Chairman	Member*	Member
Mark Andrew Yeo Kah Chong	Independent Director	Chairman	Member	-	-	Member
Haresh Jaisinghani Rupchand	Independent Director	Member	Member	-	-	Member
Daniel Cuthbert Ee Hock Huat #+	Independent Director	-	Member	Member	Member	Chairman
Tan Ek Kia#	Independent Director	-	-	-	Member	-
Margaret Lui-Chan Ann Soo^	Director	-	Chairman	Member	Member	-
Au Yeung Fai	Executive Director	-	Member	-	-	-

* *up to 26 April 2010*

\# *appointed on 26 April 2010*

\+ *Mr Sunny Verghese will step down upon the conclusion of the CitySpring Annual General Meeting ("AGM") which will be held on 16 July 2010 and Mr Daniel Ee will succeed him as Chairman of the Board*

^ *Ms Margaret Lui-Chan will retire at the forthcoming Annual General Meeting of the Trustee-Manager (the "Trustee-Manager AGM") scheduled to be held on 16 July 2010 after the conclusion of the AGM. Mr Ong Beng Teck will be appointed as a Director at the Trustee-Manager AGM.*

As part of its succession planning, the Board on the recommendation of the Governance and Nominating Committee appointed two additional Independent Directors on 26 April 2010. Mr Daniel Ee and Mr Tan Ek Kia have varied corporate and management experience and will complement the existing expertise of the present Board.

The Board has also announced that Mr Sunny Verghese will step down upon the conclusion of the CitySpring Annual General Meeting ("AGM") which will be held on 16 July 2010 and Mr Daniel Ee will succeed him as Chairman of the Board. Ms Margaret Lui will retire at the forthcoming Annual General Meeting of the Trustee-Manager (the "Trustee-Manager AGM") scheduled to be held on 16 July 2010 after the conclusion of the AGM. The following appointments will take effect upon the conclusion of the Trustee-Manager AGM. Mr Daniel Ee will take over as Chairman of the FIC whilst Mr Ong Beng Teck, who will be appointed as a Director, will also be appointed as a member of the FIC, GNC and MDCC.

The Board meets on a quarterly basis to review and approve, among other things, 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 necessary, Board meetings are held by tele-conference, which is permitted by the Articles of Association of the Trustee-Manager.

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

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

Name of Directors	Board	Audit Committee	Finance and Investment Committee	Governance and Nominating Committee	Management Development and Compensation Committee	Conflicts Resolution Committee
Sunny George Verghese	9	-	-	-	-	1
Peter Foo Moo Tan	8	4	-	1	4	-
Yeo Wico	10	-	-	1	4	1
Mark Andrew Yeo Kah Chong	9	5	10	-	-	1
Haresh Jaisinghani Rupchand	10	5	10	-	-	1
Margaret Lui-Chan Ann Soo	9	-	10	1	4	-
Au Yeung Fai	10	-	10	-	-	-
Number of meetings held	10	5	10	1	4	1

Newly appointed Directors are given briefings by management on the business activities of the subsidiaries and visits are arranged to Senoko Gas Works owned by City Gas Trust, the desalination plant owned by SingSpring Trust and the converter station located at Loy Yang in Victoria, Australia which is part of the Basslink interconnector system.

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 the substantial shareholder of the Trustee-Manager.

The directors come from diverse backgrounds with varied expertise in the infrastructure industry, finance, legal, business and management and are able to use their experience to further the interests of CitySpring. The Board has the appropriate balance of independent directors. The 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 is reviewed periodically to ensure that the Board comprises an appropriate mix of expertise and experience to best serve the interests of CitySpring and its unitholders.

3. Chairman and Chief Executive Officer

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

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

4. Board Membership

The majority of the Board members are non-executive independent Directors. The Governance and Nominating Committee ("GNC") reviews board membership.

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

Mr Yeo Wico	–	Chairman, Independent Director
Ms Margaret Lui-Chan Ann Soo	–	Director
Mr Daniel Cuthbert Ee Hock Huat	–	Independent Director (appointed on 26 April 2010)
Mr Peter Foo Moo Tan	–	Independent Director (up to 26 April 2010)

The GNC's duties with regards to nomination functions are as follows:

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

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

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

During the financial year, GNC met once to review the appointment of directors to the Board and to the Boards of the subsidiary entities and to review the board performance evaluation.

The GNC also conducted an annual review of the independence of the Independent Directors in accordance with the BTR. The seven Independent Directors – Messrs Sunny Verghese, Peter Foo, Yeo Wico, Mark Yeo, Haresh Jaisinghani, Daniel Ee and Tan Ek Kia – are considered to be independent from Temasek Holdings Pte Ltd ("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.

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

The GNC and the Board of Directors have considered the business relationships of the Independent Directors (whether individually or through companies or firms of which they are directors, employees or partners) with the Trustee-Manager, its substantial shareholders and its related corporations including the Temasek Group. They are satisfied that such business relationships have not and will not interfere with each of the Independent Director's independent judgment and ability to act in the interests of all unitholders. In view of the foregoing, the Board is satisfied that the 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, and currently seconded to Seatown Holdings Pte Ltd, a wholly owned subsidiary of Temasek. Mr Au Yeung Fai is not considered to be an independent director as he is the Chief Executive Officer of the Trustee-Manager.

5. Board Performance

The GNC has adopted a set of board performance appraisal criteria which was endorsed by the Board. The annual performance evaluation enables the GNC to identify areas of improvement to the Board's effectiveness as a whole. The evaluation process is carried out by way of an assessment checklist through which all the Directors are required to complete and assess the overall effectiveness of the Board. The collated findings are reported to and recommendations 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 such details and explanations where necessary. Management who can provide additional insight into the matters being discussed are present at the relevant time during the Board meeting.

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

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

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

7. Procedures for Developing Remuneration Policies

The Management Development and Compensation Committee ("MDCC") comprises four non-executive Directors, three of whom (including the Chairman) are independent. The members of the MDCC are:

Mr Peter Foo Moo Tan	– Chairman, Independent Director
Ms Margaret Lui-Chan Ann Soo	– Director
Mr Daniel Cuthbert Ee Hock Huat	– Independent Director (appointed on 26 April 2010)
Mr Tan Ek Kia	– Independent Director (appointed on 26 April 2010)
Mr Yeo Wico	– Independent Director (up to 26 April 2010)

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

During the financial year, the MDCC met four times. MDCC has reviewed and approved a framework for determining the bonus pool which takes into consideration the performance of the subsidiary entities and the Group. This provides transparency to the employees and at the same time provides MDCC with the flexibility to determine the quantum of award. A long-term cash incentive plan for senior management staff of the subsidiary entities has also been implemented. Any award under the long-term cash incentive plan will only be vested if the Group meets certain agreed performance targets over a period of time.

8. Level and Mix of Remuneration and Disclosure of Remuneration

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

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

The summary remuneration table disclosed in bands for the Directors and top five key executives of the Trustee-Manager and the subsidiaries of CitySpring for the financial year ended 31 March 2010 is set out below:

	Directors Fees %	Salary %	Variable Bonus %	Benefits %	Total %
DIRECTORS					
Below $250,000					
Mr Sunny George Verghese	100	–	–	–	100
Mr Peter Foo Moo Tan	100	–	–	–	100
Mr Yeo Wico	100	–	–	–	100
Mr Mark Andrew Yeo Kah Chong	100	–	–	–	100
Mr Haresh Jaisinghani Rupchand	100	–	–	–	100
Ms Margaret Lui-Chan Ann Soo	100	–	–	–	100
$1 million to $1.25 million					
Mr Au Yeung Fai Chief Executive Officer, Trustee-Manager	Nil	59	22	19	100
KEY EXECUTIVES					
$500,000 to below $750,000					
Mr Tong Yew Heng Chief Financial Officer, Trustee-Manager and Chief Executive Officer, SingSpring	Nil	66	26	8	100
$250,000 to below $500,000					
Mr Ng Yong Hwee President and Chief Executive Officer, City Gas	Nil	71	22	7	100
Mr Malcolm Eccles Chief Executive Officer, Basslink Pty Ltd	Nil	75	15	10	100
Ms Susanna Cher Vice President (Finance & Corporate Services) and Company Secretary, Trustee-Manager	Nil	66	25	9	100
Mr Teo Kwan Hai Senior Vice President (Customer Service) City Gas	Nil	78	22	0	100

There are no employees of the Trustee-Manager, CitySpring and its subsidiaries who are immediate family members of the Directors and whose remuneration exceed $150,000 during the financial year ended 31 March 2010.

9. Accountability

The Board and Management's goal is to deliver sustainable value to the unitholders of CitySpring.

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

10. Audit Committee

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

Mr Mark Andrew Yeo Kah Chong	–	Chairman, Independent Director
Mr Peter Foo Moo Tan	–	Independent Director
Mr Haresh Jaisinghani Rupchand	–	Independent Director

The responsibilities of the AC include:

- 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 outsourced internal auditor (see Paragraph 11) on factors such as their independence, adequate resources and appropriate standing to perform an effective role;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and any applicable guidelines;
- monitoring and evaluating the effectiveness of the Trustee-Manager's internal controls;
- reviewing the quality and reliability of information prepared for inclusion in the financial reports;
- nominating the external auditor and reviewing the cost and scope of work and the auditor's performance;
- reviewing the independence and objectivity of the external auditor and where the auditor also provides a substantial volume of non-audit services to CitySpring, the nature and extent of such services;
- monitoring the procedures established to regulate interested party transactions, including reviewing any interested party transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing Manual;
- review effectiveness of safety, health and environment procedures established and appoint external parties to conduct independent reviews if required and report areas of potential risk; and
- review the enterprise risk management system and appoint external parties to conduct independent reviews if required and report areas of potential risk.

