CitySpring Infrastructure Trust

Annual Report 2011

Providing Essential Services



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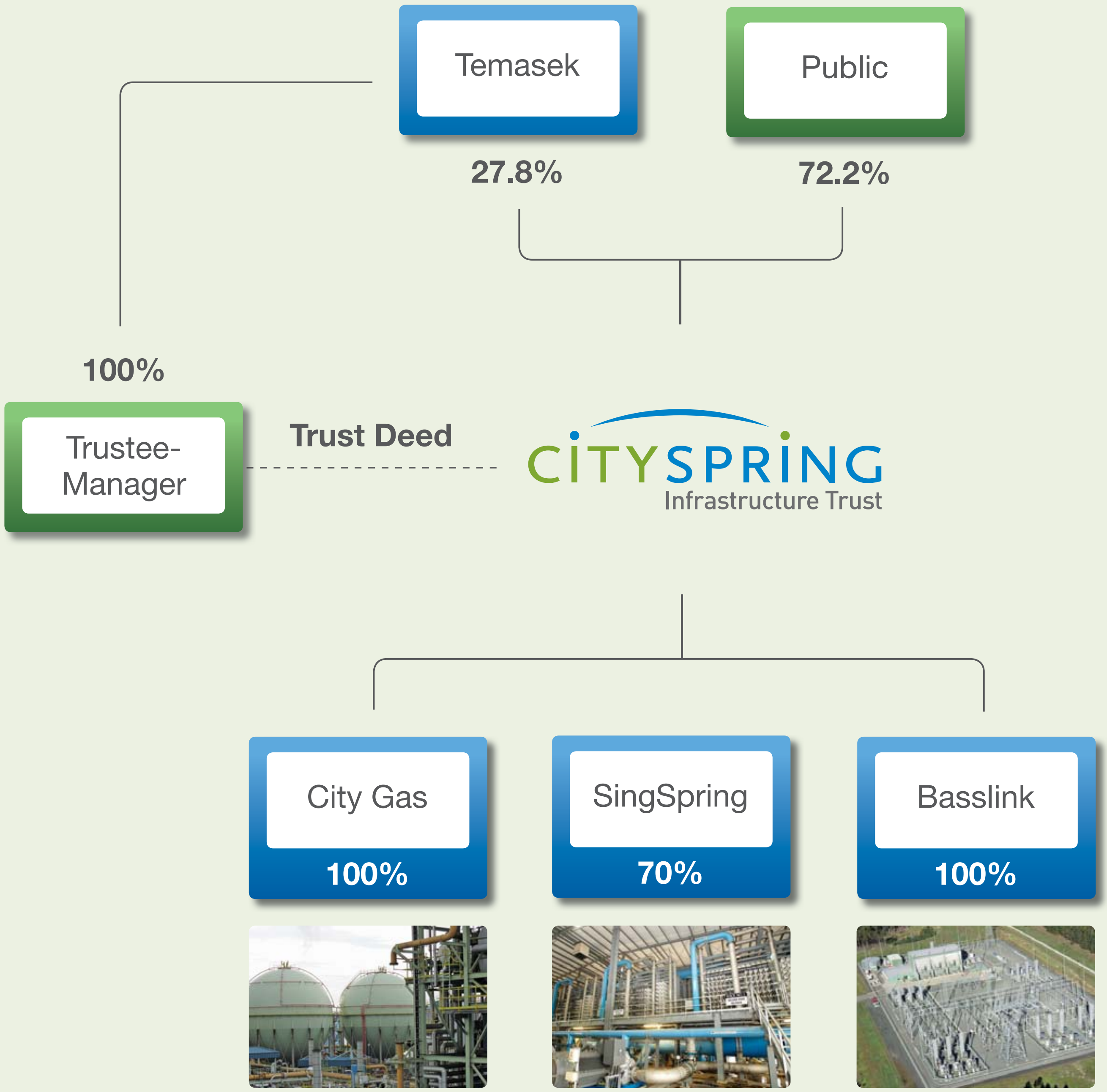
CORPORATE PROFILE

CitySpring Infrastructure Trust ("CitySpring") is the first infrastructure trust registered with the Monetary Authority of Singapore. With sponsorship from Temasek Holdings (Private) Limited ("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. CitySpring was listed on the Main Board of Singapore Exchange Securities Trading Limited on 12 February 2007.

CitySpring's assets comprise 100% of City Gas, the sole producer and retailer of town gas, 70% of SingSpring, the sole supplier of desalinated water to the PUB and 100% of Basslink, which owns and operates the interconnector between the electricity grids of Tasmania and Victoria. CitySpring commercialised the fibre optic cables installed alongside the electricity interconnector with the launch of Basslink Telecoms in July 2009. Basslink Telecoms offers a range of wholesale transmission services between Tasmania and 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.

City Gas

With a history spanning more than a century, 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.