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

During the financial year, the AC met five 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 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
- review the current health, safety and environment policies and quarterly reports of the subsidiary entities and ensure compliance with approved group wide health, safety and environment policies.

The Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore in October 2008. The Guidebook has been distributed to all members of the Audit Committee and the Board. Where appropriate, the Audit Committee will adopt relevant best practices set out in the Guidebook, which will be used as a reference to assist the Committee in performing its functions.

A whistle blowing policy has been put in place to provide a channel through which employees may report, in good faith and in confidence, any concerns in financial and other matters, and arrangements have been put in place for independent investigation with appropriate follow-up action.

The total amount of non-audit fee paid to the external auditors during the financial year is approximately $170,000 (2009: $136,000). The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and they would not, in the AC's opinion, affect the independence of the external auditors.

11. Internal Controls and Audit

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

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

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

The Board acknowledges that a system of internal controls 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

As part of the continuing obligations of the Trustee-Manager under the Listing Manual, the Board's policy is that all unitholders be informed in a timely manner 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 broking houses both locally and overseas.

All investors were invited to an investor's seminar which was held on 5 December 2009. This was attended by about 400 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, management and employees of the subsidiaries of CitySpring (collectively, "Related Staff") for the period of two weeks prior to the announcement of the CitySpring's quarterly results and for a period of one month prior to the announcement of the annual results and ending on the date of the announcement of the relevant results.

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

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

14. Interested Person Transactions

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

The interested person transactions transacted for the period from 1 April 2009 to 31 March 2010 by the Group are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review excluding (1) transactions less than $100,000 (2) transactions conducted under shareholders' mandate pursuant to Rule 920 and (3) transactions disclosed in the IPO Prospectus	Aggregate value of all interested person transactions conducted during the financial year under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus (excluding transactions less than $100,000)
	2010	2010
	$'000	$'000
(a) Sales		
PowerGas Limited	–	308
SATS Catering Pte. Ltd.	–	4,483
(b) Purchases		
Aetos Security Management Pte. Ltd.	–	537
Gas Supply Pte. Ltd[(1)]	–	101,673
PowerGas Limited	–	76,092
SembCorp Power Pte. Ltd.	–	4,447
SP Services Limited[(2)]	–	12,482
(c) Leasing of Assets (Rental Charges)		
PowerGas Limited	–	395
SP Services Limited	–	205
(d) Management Fee Expenses		
CitySpring Infrastructure Management Pte. Ltd.	–	5,022
(e) Reimbursement of Expenses		
PowerGas Limited	–	4,303

(1) This includes the value of purchases of additional natural gas under the supplemental gas purchase agreement dated 16 May 2008 by City Gas Trust to secure an additional supply of natural gas from Gas Supply Pte Ltd as approved by independent unitholders at the extraordinary general meeting held on 3 July 2008.

(2) This includes the value of services rendered by SP Services Limited under the renewed utilities support services agreement dated 1 June 2009 as approved by independent unitholders at the extraordinary general meeting held on 22 July 2009.

15. Other Board Committees

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

Finance and Investment Committee

The FIC consists of the following members:

Ms Margaret-Lui Chan Ann Soo	–	Chairman, Director
Mr Mark Andrew Yeo Kah Chong	–	Independent Director
Mr Haresh Jaisinghani Rupchand	–	Independent Director
Mr Daniel Cuthbert Ee Hock Huat	–	Independent Director (appointed on 26 April 2010)
Mr Au Yeung Fai	–	Executive Director

The Committee's terms of reference are to:

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

During the year, the Committee met or discussed through conference calls ten times and reviewed proposed investments, financing options (including the rights issue which was completed in September 2009), distribution guidance, budget of the Trust and the subsidiaries, and recommended their approval to the Board.

Conflicts Resolution Committee

The CRC consists entirely of Independent Directors as follows:

Mr Sunny George Verghese	–	Chairman, Independent Director (up to 26 April 2010)
Mr Daniel Cuthbert Ee Hock Huat	–	Chairman, Independent Director (appointed from 26 April 2010)
Mr Yeo Wico	–	Independent Director
Mr Mark Andrew Yeo Kah Chong	–	Independent Director
Mr Haresh Jaisinghani Rupchand	–	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.

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 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 met once during the financial year to review and discuss the sub-underwriting arrangement that Napier Investments Pte Ltd ("Napier"), a wholly owned subsidiary of Temasek, had with the joint underwriters of the rights issue of CitySpring which was completed in September 2009. Napier had agreed with the two underwriters of the rights issue to underwrite 156,858,000 rights units representing approximately 32.01% of the rights units to be issued. The CRC noted that the underwriters had confirmed that they had initiated discussions with Napier to sub-underwrite the rights issue and that they would not proceed to underwrite unless among other things, Napier agreed to sub-underwrite and that to the best of their respective knowledge, negotiations in respect of the sub-underwriting arrangement were carried out on an arm's length basis and the commercial terms of the sub-underwriting arrangement were consistent with current market practice for rights issues in Singapore. The Members were of the view, among others that any conflict of interest or potential conflict of interest arising in the rights issue had been discussed, mitigated and resolved and that the terms of the sub-underwriting agreement were fair and not prejudicial to the interests of CitySpring and its unitholders (other than Temasek and its wholly-owned subsidiaries).

16. Material Contracts

There were no material contracts, that were not in the ordinary course of business, entered into by CitySpring or any of its subsidiaries involving the interest of the Chief Executive Officer, any Director, or controlling unitholder during the financial year ended 31 March 2010.

17. Statement of Policies and Practices

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

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

Financial Statements Contents

Report of the Trustee-Manager of CitySpring Infrastructure Trust

For the financial year ended 31 March 2010

The directors of CitySpring Infrastructure Management Pte. Ltd., the Trustee-Manager of CitySpring Infrastructure Trust ("CitySpring" or the "Trust"), are pleased to present their report to the unitholders of the Trust, together with the audited financial statements of CitySpring and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2010 and the balance sheet of the Trust as at 31 March 2010.

Directors

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

Mr Sunny George Verghese (Chairman)
Mr Peter Foo Moo Tan
Mr Yeo Wico
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani Rupchand
Mr Daniel Cuthbert Ee Hock Huat (Appointed on 26 April 2010)
Mr Tan Ek Kia (Appointed on 26 April 2010)
Ms Margaret Lui-Chan Ann Soo
Mr Au Yeung Fai

Arrangements to enable directors to acquire units and debentures

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

Directors' interests in units or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at 31.3.10	As at 1.4.09	As at 31.3.10	As at 1.4.09
Number of units				
Mr Sunny George Verghese	400,000	200,000	-	-
Mr Peter Foo Moo Tan	1,250,000	590,000	150,000	110,000
Mr Yeo Wico	400,000	200,000	-	-
Mr Mark Andrew Yeo Kah Chong	400,000	200,000	-	-
Ms Margaret Lui-Chan Ann Soo	400,000	200,000	-	-
Mr Au Yeung Fai	400,000	200,000	-	-

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 April 2010.

Options

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

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

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

Audit committee

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

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

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

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

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

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

- the consolidated financial statements of the Trustee-Manager for the year ended 31 March 2010 and the balance sheet of the Trust and the consolidated financial statements of the Group for the financial year before their submission to the Board of Directors of the Trustee-Manager.

Report of the Trustee-Manager of CitySpring Infrastructure Trust

For the financial year ended 31 March 2010

Independent auditor

For the year ending 31 March 2011, the Audit Committee and the Board of Directors are recommending to unitholders that Ernst & Young LLP be appointed as the external Auditors for the Trust and its subsidiaries. The Audit Committee and the Board of Directors wish to express their thanks and gratitude to the retiring Auditors, PricewaterhouseCoopers LLP for their past service to the Trust.

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

Sunny George Verghese
Director

Au Yeung Fai
Director

Singapore
11 June 2010

Statement by the Trustee-Manager of Cityspring Infrastructure Trust

In our opinion,

(a) the consolidated income statement and consolidated statement of comprehensive income set out on pages 77 and 78 are drawn up so as to give a true and fair view of the results of the business of the Group for the financial year ended 31 March 2010;

(b) the balance sheets set out on page 79 are drawn up so as to give a true and fair view of the state of affairs of CitySpring Infrastructure Trust and of the Group as at 31 March 2010;

(c) the consolidated cash flow statement set out on page 82 is drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year ended 31 March 2010; and

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

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

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

(b) the interested person transactions entered into by the Group during the financial year ended 31 March 2010 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

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

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the Group as at and for the financial year ended 31 March 2010 for issue.

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

Sunny George Verghese
Director

Au Yeung Fai
Director

Singapore
11 June 2010

Statement by the Chief Executive Officer

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

Au Yeung Fai
Chief Executive Officer

Singapore
11 June 2010

Independent Auditor's Report

To the Unitholders of CitySpring Infrastructure Trust

We have audited the accompanying financial statements of CitySpring Infrastructure Trust ("CitySpring"or 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 77 to 136, which comprise the balance sheets of the Trust and of the Group as at 31 March 2010, the consolidated income statement, consolidated statement of comprehensive income, the statements of changes in unitholders' funds of the Trust and of the Group and the consolidated cash flow statement of the Group for the financial year ended 31 March 2010 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.

OPINION

In our opinion,

(a) the balance sheet and changes in unitholders' funds of the Trust and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Trust and of the Group as at 31 March 2010, and the results of the Group, changes in unitholders' funds of the Trust and of the Group and cash flows of the Group for the financial year ended on that date; and

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

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore
11 June 2010

Consolidated Income Statement

For the financial year ended 31 March 2010

	Note	Group 2010 $'000	Group 2009 $'000
Revenue	4	**388,147**	398,739
Other income	5	**3,345**	5,469
Other gains/(losses) - net	6	**6,113**	(22,776)
Expenses			
Fuel and electricity costs		**(124,231)**	(133,652)
Transportation costs		**(72,485)**	(71,031)
Depreciation and amortisation		**(54,035)**	(52,145)
Staff costs	7	**(20,662)**	(17,830)
Operations and maintenance costs		**(21,747)**	(20,941)
Finance costs	8	**(85,359)**	(87,167)
Management fees	9	**(4,710)**	(3,571)
Intangibles written off		**-**	(10,997)
Other operating expenses		**(31,153)**	(35,142)
Total expenses		**(414,382)**	(432,476)
Loss before income tax		**(16,777)**	(51,044)
Income tax credit	10	**26,004**	1,293
Net profit/(loss) after income tax		**9,227**	(49,751)
Profit/(loss) attributable to:			
Unitholders of the Trust		**7,863**	(50,210)
Minority interest		**1,364**	459
		9,227	(49,751)
Earnings/(loss) per unit attributable to unitholders of the Trust, expressed in cents per unit			
- basic	11	**1.06**	(10.25)
- diluted	11	**1.06**	(10.25)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2010

	Group	
	2010	2009
	$'000	$'000
Net profit/(loss) after income tax	**9,227**	(49,751)
Other comprehensive income/(loss):		
Cash flow hedges :		
- Fair value gains/(losses)	**44,466**	(97,950)
- Transfer to income statement	**10,556**	(5,026)
Currency translation differences relating to consolidation of foreign subsidiaries	**27,924**	(38,181)
Change in income tax rate	**-**	(184)
Other comprehensive income/(loss), net of tax	**82,946**	(141,341)
Total comprehensive income/(loss)	**92,173**	(191,092)
Total comprehensive income/(loss) attributable to:		
Unitholders of the Trust	**91,146**	(190,115)
Minority interest	**1,027**	(977)
	92,173	(191,092)

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

Balance Sheets

As at 31 March 2010

		Group		Trust	
		2010	2009	**2010**	2009
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank deposits	12	**132,975**	125,934	**41,087**	35,241
Derivative financial instruments	13	**12,720**	4,927	**-**	+
Trade and other receivables	14	**52,795**	43,956	**325,197**	333,400
Finance lease receivables	15	**7,188**	6,918	**-**	-
Inventories	16	**13,552**	12,379	**-**	-
Other current assets	17	**2,933**	1,488	**26**	28
		222,163	195,602	**366,310**	368,669
Non-current assets					
Derivative financial instruments	13	**95,419**	14,806	**-**	-
Finance lease receivables	15	**171,368**	178,556	**-**	-
Long-term receivables	18	**-**	-	**230,570**	230,570
Other assets		**4,538**	4,030	**-**	-
Investments in subsidiaries	19	**-**	-	**155,135**	155,135
Property, plant and equipment	20	**1,257,152**	1,079,389	**-**	-
Intangibles	21	**438,807**	441,187	**-**	-
		1,967,284	1,717,968	**385,705**	385,705
Total assets		**2,189,447**	1,913,570	**752,015**	754,374
LIABILITIES					
Current liabilities					
Derivative financial instruments	13	**2,207**	8,760	**-**	-
Trade and other payables	22	**75,606**	68,665	**1,895**	1,351
Current tax liabilities		**2,520**	2,443	**34**	37
Borrowings	23	**9,025**	9,164	**-**	-
		89,358	89,032	**1,929**	1,388
Non-current liabilities					
Derivative financial instruments	13	**20,540**	19,723	**-**	-
Borrowings	23	**1,528,671**	1,547,952	**140,873**	363,389
Notes payable to minority unitholder	24	**15,000**	15,000	**-**	-
Deferred tax liabilities	25	**21,928**	23,739	**-**	-
Other non-current liabilities	26	**85,255**	69,602	**-**	-
		1,671,394	1,676,016	**140,873**	363,389
Total liabilities		**1,760,752**	1,765,048	**142,802**	364,777
NET ASSETS		**428,695**	148,522	**609,213**	389,597
UNITHOLDERS' FUNDS					
Units in issue	27	**680,245**	451,157	**680,245**	451,157
Hedging reserve	28	**(49,920)**	(105,279)	**-**	-
Translation reserve		**(16,633)**	(44,557)	**-**	-
Accumulated losses		**(195,354)**	(165,489)	**(71,032)**	(61,560)
		418,338	135,832	**609,213**	389,597
Minority interest		**10,357**	12,690	**-**	-
Total unitholders' funds		**428,695**	148,522	**609,213**	389,597

\+ *Amount less than $1,000*

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

Statements of Changes in Unitholders' Funds

For the financial year ended 31 March 2010

		← Attributable to unitholders of the Trust				→		
		Units in issue	Hedging reserve (Note 28)	Translation reserve	Accumulated losses	Total	Minority interest	Total
Group	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2010								
Beginning of financial year		451,157	(105,279)	(44,557)	(165,489)	135,832	12,690	148,522
Units issued		235,183	-	-	-	235,183	-	235,183
Units issue costs		(6,095)	-	-	-	(6,095)	-	(6,095)
Total comprehensive income for the year		-	55,359	27,924	7,863	91,146	1,027	92,173
Distributions paid	29	-	-	-	(37,728)	(37,728)	(3,360)	(41,088)
End of financial year		**680,245**	**(49,920)**	**(16,633)**	**(195,354)**	**418,338**	**10,357**	**428,695**
2009								
Beginning of financial year		451,157	(3,555)	(6,376)	(81,715)	359,511	16,118	375,629
Total comprehensive loss for the year		-	(101,724)	(38,181)	(50,210)	(190,115)	(977)	(191,092)
Distributions paid	29	-	-	-	(33,564)	(33,564)	(2,451)	(36,015)
End of financial year		**451,157**	**(105,279)**	**(44,557)**	**(165,489)**	**135,832**	**12,690**	**148,522**

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

Statements of Changes in Unitholders' Funds

For the financial year ended 31 March 2010

	Note	Units in issue $'000	Accumulated losses $'000	Total $'000
Trust				
2010				
Beginning of financial year		451,157	(61,560)	389,597
Units issued		235,183	-	235,183
Units issue costs		(6,095)	-	(6,095)
Total comprehensive income for the year		-	28,256	28,256
Distributions paid	29	-	(37,728)	(37,728)
End of financial year		**680,245**	**(71,032)**	**609,213**
2009				
Beginning of financial year		451,157	(55,127)	396,030
Total comprehensive income for the year		-	27,131	27,131
Distributions paid	29	-	(33,564)	(33,564)
End of financial year		**451,157**	**(61,560)**	**389,597**

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

Consolidated Cash Flow Statement

For the financial year ended 31 March 2010

		Group	
		2010	2009
	Note	$'000	$'000
Cash flows from operating activities			
Net profit/(loss) after income tax		9,227	(49,751)
Adjustments for:			
- Income tax credit		(26,004)	(1,293)
- Depreciation and amortisation		54,035	52,145
- Finance costs		85,359	87,167
- Interest income		(1,848)	(3,711)
- Fair value (gain)/loss on derivative financial instruments		(6,153)	23,585
- Property, plant and equipment written off		18	94
- Loss on disposal of property, plant and equipment		-	287
- Unrealised translation (gain)/loss		(95)	4,056
- Intangibles written off		-	10,997
Operating cash flows before working capital changes		114,539	123,576
Changes in working capital:			
- Inventories		(1,173)	657
- Trade and other receivables		(3,345)	11,985
- Trade and other payables		5,579	1,252
Cash generated from operations		115,600	137,470
Interest received		1,768	3,690
Interest paid		(66,943)	(62,720)
Income tax refund		-	2,572
Net cash generated from operating activities		50,425	81,012
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,163)	(4,277)
Proceeds from sale of property, plant and equipment		-	66
Net cash used in investing activities		(3,163)	(4,211)
Cash flows from financing activities			
(Increase)/decrease in restricted cash		(377)	4,806
Net proceeds from borrowings		-	361,585
Repayment of borrowings		(236,963)	(373,935)
Net proceeds raised from issue of units		227,838	-
Distributions paid to unitholders of the Trust		(37,728)	(33,564)
Distributions paid by subsidiary to minority unitholder		(3,360)	(2,451)
Net cash used in financing activities		(50,590)	(43,559)
Net (decrease)/increase in cash and cash equivalents		(3,328)	33,242
Cash and cash equivalents at beginning of financial year		96,848	68,064
Effects of currency translation on cash and cash equivalents		5,408	(4,458)
Cash and cash equivalents at end of financial year	12	98,928	96,848

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

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

1. General information

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

The Trust has been established with the principal objective of investing in infrastructure assets and providing unitholders with regular and predictable distributions and the potential for long-term capital growth. The principal activities of the subsidiaries of the Trust are set out in Note 36.

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in current financial year

On 1 April 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:

- FRS 1 (revised) *Presentation of financial statements* - The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the second alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

- FRS 108 *Operating segments* - It replaces FRS 14 *Segment reporting*. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The reportable operating segments have not been changed as they are consistent with the internal reporting provided to senior management of the Trustee-Manager, the chief operating decision-maker of the Group. Segment revenue, segment cash earnings (used as a measure of performance) and segment assets are also measured on a basis that is consistent with internal reporting.

- FRS 23 (revised) *Borrowing costs* - It removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of that asset. The adoption of the amendment does not have any significant impact on the accounting policies.

- Amendment to FRS 107 *Improving disclosures about financial instruments* - The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 33(e)). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

2. Significant accounting policies (continued)

2.2 Revenue recognition

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

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

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

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

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

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

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

2.3 Group accounting

Subsidiaries

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

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

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

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

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

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

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

2.4 Property, plant and equipment

(a) *Measurement*

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

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

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

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

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) *Depreciation*

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

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

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

(c) *Major spares*

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

(d) *Subsequent expenditure*

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

(e) *Disposal*

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement within other gains/(losses) - net.

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

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

(b) *Negative goodwill*

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

(c) *Customer relationship and customer contracts*

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

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

Customer relationship	–	10 years
Customer contracts	–	18.67 – 38.67 years

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

2. Significant accounting policies (continued)

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 Trust's income statement.