Since 2003, City Gas has been supplying natural gas to industrial customers in Tuas and Jurong areas. Its customers are from various types of industries such as printing, laundry, food and beverage, manufacturing and asphalt. City Gas provides its customers one-stop solution based on their technical and operational needs as well as ensures that all gas pipe installation comply with the relevant Act, Regulation, Code of Practices and requirements.

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 capable of meeting approximately 10% of Singapore's current water needs. The desalination plant, which is located in Tuas, Singapore, utilises advanced, cost and energy-efficient reverse osmosis technology. 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-Tasmania, an entity owned by the State of Tasmania. Basslink Telecoms began operations offering broadband capacity between Hobart, Tasmania and Melbourne, Victoria in July 2009.

CHAIRMAN'S STATEMENT

"CitySpring's three business assets - City Gas, SingSpring and Basslink - provide essential services to the communities where they are located. Being essential services, these businesses are less affected by cyclical economic swings."

Dear Unitholders,

I am honoured to write this first letter to you since taking over as Chairman of CitySpring in July last year. Overall, the Trust has performed well and continued to deliver stable cash distributions. A major initiative that we have embarked on is to review the Group's capital structure. We will consider various options and take steps that will place us in a stronger financial position to deliver growth to our stakeholders over the longer term.

Stable Cash Earnings from Providing Essential Services

CitySpring continued to register strong revenues and cash earnings for the year ended 31 March 2011. Steady performance across all our business assets had resulted in revenues for the year growing 9.4% to reach $424.5 million.

Cash earnings grew by 29.3% from $57.9 million to $74.9 million over the review period. Distributions to unitholders increased from $39.4 million in FY2010 to $41.2 million in FY2011.

CitySpring's three business assets - City Gas, SingSpring and Basslink - provide essential services to the communities where they are located. Being essential services, these businesses are less affected by cyclical economic swings.

City Gas is the sole producer and retailer of town gas and a retailer of natural gas in Singapore. In the past year, our improvements in town gas sales and earnings reflect the extensive and still growing reach that we have achieved in serving the new integrated resorts, hotels and shopping malls. City Gas also continued to reap encouraging results from its efforts to offer a variety of cost-effective and energy saving gas applications to its customers.

SingSpring, as one of Singapore's "Four Taps" or sources of potable water and being the only water desalination plant currently supplying treated water to the Public Utilities Board ("PUB"), delivered stable results. The plant's reliable performance in the past year in producing desalinated water to the quality as required by PUB continued to add to the plant's excellent track record.

Basslink is presently the only electricity interconnector between Tasmania and mainland Australia. Since July 2009, its telecoms unit, Basslink Telecoms, has been providing fibre-optic transmitted telecommunications bandwidth across the Bass Strait. Basslink achieved an availability of 97.12% for the calendar year 2010, above the 97% threshold requirement in earning its facility fee. Basslink Telecoms also made steady progress in securing new telecoms service providers as customers. However Basslink's results were impacted by negative Commercial Risk Sharing Mechanism payments which were linked to electricity pool prices.

DPU of 4.2 Singapore cents for FY2012

We have declared a distribution of 1.05 cents per unit for the fourth quarter of FY2011, resulting in a full year distribution of 4.2 cents per unit. Given the cashflow position of our business assets and the foreseeable economic environment, we expect to continue to pay an annual distribution per unit of 4.2 Singapore cents for FY2012, barring unforeseen circumstances and assuming no material changes to the Group in the year.

Basslink Bonds

In November 2010, we were notified by one of our two rating agencies - Standard & Poor’s (“S&P”) - that they had placed our three Basslink bonds (currently rated BBB- and maturing in 2015, 2017 and 2019) on “CreditWatch” with negative implications. According to S&P, this was due to increased uncertainty over the refinancing of these bonds at attractive interest rates. This could lead to the bonds to be downgraded, and Basslink would then be prohibited from making distributions to CitySpring under the covenants of the bonds.

In January 2011, we established an A$20 million escrow account for the benefit of Basslink. Following that in February 2011, S&P removed the “CreditWatch” and affirmed the Basslink bonds’ rating at BBB- with a negative outlook.

Preparing CitySpring for Future Growth

The Management has carried out several initiatives to prepare our Trust for future expansion and growth:

Refinancing CitySpring and City Gas Existing Loans

We successfully refinanced CitySpring’s existing loan of $142 million and City Gas loan of $128 million in June 2011. The maturity of the CitySpring’s loan has been extended from August 2011 to August 2014, and the maturity of the City Gas loan has been extended from February 2012 to February 2014.

Capital Structure Review

As mentioned earlier, we have embarked on a major initiative to review the Group’s capital structure. On this front, we have made good progress. We intend to complete this review and announce the results of this review before the end of September 2011.