2.8 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

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

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

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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

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 accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

2.9 Financial assets

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

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

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

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income statement.

The allowance for impairment loss account is reduced through income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Borrowings

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

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

2.11 Trade and other payables

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

2.12 Derivative financial instruments and hedging activities

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

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

2. Significant accounting policies (continued)

2.12 Derivative financial instruments and hedging activities (continued)

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

Cash flow hedges

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

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

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

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

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 are not designated or do not qualify for hedge accounting

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

2. Significant accounting policies (continued)

2.13 Fair value estimation of financial assets and liabilities

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

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

2.14 Leases

(a) When the Group is the lessee:

Operating leases

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

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

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

(b) When the Group is the lessor:

Finance leases

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

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

2. Significant accounting policies (continued)

2.14 Leases (continued)

(b) When the Group is the lessor (continued):

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

2.15 Inventories

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

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

2.16 Income taxes

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

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

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

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

2. Significant accounting policies (continued)

2.16 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 substantively enacted by the balance sheet date; and

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

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

2.17 Provisions

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

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.

2. Significant accounting policies (continued)

2.18 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.19 Issue expenses

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

2.20 Currency translation

(a) Functional or presentation currency

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

(b) Transactions and balances

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

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

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

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

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

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

2.21 Segment reporting

Operating segment are reported in a manner consistent with the internal reporting provided to senior management of the Trustee-Manager, the chief operating decision-maker of the Group, who are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

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

2.23 Distributions to the Trust's unitholders

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

2. Significant accounting policies (continued)

2.24 Share-based payment transactions

Management fees

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

3. Critical accounting estimates, assumptions and judgements

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

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

(a) Fair value of financial instruments

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

The Trustee-Manager exercises judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Also, judgment may be applied in estimating prices for less readily observable external parameters. For sensitivity analysis on price risk and interest rate risk, see Note 33(a)(ii) and Note 33(a)(iii) respectively.

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

(b) Hedge effectiveness

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

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

(c) Impairment test on goodwill

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.8(a). The recoverable amount of the cash-generating unit is determined based on value-in-use calculation. The value-in-use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating units, taking into account of market evidence to support the key assumptions, where appropriate and also to use an appropriate discount rate to determine the present value of those cash flows. The carrying amount of the goodwill as at 31 March 2010 was $287 million (31 March 2009: $287 million). Details of the estimates used to assess the impairment of goodwill are disclosed in Note 21(a). The Trustee-Manager expects that any reasonable change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of goodwill to exceed their recoverable amounts.

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

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

The Group recorded net profit of $9 million for the year ended 31 March 2010 (2009: net loss of $50 million). The Trustee-Manager has considered this and concluded that there are no indications to impairment on the basis that there are no fundamental changes to the underlying business operations of the subsidiary entities. The Group may show accounting losses due to the significant amount of non-cash depreciation expenses usually associated with the capital intensive nature of its business.

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

(d) Assessing indicators of impairment test on property, plant and equipment, other intangibles and investments in subsidiaries (continued)

The Trustee-Manager does not expect any material impact on the carrying amounts of property, plant and equipment of $1,257 million (2009: $1,079 million), customer contracts of $107 million (2009: $103 million) and customer relationship of $45 million (2009: $51 million) as of 31 March 2010. No impairment was considered necessary for financial years ended 31 March 2010 and 31 March 2009.

(e) Deferred income tax assets

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

As at 31 March 2010, the Group recognised deferred income tax asset amounting to $53 million (2009: $20 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.

4. Revenue

	Group	
	2010	2009
	$'000	$'000
Sale of goods	**254,513**	290,407
Service income	**127,405**	101,842
Finance lease income	**6,229**	6,490
	388,147	398,739

5. Other income

	Group	
	2010	2009
	$'000	$'000
Interest income	**1,848**	3,711
Other miscellaneous income	**1,497**	1,758
	3,345	5,469

6. Other gains/(losses) - net

	Group 2010 $'000	Group 2009 $'000
Fair value gain/(loss) on derivative financial instruments	6,153	(23,585)
Currency translation loss - net	(65)	(6,317)
Loss on disposal of property, plant and equipment	-	(287)
Realised gain on derivative financial instruments	10	6,116
Others	15	1,297
	6,113	(22,776)

7. Staff costs

	Group 2010 $'000	Group 2009 $'000
Salaries and wages	18,078	15,034
Employer's contribution to defined contribution plans including Central Provident Fund	1,932	1,583
Other short-term benefits	1,328	1,406
Less : Government grant - Jobs Credit Scheme	(676)	(193)
	20,662	17,830

The Jobs Credit Scheme was a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. Under this scheme a total of 6 payments were made to eligible employers in calendar year 2009 and 2010. The amount an employer can receive would depend on the fulfilment of the conditions as stated in the Scheme.

8. Finance costs

	Group 2010 $'000	Group 2009 $'000
Interest expense		
- Bank borrowings	65,406	90,559
- Notes payable to minority unitholder	975	975
Amortisation of discount on:		
- Provision for decommissioning costs (Note 26 (a))	356	314
- Interest-free customer deposits	1,081	952
Cash flow hedges, transfer from hedging reserve (Note 28)	14,255	(5,700)
Debt amortisation written off on partial loan repayment	3,157	-
Others	129	67
	85,359	87,167

9. Management fees

	Group 2010 $'000	Group 2009 $'000
Base fee	4,710	3,571

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

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

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

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

As at 31 March 2010, $1,489,157 (2009: $863,014) of management fees were payable to the Trustee-Manager.

No performance fee is payable for the financial years ended 31 March 2010 and 31 March 2009. During the financial year, CitySpring Accumulated Return Index was higher by 31.4% (2009: lower by 21.4%) whilst the MSCI index was higher by 25.8% (2009: lower by 16.2%). The accumulated deficit for the purposes of calculating performance fee decreased from $432.2 million at 31 March 2009 to $294.2 million at 31 March 2010. This deficit must be made up with returns to unitholders before the Trustee-Manager becomes entitled to any performance fees.

10. Income tax credit

	Group 2010 $'000	Group 2009 $'000
Income tax is made up of:		
Current income tax expense	5	56
Deferred income tax credit	(26,009)	(1,349)
	(26,004)	(1,293)

10. Income tax credit (continued)

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

	Group 2010 $'000	Group 2009 $'000
Loss before income tax	(16,777)	(51,044)
Tax calculated at a tax rate of 17% (2009: 17%)	(2,852)	(8,677)
Effect of:		
- Different tax rates in other countries	(1,955)	(8,352)
- Expenses not deductible for tax purposes	3,358	7,209
- Income not subject to tax	(4,709)	(5,345)
- Deferred tax assets not recognised	7,069	15,259
- Utilisation of previously unrecognised tax losses	(26,891)	-
- Change in tax rate from 18% to 17%	-	(1,447)
- Others	(24)	60
	(26,004)	(1,293)

11. Earnings/(loss) per unit

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

	Group 2010	Group 2009
Profit/(loss) for the financial year ($'000)	7,863	(50,210)
Weighted average number of units during the financial year	742,331,298	489,965,504
Basic and diluted earnings/(loss) per unit (in cents per unit)	1.06	(10.25)

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

12. Cash and bank deposits

	Group 2010 $'000	Group 2009 $'000
Cash and bank deposits	**132,975**	125,934
Less: Restricted cash	**(34,047)**	(29,086)
Cash and cash equivalents per consolidated cash flow statement	**98,928**	96,848

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

Trust

Included in cash and bank deposits of $41,087,000 (2009: $35,241,000) is restricted cash of $611,000 (2009: $2,248,000) pledged to the bank as security for the financing extended to the Trust.

13. Derivative financial instruments

	Group		
	Contract notional amount	Fair value	
2010	$'000	Asset $'000	Liability $'000
Cash-flow hedges			
- Interest rate swaps	859,382	95,419	22,747
- Interest rate cap options	185,000	0	-
Held for trading			
- Interest rate swaps	177,854	12,153	-
- Interest rate floor option	178,490	567	-
		108,139	22,747
Less: Current portion		(12,720)	(2,207)
Non-Current portion		95,419	20,540
2009			
Cash-flow hedges			
- Interest rate swaps	752,440	14,806	28,483
- Interest rate cap options	185,000	+	-
Held for trading			
- Interest rate swaps	146,109	264	-
- Interest rate floor options	146,631	4,663	-
		19,733	28,483
Less: Current portion		(4,927)	(8,760)
Non-Current portion		14,806	19,723

\+ Amount less than $1,000

13. Derivative financial instruments (continued)

The Group has entered into interest rate swaps and interest rate options to manage the Group's exposure to cashflow interest rate risk on its borrowings.

Interest rate swaps and interest rate floor option

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

The Group purchased an interest rate floor option with total notional amount of $178 million (31 March 2009: $147 million) to protect an interest rate swap contract embedded in an operating agreement from decreases in floating rates beyond a specified interest rate level. Fair value gains or losses are recognised in the income statement as the interest rate floor option has not been designated for hedge accounting.

Group and Trust

Interest rate cap options

The Trust purchased interest rate cap options with total notional amount of $185 million (31 March 2009: $185 million) to manage a proportion of its borrowings from increases in floating rates beyond a specified interest rate level. The fair value of the interest rate cap options at 31 March 2010 was $Nil (31 March 2009: $141).

14. Trade and other receivables

	Group		Trust	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade receivables	**54,134**	46,557	**122**	81
Less: Allowance for impairment loss	**(1,915)**	(3,112)	**-**	-
Trade receivables - net	**52,219**	43,445	**122**	81
Interest receivable	**427**	373	**5**	1
Other receivables	**149**	138	**6**	-
Amount due from subsidiaries (non-trade)	**-**	-	**325,064**	333,318
	52,795	43,956	**325,197**	333,400

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

15. Finance lease receivables

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

	Group	
	2010	2009
	$'000	$'000
Minimum finance lease receivable:		
Not later than one year	**13,146**	13,146
Later than one year but not later than five years	**52,622**	52,622
Later than five years	**140,930**	154,077
Total minimum lease receivable	**206,698**	219,845
Less: Future finance income	**(54,404)**	(60,633)
Present value of minimum lease receivable	**152,294**	159,212
Unguaranteed residual value	**26,262**	26,262
Net investment in finance lease	**178,556**	185,474
Less: Present value of finance lease receivable not later than one year	**(7,188)**	(6,918)
Non-current financial lease receivable	**171,368**	178,556

15. Finance lease receivables (continued)

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

	Group	
	2010	2009
	$'000	$'000
Not later than one year	**7,188**	6,918
Later than one year but not later than five years	**31,717**	30,523
Later than five years	**113,389**	121,771
Present value of minimum lease receivable	**152,294**	159,212

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

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

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

16. Inventories

	Group	
	2010	2009
	$'000	$'000
Pipes and fittings	**68**	72
Fuel	**7,226**	7,373
Spare parts and accessories	**6,258**	4,934
	13,552	12,379

The cost of inventories recognised as an expense and included in fuel and electricity costs and operating and maintenance costs amounted to $4,323,000 (2009: $7,899,000).

Total inventories of the Group are pledged for certain borrowings (see Note 23).

17. Other current assets

	Group		Trust	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deposits	**247**	182	**-**	-
Prepayments	**2,686**	1,306	**26**	28
	2,933	1,488	**26**	28

18. Long-term receivables

	Trust	
	2010	2009
	$'000	$'000
Notes issued by subsidiaries	**230,570**	230,570

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

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

19. Investments in subsidiaries

	Trust	
	2010	2009
	$'000	$'000
<u>Investments, at cost</u>		
Beginning and end of the financial year	**155,135**	155,135

Details of subsidiaries are included in Note 36.

20. Property, plant and equipment

Group
As at 31 March 2010

	Freehold land $'000	Leasehold land $'000	Easements $'000	Buildings $'000	Plant and machinery $'000	Vehicles $'000	Renovation $'000	Furniture, fittings and equipment $'000	Asset under construction $'000	Total $'000
Cost										
At the beginning of financial year	1,505	3,000	1,744	7,870	1,120,882	842	1,464	3,862	3,108	1,144,277
Additions	-	-	-	-	2,992	-	69	258	-	3,319
Written off	-	-	-	-	(8)	-	-	(24)	-	(32)
Currency translation differences	327	-	378	-	227,063	61	46	94	675	228,644
Reclassification	-	-	-	-	3,783	-	-	-	(3,783)	-
End of financial year	1,832	3,000	2,122	7,870	1,354,712	903	1,579	4,190	-	1,376,208
Accumulated depreciation										
At the beginning of financial year	-	343	71	857	60,663	481	312	2,161	-	64,888
Depreciation charge	-	161	51	402	40,214	169	485	1,087	-	42,569
Written off	-	-	-	-	-	-	-	(14)	-	(14)
Currency translation differences	-	-	18	-	11,483	18	43	51	-	11,613
End of financial year	-	504	140	1,259	112,360	668	840	3,285	-	119,056
Net book value	1,832	2,496	1,982	6,611	1,242,352	235	739	905	-	1,257,152

20. Property, plant and equipment (continued)

Group
As at 31 March 2009

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

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

21. Intangibles

	Group 2010 $'000	Group 2009 $'000
Goodwill arising on consolidation	**287,001**	287,001
Customer contracts	**107,092**	102,962
Customer relationship	**44,714**	51,224
	151,806	154,186
	438,807	441,187

	Goodwill $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
2010				
Cost				
Beginning of financial year	287,001	112,670	65,100	464,771
Currency translation differences	-	9,554	-	9,554
End of financial year	287,001	122,224	65,100	474,325
Accumulated amortisation				
Beginning of financial year	-	9,708	13,876	23,584
Amortisation	-	4,956	6,510	11,466
Currency translation differences	-	468	-	468
End of financial year	-	15,132	20,386	35,518
Net book value	**287,001**	**107,092**	**44,714**	**438,807**
2009				
Cost				
Beginning of financial year	287,001	134,845	65,100	486,946
Currency translation differences	-	(9,734)	-	(9,734)
Written off	-	(12,441)	-	(12,441)
End of financial year	287,001	112,670	65,100	464,771
Accumulated amortisation				
Beginning of financial year	-	5,683	7,366	13,049
Amortisation	-	5,742	6,510	12,252
Currency translation differences	-	(273)	-	(273)
Written off	-	(1,444)	-	(1,444)
End of financial year	-	9,708	13,876	23,584
Net book value	**287,001**	**102,962**	**51,224**	**441,187**

21. Intangibles (continued)

(a) Goodwill arising on consolidation

Goodwill is allocated to cash-generating-unit ("CGU") identified according to business segment. Goodwill allocated to the Gas segment amounted to $287 million (2009: $287 million). The recoverable amount as at 31 March 2010 was determined based on value-in-use calculation using discounted cash flow projections derived from the financial projections approved by the Trustee-Manager. The key assumptions made are those regarding the discount rate, growth rate, forecasted costs and terminal value. The pre-tax discount rate used was 8% (2009: 8%) per annum which reflects market assessment of the time value of money and the risks specific to the CGU at that time. The growth rates, forecasted costs and terminal value are based on past performance and the Trustee-Manager's expectations of market development. No impairment was considered necessary for financial years ended 31 March 2010 and 31 March 2009.

(b) Customer contracts and customer relationship

The intangible recognised on customer contract in relation to an agreement of a subsidiary was written off in the previous financial year based on agreed terms to pave the way for the commercialisation of the underlying asset without the initial revenue-sharing arrangement envisaged.

22. Trade and other payables

	Group		Trust	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables	**11,661**	9,959	-	-
Other payables:				
- Third parties	**3,898**	7,940	**126**	71
- Trustee-Manager	**1,792**	1,109	**1,645**	1,080
Accruals:				
- Property, plant and equipment	**156**	1,423	-	-
- Operating expenses	**6,825**	8,539	**117**	171
Accrued purchases	**14,536**	8,472	-	-
Interest payables	**6,630**	5,448	**7**	29
Deferred income (Note 26c)	**2,681**	886	-	-
Advance payments received	**2,417**	2,135	-	-
Deposits received	**25,010**	22,754	-	-
	75,606	68,665	**1,895**	1,351

23. Borrowings

	Group		Trust	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current	**9,025**	9,164	**-**	-
Non-current	**1,528,671**	1,547,952	**140,873**	363,389
	1,537,696	1,557,116	**140,873**	363,389
Analysed as follows:				
Bank borrowings				
- Current	**9,025**	9,164	**-**	-
- Non-current	**397,233**	628,687	**140,873**	363,389
	406,258	637,851	**140,873**	363,389
Bonds - Non-current	**1,131,438**	919,265	**-**	-
	1,537,696	1,557,116	**140,873**	363,389

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

(b) The Trust repaid $227.5 million (2009: Nil) of the corporate loan using proceeds from the rights issue completed in September 2009. The corporate loan is secured over the assets and business undertakings of the Trust except for those not charged in favour of the lenders of the subsidiary entities, including a charge over the shares and units held by the Trustee-Manager in CityLink Investments Pte Ltd ("CityLink") and City Gas Trust and City Gas Pte Ltd. CityLink has provided a corporate guarantee for the loan.

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

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

All borrowings obtained are at variable interest rates. Included in these borrowings are capital indexed bonds whose principal of A$380 million (2009: A$380 million) which is equivalent to $488 million (2009: $401 million), accretes due to inflation. Certain variable interest rate loans are swapped into fixed interest rate loans through interest rate swaps. See Note 13 for further details.

Total assets of the Group with carrying amount of $2,189 million (2009: $1,913 million) are pledged for certain borrowings.

The carrying amounts of non-current borrowings approximate their fair values.

24. Notes payable to minority unitholder

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

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

25. Deferred tax liabilities

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

	Group	
	2010	2009
	$'000	$'000
Deferred income tax liabilities		
- to be settled within one year	**1,569**	2,362
- to be settled after one year	**20,359**	21,377
	21,928	23,739

Movement in deferred income tax account is as follows:

	Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**23,739**	23,952
Change in tax rate from 18% to 17%		
- income statement	**-**	(1,446)
- equity (Note 28)	**-**	183
(Credited)/charged to		
- income statement	**(26,009)**	97
- equity (Note 28)	**24,198**	953
End of financial year	**21,928**	23,739

25. Deferred tax liabilities (continued)

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

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Fair value of intangible assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
2010					
Beginning of financial year	13,627	31,693	5,205	2,372	52,897
Currency translation differences	1,631	2,726	2,547	-	6,904
Charged/(credited) to					
- income statement	2,403	(2,119)	2,377	1,566	4,227
- equity	-	-	21,939	-	21,939
End of financial year	17,661	32,300	32,068	3,938	85,967
2009					
Beginning of financial year	10,659	41,406	3,001	1,769	56,835
Change in tax rate from 18% to 17%					
- income statement	(133)	(1,221)	-	(98)	(1,452)
Currency translation differences	(1,377)	(2,838)	(561)	-	(4,776)
Charged/(credited) to					
- income statement	4,478	(5,654)	(1,222)	701	(1,697)
- equity	-	-	3,987	-	3,987
End of financial year	13,627	31,693	5,205	2,372	52,897

25. Deferred tax liabilities (continued)

Deferred income tax assets

	Tax losses $'000	Allowances against assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
2010					
Beginning of financial year	(20,032)	(75)	(5,982)	(3,069)	(29,158)
Currency translation differences	(6,043)	-	(431)	(430)	(6,904)
(Credited)/charged to					
- income statement	(26,894)	6	-	(3,348)	(30,236)
- equity	-	-	2,259	-	2,259
End of financial year	(52,969)	(69)	(4,154)	(6,847)	(64,039)
Net deferred tax liabilities					21,928
2009					
Beginning of financial year	(27,401)	(88)	(3,328)	(2,066)	(32,883)
Change in tax rate from 18% to 17%					
- income statement	-	6	-	-	6
- equity	-	-	183	-	183
Currency translation differences	4,167	-	197	412	4,776
Charged/(credited) to					
- income statement	3,202	7	-	(1,415)	1,794
- equity	-	-	(3,034)	-	(3,034)
End of financial year	(20,032)	(75)	(5,982)	(3,069)	(29,158)
Net deferred tax liabilities					23,739

The Group has unrecognised tax losses of $20,506,000 (2009: $76,968,000) (including pre-acquisition losses of a subsidiary) which can be carried forward to offset against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

26. Other non-current liabilities

	Group 2010 $'000	Group 2009 $'000
Provision for decommissioning costs	**6,652**	5,155
Accrual for debt transaction costs	**15,543**	12,589
Other payable	**20,210**	15,663
Deferred income	**42,850**	36,195
	85,255	69,602

(a) *Provision for decommissioning costs*

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

Movements in the provision are as follows:

	Group 2010 $'000	Group 2009 $'000
Beginning of financial year	**5,155**	5,791
Currency translation differences	**1,141**	(950)
Amortisation of discount (Note 8)	**356**	314
End of financial year	**6,652**	5,155

(b) *Accrual for debt transaction costs*

This relates to the guarantee fees payable from 1 March 2010 on a quarterly basis up to maturity of the bonds issued (see Note 23) by a subsidiary to a third party financial guarantor. This is calculated based on the outstanding principal amount on each interest payment date. The accrued amount as at balance sheet date is based on the net present value of the contracted costs.

(c) *Other payable and deferred income*

A customer placed a A$50 million deposit equivalent to $64.2 million (2009: $52.7 million) which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028.

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

27. Units in issue

	Trust	
	2010	2009
	Units	Units
Beginning of financial year	**489,965,504**	489,965,504
Units issued pursuant to a rights issue during the financial year	**489,965,504**	-
End of financial year	**979,931,008**	489,965,504

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

28. Hedging reserve

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

	Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**(105,279)**	(3,555)
Effect of change in Singapore tax rate	**-**	(184)
Fair value gains	**64,965**	(97,870)
Tax on fair value gains	**(20,499)**	(80)
	44,466	(97,950)
Reclassification to income statement		
- Utilities charges	**-**	1,547
- Finance cost (Note 8)	**14,255**	(5,700)
Tax on transfers	**(3,699)**	(873)
	10,556	(5,026)
Minority interest	**337**	1,436
	(49,920)	(105,279)

29. Distributions paid to the unitholders of the Trust

Tax exempt distributions paid are as follows:

	Group	
	2010	2009
	$'000	$'000
For the period from 1 January 2009 to 31 March 2009		
- Distribution of 1.75 Singapore cents per unit (2008: 1.60 Singapore cents per unit)	**8,575**	7,839
For the period from 1 April 2009 to 30 June 2009		
- Distribution of 1.75 Singapore cents per unit (2009: 1.75 Singapore cents per unit)	**8,575**	8,575
For the period from 1 July 2009 to 30 September 2009		
- Distribution of 1.05[1] Singapore cents per unit (2009: 1.75 Singapore cents per unit)	**10,289**	8,575
For the period from 1 October 2009 to 31 December 2009		
- Distribution of 1.05[1] Singapore cents per unit (2009: 1.75 Singapore cents per unit)	**10,289**	8,575
	37,728	33,564

For the period from 1 January 2010 to 31 March 2010, the Trustee-Manager of the Trust declared a distribution per unit of 1.05[1] Singapore cents totalling $10,289,275 (2009: 1.75 cents totalling $8,574,396) to the unitholders of the Trust, payable on 25 June 2010. 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 2011.

[1] post rights issue

30. Commitments and contingencies

(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	
	2010	2009
	$'000	$'000
Not later than one year	**983**	810
Later than one year but not later than five years	**667**	1,318
	1,650	2,128

30. Commitments and contingencies (continued)

(b) Capital commitments

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

	Group	
	2010	2009
	$'000	$'000
Property, plant and equipment	**600**	475

(c) Commercial risk sharing mechanism

Basslink Pty Ltd and Hydro Tasmania ("HT") are in discussions with regard to the interpretation of certain terms of the Basslink Services Agreement for the application to the commercial risk sharing mechanism ("CRSM") calculations. The outcome of the discussions may have an impact on the CRSM calculations for calendar year 2009. Based on HT's purported interpretation of these terms, HT had claimed an additional A$6.9 million in CRSM payment for calendar year 2009. The Group has taken legal advice on these issues. No provision for any liabilities against the Group arising from these discussions has been made in the financial statements.

31. Related party transactions

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

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

The fees for legal services paid to a firm in which a director of the Trustee-Manager is a member (but who does not have a substantial financial interest in the firm) during the financial year was $631,000 (2009: $549,000). The legal fees incurred for the financial year ended 31 March 2010 were mainly for the services rendered in connection with the Trust's rights issue which was completed in September 2009 and for general legal advices. The legal fees for financial year ended 31 March 2009 were incurred mainly for general legal advices.

32. Segment information

The operating segments have been determined based on reports reviewed by senior management of the Trustee-Manager, who considers the business from both the business and geographic segment perspectives. The reportable operating segments are:

- production and retailing of town gas and retailing of natural gas in Singapore;
- operator of seawater desalination plant in Singapore;
- operator of undersea electricity interconnector in Australia; and
- investment holding, group financing, asset management and business development.

The segment information relating to the measure of revenue and performance provided to the senior management for the reportable segments for the financial year ended 31 March 2010 is as follows:

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2010					
Revenue	**258,788**	**41,981**	**87,378**	**-**	**388,147**
Cash Earnings (1)	**25,478**	**18,548**	**26,882**	**(13,055)**	**57,853**
Other segment items					
Depreciation and amortisation	16,344	3,648	34,043	-	54,035
Fair value gain/(loss) on derivative financial instruments	-	-	6,353	(200)	6,153
Finance costs	4,225 (2)	6,099 (2)	64,086	10,949	85,359

A reconciliation of cash earnings to net profit after tax is provided as follows:

Cash earnings	**57,853**
Depreciation and amortisation	(54,035)
Cash flow adjustments (3)	(6,918)
Non-cash adjustments (4)	(19,154)
Fair value gain on derivative financial instruments	6,153
Units issue expense	(1,321)
Maintenance capital expenditure	645
Loss before tax	(16,777)
Income tax credit	26,004
Net profit after tax	**9,227**

(1) Cash earnings is defined as EBITDA adjusted for non-cash items and lease receivable, less cash interest, cash tax, upfront financing fees and maintenance capital expenditures, and before principal repayment of debt and minority interest.
(2) Excludes interest payable on notes issued by subsidiaries to unitholders.
(3) Cash flow adjustments comprise mainly finance lease income received.
(4) Non-cash adjustments comprise mainly unrealised exchange gains/(losses) and non-cash finance costs.

32. Segment information (continued)

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
Segment and consolidated total assets	**456,557**	**258,150**	**1,427,543**	**47,197**	**2,189,447**
Segment liabilities	**181,343**	**162,562**	**1,231,559**	**160,840**	**1,736,304**
Unallocated liabilities:					
Current tax liabilities					2,520
Deferred income tax liabilities					21,928
Consolidated total liabilities					**1,760,752**
Other segment items					
Capital expenditure					
- property, plant and equipment	476	-	2,843	-	3,319

32. Segment information (continued)

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2009					
Revenue	294,259	31,220	73,260	-	398,739
Cash Earnings	48,797	17,373	21,117	(26,347)	60,940
Other segment items					
Depreciation and amortisation	16,044	3,648	32,453	-	52,145
Fair value loss on derivative financial instruments	-	(2,711)	(20,671)	(203)	(23,585)
Finance costs	4,270	5,856	68,108	8,933	87,167
Intangibles written off	-	-	10,997	-	10,997

A reconciliation of cash earnings to net loss after tax is provided as follows:

Cash earnings	**60,940**
Depreciation and amortisation	(52,145)
Cash flow adjustments	(6,657)
Non-cash adjustments	(40,751)
Fair value loss on derivative financial instruments	(23,585)
Financing fees	10,638
Maintenance capital expenditure	516
Loss before tax	(51,044)
Income tax credit	1,293
Net loss after tax	**(49,751)**

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
Segment and consolidated total assets	476,029	268,118	1,128,200	41,223	1,913,570
Segment liabilities	173,116	165,635	1,017,271	382,844	1,738,866
Unallocated liabilities:					
Current tax liabilities					2,443
Deferred income tax liabilities					23,739
Consolidated total liabilities					**1,765,048**
Other segment items					
Capital expenditure - property, plant and equipment	1,969	-	3,837	-	5,806

32. Segment information (continued)

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 non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets*	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Singapore	**300,769**	325,479	**451,981**	471,502
Australia	**87,378**	73,260	**1,243,978**	1,049,074
	388,147	398,739	**1,695,959**	1,520,576

* comprises property, plant and equipment and intangible assets

Revenues from Water segment of $41,981,000 (2009: $31,220,000) and Electricity segment of $87,378,000 (2009: $73,260,000) are derived from their only customer in each segment respectively. See note 33(b) for further details.

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, 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 interest rate swaps and interest rate options to hedge certain financial risk exposures.

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

33. Financial risk management (continued)

(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 entered 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 is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

CitySpring pays quarterly distribution to its unitholders in Singapore dollar ("S$") whilst its Australian subsidiaries may redeem its units in Australian dollar ("A$"). The Group is therefore exposed to A$ foreign currency risk as fluctuations in the exchange rate may affect the amount of S$ distributions CitySpring is able to pay its unitholders. The Group's policy is to enter into foreign currency forward contracts for the projected receipts in the short to medium term. As at 31 March 2010, the Group does not have any outstanding forward exchange contracts (2009: Nil).

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's foreign currency exposure is as follows:

	SGD $'000	AUD $'000	USD $'000	Total $'000
2010				
Financial assets				
Cash and bank balances	74,265	58,378	332	132,975
Trade and other receivables	41,989	10,318	488	52,795
Finance lease receivables	178,556	-	-	178,556
Derivative financial instruments	-	108,139	-	108,139
Other financial assets	128	134	-	262
	294,938	176,969	820	472,727
Financial liabilities				
Trade and other payables	50,435	9,857	9,940	70,232
Borrowings	406,258	1,131,438	-	1,537,696
Derivative financial instruments	20,540	2,207	-	22,747
Note payable to minority unitholder	15,000	-	-	15,000
Other financial liabilities	-	35,753	-	35,753
	492,233	1,179,255	9,940	1,681,428
Net financial liabilities	(197,295)	(1,002,286)	(9,120)	(1,208,701)
Less:				
Net financial liabilities denominated in the respective entities functional currencies	197,175	1,002,760	-	1,199,830
Currency exposure on financial assets and liabilities	(120)	474	(9,120)	(8,871)
2009				
Financial assets				
Cash and bank balances	80,000	45,652	282	125,934
Trade and other receivables	34,045	9,477	434	43,956
Finance lease receivables	185,474	-	-	185,474
Derivative financial instruments	-	19,733	-	19,733
Other financial assets	95	119	-	214
	299,614	74,981	716	375,311
Financial liabilities				
Trade and other payables	40,850	18,502	6,158	65,510
Borrowings	637,851	919,265	-	1,557,116
Derivative financial instruments	19,723	8,760	-	28,483
Note payable to minority unitholder	15,000	-	-	15,000
Other financial liabilities	-	28,252	-	28,252
	713,424	974,779	6,158	1,694,361
Net financial liabilities	(413,810)	(899,798)	(5,442)	(1,319,050)
Less:				
Net financial liabilities denominated in the respective entities functional currencies	413,810	900,170	-	1,313,980
Currency exposure on financial assets and liabilities	-	372	(5,442)	(5,070)

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

A 5% (2009: 5%) strengthening of S$ against the following currencies at the reporting date would have the impact as shown below. A 5% (2009: 5%) weakening of S$ against the following currencies at the reporting date would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates and tax rates remain constant.

	Increase/(decrease)		Increase/(decrease)	
	Profit after tax	Equity	Loss after tax	Equity
	2010	2010	2009	2009
	$'000	$'000	$'000	$'000
Group				
US$	378	-	(226)	-
A$	(25)	-	15	-

(ii) Commodity price risk

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

The town gas production unit purchases natural gas as feedstock for its production plant. On a long term basis, changes in the underlying fuel cost for natural gas have no impact on City Gas as fuel costs are passed through. However, at any point in time, the actual tariff may not exactly match fuel costs as tariff changes are subject to a periodic regulatory process whereas fuel prices change daily. Short term impact may be evident if there are sharp changes in fuel prices.

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 no significant interest-bearing assets, other than short term deposits held with banks.

The Group's exposure to cash flow interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to cashflow 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.

Details of the various derivative financial instruments held by the Group are disclosed in Note 13. Assuming all other variables including tax rate are held constant, a 50 basis points change in Singapore or Australia interest rate has the following impact on profit/(loss) after tax as a result of higher/lower finance cost or fair value changes to derivative financial instruments.

<u>Sensitivity analysis</u>

2010

	Decrease of 50 basis points Increase/(decrease)		Increase of 50 basis points Increase/(decrease)	
	Profit after tax $'000	Equity $'000	Profit after tax $'000	Equity $'000
Cash and bank deposits	(552)	-	552	-
Borrowings at floating interest rate	720	-	(720)	-
Interest rate swaps accounted for under cash flow hedge	-	(33,948)	-	31,480
Interest rate swaps accounted for as held for trading	(4,839)	-	4,647	-
Interest rate floor option accounted for as held for trading	448	-	(254)	-

33. Financial risk management (continued)

(a) Market risk (continued)

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

2009

	Decrease of 50 basis points (Increase)/decrease		Increase of 50 basis points (Increase)/decrease	
	Loss after tax $'000	Equity $'000	Loss after tax $'000	Equity $'000
Cash and bank deposits	(548)	-	548	-
Borrowings at floating interest rate	1,685	-	(1,685)	-
Interest rate swaps accounted for under cash flow hedge	-	40,757	-	(37,657)
Interest rate swaps accounted for as held for trading	(5,485)	-	5,248	-
Interest rate floor option accounted for as held for trading	1,535	-	(1,535)	-

A 50 basis points increase above the agreed fixed rate for interest rate swaps accounted for as held for trading would result in a realised gain on the interest rate swap of $840,000 (2009: $785,000). A 50 basis points decrease below the agreed fixed rate for interest rate swaps accounted for as held for trading would result in a realised loss of $210,000 (2009 : Nil) as the interest rate floor option expires in January 2011.

(b) Credit risk

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

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

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

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

33. Financial risk management (continued)

(b) Credit risk (continued)

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

The credit risk for trade receivables is as follows:

	Group	
	2010	2009
	$'000	$'000
By geographical areas		
Singapore	**41,774**	34,258
Australia	**10,318**	8,109
	52,092	42,367

Financial assets that are neither past due nor impaired

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

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

	Group	
	2010	2009
	$'000	$'000
Past due but not impaired		
Past due 0 to 3 months	**5,036**	4,973
Past due 3 to 6 months	**152**	168
Past due over 6 months	**355**	520
	5,543	5,661

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	
	2010	2009
	$'000	$'000
Beginning of financial year	**3,112**	3,988
Allowance made	**666**	206
Allowance utilised	**(1,863)**	(1,082)
End of financial year	**1,915**	3,112

33. Financial risk management (continued)

(b) Credit risk (continued)

The allowance for impairment losses of $666,000 (2009: $206,000) was recognised in the income statement and included in "other operating expenses".

The allowance for impairment covers those trade receivables arising from sales to customers who have difficulties in settling their debts. To mitigate credit risk, the Group collected deposits from customers amounting to $25,010,000 as at 31 March 2010 (2009: $22,754,000), which can be used to offset the impaired receivables when the circumstances warrant.

(c) Liquidity risk

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

	Within 1 year $'000	Between 2 – 5 years $'000	More than 5 years $'000	Total $'000
2010				
Group				
Borrowings	63,709	527,771	1,478,261	2,069,741
Notes payable to minority unitholder	1,215	3,900	24,750	29,865
Trade and other payables	65,011	-	-	65,011
Other financial liabilities	2,135	11,773	69,694	83,602
Interest rate swaps - net settled	9,356	14,087	-	23,443
	141,426	557,531	1,572,705	2,271,662
Trust				
Borrowing	2,533	143,515	-	146,048
Trade and other payables	1,888	-	-	1,888
	4,421	143,515	-	147,936
2009				
Group				
Borrowings	56,198	709,106	1,280,133	2,045,437
Notes payable to minority unitholder	1,215	3,900	25,725	30,840
Trade and other payables	61,583	-	-	61,583
Other financial liabilities	-	8,993	60,419	69,412
Interest rate swaps - net settled	5,856	20,158	-	26,014
	124,852	742,157	1,366,277	2,233,286
Trust				
Borrowing	8,886	385,198	-	394,084
Trade and other payables	1,322	-	-	1,322
	10,208	385,198	-	395,406

33. Financial risk management (continued)

(c) Liquidity risk (continued)

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

At 31 March 2010, the Group maintains the following undrawn lines of credit:
- A$31 million working capital facility (2009: A$31 million); and
- S$15 million working capital facility (2009: S$14 million).

(d) Capital risk

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

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

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

	Group		Trust	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Net borrowings	**1,427,785**	1,459,894	**101,248**	334,594
Total assets	**2,189,447**	1,913,570	**752,015**	754,374
Ratio	**65%**	76%	**13%**	44%

The Group and the Trust are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2010 and 31 March 2009.

33. Financial risk management (continued)

(e) Fair value measurements

Effective 1 April 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's derivative financial instruments are measured under Level 2.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is 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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

34. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards as set out below have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

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

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

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

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

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

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

The application of FRS 27 (revised) is not expected to have a significant impact to the Group.

(c) FRS 103 (revised) Business Combinations (effective for 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 requires greater use of fair values. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 April 2010.

35. 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 11 June 2010.

36. Listing of subsidiaries in the Group

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

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

36. Listing of subsidiaries in the Group (continued)

Name of company/entity	Country of incorporation	Principal activities	Principal country of operation	Types of securities/ percentage owned
Premier Finance Trust Australia [c] *	Australia	Finance trust	Australia	Units 100% held by Nexus Australia Management Pty Ltd in its capacity as Trustee of, and for the benefit of CityLink Investments Pte Ltd
Nexus Australia Management Pty Ltd [c] *	Australia	Trustee	Australia	Shares 100% held by CityLink Investments Pte Ltd
Coral Holdings Australia Pty Ltd [c] *	Australia	Investment holding	Australia	Shares 100% held by CityLink Investments Pte Ltd
Nexus Investments Australia Pty Ltd [d] *	Australia	Investment holding	Australia	Shares 100% held by Coral Holdings Australia Pty Ltd
Basslink Australia GP Pty Ltd [d] *	Australia	Investment holding	Australia	Shares 100% held by Nexus Investments Australia Pty Ltd
Basslink Australia LLP [d] *	Australia	Investment holding	Australia	Interests in a limited partnership 99% held by Nexus Investments Australia Pty Ltd and 1% held by Basslink Australia GP Pty Ltd
Basslink Holdings Pty Ltd [d] *	Cayman Island	Investment holding	Australia	Shares 100% held by Basslink Australia LLP
Basslink Pty Ltd ("Basslink") [c] *	Australia	Operation of undersea electricity interconnector	Australia	Shares 100% held by Basslink Holdings Pty Ltd
Basslink Telecoms Pty Ltd [d] *	Australia	Operation of telecom business	Australia	Shares 100% held by Basslink Pty Ltd

* Collectively known as Basslink Group

STATISTICS OF UNITHOLDINGS

As At 7 June 2010

Class of securities	Number of securities	Voting Rights
Units	979,931,008	One vote for each unit

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholding	Number of Unitholders	%	Number of Units	%
1 - 999	81	0.40	5,429	0.00
1,000 - 10,000	12,941	64.16	50,218,202	5.12
10,001 - 1,000,000	7,100	35.20	363,455,472	37.09
1,000,001 and above	47	0.24	566,251,905	57.79
TOTAL	**20,169**	**100.00**	**979,931,008**	**100.00**

LOCATION OF UNITHOLDERS

Country	Number of Unitholders	%	Number of Units	%
Singapore	19,926	98.80	972,264,898	99.22
Malaysia	124	0.61	4,454,110	0.45
Others	119	0.59	3,212,000	0.33
TOTAL	**20,169**	**100.00**	**979,931,008**	**100.00**

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders)

Name of Substantial Unitholder	Direct Interests	%	Deemed Interests	%
Bartley Investments Pte Ltd ("Bartley")	135,000,000	13.78	-	-
Napier Investments Pte Ltd ("Napier")	57,150,000	5.83	-	-
Nassim Investments Pte Ltd ("Nassim") (1)	39,965,504	4.08	39,965,504	4.08
Tembusu Capital Pte Ltd ("Tembusu") (2)	-	-	272,081,008	27.77
Temasek Holdings (Private) Limited ("Temasek") (3)	-	-	272,081,008	27.77

Notes:

(1) Nassim is the holding company of CitySpring Infrastructure Management Pte Ltd ("CSIM") and is thus deemed to be interested in the 39,965,504 Units held by CSIM.

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

(3) Temasek is the holding company of Tembusu.

STATISTICS OF UNITHOLDINGS
As At 7 June 2010

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of units	%
1.	Bartley Investments Pte Ltd	135,000,000	13.78
2.	Napier Investments Pte Ltd	57,150,000	5.83
3.	DBSN Services Pte Ltd	45,763,050	4.67
4.	HSBC (Singapore) Nominees Pte Ltd	45,110,076	4.60
5.	DBS Nominees Pte Ltd	42,083,284	4.29
6.	CitySpring Infrastructure Management Pte Ltd	39,965,504	4.08
7.	Nassim Investments Pte Ltd	39,965,504	4.08
8.	Citibank Nominees Singapore Pte Ltd	31,707,927	3.24
9.	United Overseas Bank Nominees Pte Ltd	18,384,000	1.88
10.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	18,157,738	1.85
11.	Raffles Nominees Pte Ltd	9,574,000	0.98
12.	UOB Kay Hian Pte Ltd	9,048,000	0.92
13.	Chan Wai Kheong	5,661,000	0.58
14.	Merrill Lynch (S'pore) Pte Ltd	4,973,112	0.51
15.	Societe Generale Spore Branch	4,965,000	0.51
16.	Yap Mui Cheng, Angela	3,890,000	0.40
17.	DBS Vickers Securities (S) Pte Ltd	3,799,000	0.39
18.	Seah Kiok Leng	3,260,000	0.33
19.	Phillip Securities Pte Ltd	3,031,950	0.31
20.	Teh Lip Bin	2,600,000	0.27
	TOTAL	**524,089,145**	**53.50**

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Approximately, 71.79% of the Trust's Units are held in the hands of the Public. Accordingly, the Trust has complied with Rule 723 of the Listing Manual of the SGX-ST.

UNIT PERFORMANCE

	Average Daily Trading Volume Units	Highest Closing Unit Price $	Lowest Closing Unit Price $
Unit performance for the financial year	1,109,000	0.80	0.50

Notice of Annual General Meeting of the Unitholders

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of the Unitholders of CitySpring Infrastructure Trust ("Trust") will be held at NTUC Centre, No. 1 Marina Boulevard, Level 7, One Marina Boulevard, Singapore 018989 on Friday, 16 July 2010 at 9.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of the Trust for the year ended 31 March 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To appoint Messrs Ernst & Young LLP as external Auditors of the Trust in place of the retiring external Auditors, Messrs PricewaterhouseCoopers LLP and to authorise the Trustee-Manager to fix their remuneration.
[See Explanatory Note 1] **(Resolution 2)**

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

SPECIAL BUSINESS

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

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

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

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

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion, deem fit; and

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

provided that:

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

(A) (Until 31 December 2010 or such later date as may be determined by the SGX-ST) by way of renounceable rights issues on a *pro rata* basis to Unitholders of the Trust ("Renounceable Rights Issues") shall not exceed 100 per cent. (100%) of the total number of issued Units excluding treasury Units (as calculated in paragraph (3) below); and

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

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

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

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

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

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

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

[See Explanatory Note 2 and 3] **(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
25 June 2010

Explanatory Notes:

(1) Resolution 2 in item 2 above, is to approve the appointment of Messrs Ernst & Young LLP as the external Auditors in place of the retiring Auditors, Messrs PricewaterhouseCoopers LLP and to authorise the Trustee-Manager to fix their remuneration.

Messrs PricewaterhouseCoopers LLP, the retiring Auditors have served as the external Auditors for the Trust since 2007. As part of the Trust's on-going efforts to procure cost-effective services, the Directors have sought quotations for the audit of the accounts of the Trust for the financial year ending 31 March 2011 from various audit firms. The Directors have determined, following the review of the credentials, services and fee proposals from these audit firms in consultation with the Audit Committee, that the proposal given by Messrs Ernst & Young LLP ("EY") is best suited to the needs of the Trust.

The Directors and Audit Committee have also considered various factors, including the adequacy of the resources of EY, their experience and audit engagements, the number and expertise of the supervisory and professional staff who will be assigned to the audit of the Trust and EY's proposed audit arrangements of the Trust and that Rule 712 of the Listing Manual has been complied with.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) the outgoing Auditors, Messrs PricewaterhouseCoopers LLP, have confirmed that they are not aware of any professional reasons why the new Auditors should not accept appointment as Auditors of the Trust;

(b) the Trustee-Manager confirms that there were no disagreements with the outgoing Auditors, Messrs PricewaterhouseCoopers LLP, on accounting treatments within the last 12 months; and

(c) the Trustee-Manager confirms that it is not aware of any circumstances connected with the change of Auditors that should be brought to the attention of unitholders.

Pursuant to Section 82(11) of the Business Trusts Act, a copy of the notice of nomination of the proposed new Auditors made by the Audit Committee dated 11 June 2010 is enclosed with this Notice.

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

The authority for 100% Renounceable Rights Issues is proposed pursuant to the Singapore Exchange Limited's news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("SGX News Release"). These measures became effective on 20 February 2009 until 31 December 2010. The effectiveness of these measures will be reviewed by the SGX-ST at the end of the period.

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

Notes:

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

2. The instrument appointing a proxy or proxies ("Instrument of Proxy") must be deposited at the registered office of the Trustee-Manager at 111 Somerset Road #02-05, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for holding the Meeting (i.e. by 9.00 a.m. on 14 July 2010). The lodging of an Instrument of Proxy by a Unitholder does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant Instrument of Proxy will be deemed to be revoked.

Notice of Annual General Meeting of the Unitholders

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

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

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

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

4. The instrument appointing a proxy or proxies ("Instrument of Proxy") must be deposited at the registered office of the Trustee-Manager at 111 Somerset Road #02-05, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for the Annual General Meeting (i.e. by 9.00 a.m. on 14 July 2010). The lodging of an Instrument of Proxy by a Unitholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Instrument of Proxy will be deemed to be revoked.

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

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

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

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

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

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

General:

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

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

PROXY FORM
ANNUAL GENERAL MEETING

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

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll or to join in demanding a poll and to vote on a poll, at the Annual General Meeting of CitySpring to be held at NTUC Centre, No. 1 Marina Boulevard, Level 7, One Marina Boulevard, Singapore 018989 on 16 July 2010 at 9.00 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	No. of Units For*	No. of Units Against*
1.	To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of CitySpring for the year ended 31 March 2010.		
2.	To appoint Messrs Ernst & Young LLP as external Auditors of CitySpring in place of the retiring Auditors, Messrs PricewaterhouseCoopers LLP and to authorise the Trustee-Manager to fix their remuneration.		
3.	To authorise the Trustee-Manager to issue new units subject to limits.		

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

Dated this _______________ day of _____________ 2010

Total number of Units held

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

Do not staple. Glue all sides firmly

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BUSINESS REPLY SERVICE
PERMIT NO. 08213

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

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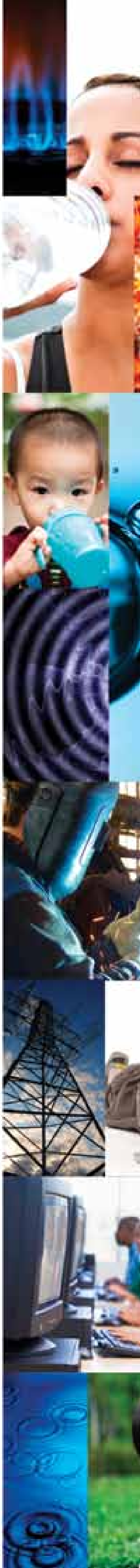

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(Incorporated in Singapore with Reg No.: 200614377M)

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