Organic and inorganic growth

At CitySpring, we are working together to build the Group into a leading infrastructure owner and operator. We will continue to seek out acquisitions that are stable and cash generative over the long term while also driving synergies among our businesses.

We are confident that with these various initiatives, CitySpring will be in a stronger financial position to deliver growth to our stakeholders over the longer term.

Board and Management

In April 2011, CEO Au Yeung Fai indicated that he wished to step down and pursue other interests, after having served as CEO since the IPO of the Trust in February 2007. On behalf of the Board, management and all of us at CitySpring, I want to thank Fai and wish him every success in his new endeavours.

CFO Tong Yew Heng will be Acting CEO while the Board carries out a search process to identify a new CEO.

We will also be making some changes to the composition of our board committees as part of our annual review. From 1 July 2011, Peter Foo will be the new Chairman of the Audit Committee while Mark Yeo will be the new Chairman of the Management Development and Compensation Committee.

At this juncture, I would like to record my appreciation to all our Directors for their invaluable contribution and providing strategic guidance to management in the course of this year.

I want to thank all our management and employees for their dedication and professionalism in their work.

Finally, I wish to thank you, our Unitholders, for your continuing support. A number of you have provided us with valuable feedback which we appreciate. With your continuing support, we remain fully committed to seek growth and deliver value to you, our Unitholders.

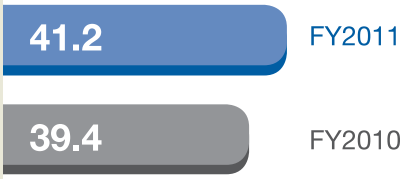
Daniel Ee
Chairman
20 June 2011

PERFORMANCE HIGHLIGHTS

Group Cash Earnings
($' million)

CitySpring has delivered steady performance across all businesses for FY2011.

Total Distribution
($' million)



CitySpring has delivered total distributions of $41.2 million for FY2011.

CitySpring's distributions are paid from net operating cashflow.

Total Assets
($' million)

Total assets for FY2011 was $2,151.3 million, which is 1.7% lower than FY2010.

CitySpring achieved total cash earnings of $74.9 million for the year ended 31 March 2011 ("FY2011") compared to $57.9 million for the year ended 31 March 2010 ("FY2010").

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)	**FY2011**	FY2010
Revenue	**424,479**	388,147
Other income	**6,907**	2,678
Other (losses)/gains – net	**(6,723)**	5,458
Total expenses	**(440,830)**	(413,060)
Loss before income tax	**(16,167)**	(16,777)
Income tax (expense)/credit	**(5,762)**	26,004
Net (loss)/profit after tax	**(21,929)**	9,227
Cash earnings	**74,894**	57,853
DPU (cents)	**4.20**	4.90*

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

For FY2011, City Gas recorded cash earnings of $47.1 million compared to $25.5 million in the previous year. The higher cash earnings was partly due to 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 fully recovers its fuel cost over a period of time. Town gas demand increased about 5.0% year-on-year to a record of 1,554,973,000 kWh in FY2011 contributing to the higher cash earnings recorded.

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 28% compared to 42% in the previous year. Cash earnings for FY2011 was $17.4 million compared to $18.5 million in FY2010. The lower cash earnings was due to higher finance costs incurred from higher fixed interest rate on the hedged portion of the loan as contracted with lenders under the existing financing agreement which was partly offset by the refund of property tax.

Basslink achieved cumulative availability of 97.12% for the calendar year 2010. Cumulative availability for the three months ended 31 March 2011 was 100%. Basslink Telecoms commenced carrying commercial traffic from July 2009 and has sold capacity to several telecoms service providers. Basslink's cash earnings for FY2011 was A$15.7 million compared to A$22.1 million in FY2010. The lower cash earnings were due mainly to lower CRSM[1] payments which were partially offset by higher contributions from Basslink Telecoms. CRSM payment was negative A$16.7 million compared to negative A$1.0 million in FY2010. Basslink Telecoms has contributed more than 10% of Basslink Group revenue for FY2011.

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.

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

CITY GAS

As we continue to serve the needs of our target industries and consumers through our gas retailing services, we also seek other growth avenues by offering multiple gas applications to our customers and expanding into complementary businesses. By building multiple growth platforms, we aim for robust long-term performance.

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

Business Objectives

As a sole producer and retailer of town gas in Singapore, City Gas seeks to maintain its market leadership in gas retailing by meeting the needs of its customers, offering them value-for-money energy solutions and high quality service.

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

By maintaining its operational efficiency as a producer of town gas and its competitiveness as a gas retailer, City Gas is able to contribute positively to the cash earnings performance of CitySpring.

Earnings Review

Riding on the growth of the Singapore economy and its robust business operating platform, City Gas delivered another set of healthy results for FY2011 with cash earnings of $47.1 million compared to $25.5 million for the previous financial year.

A portion of the higher cash earnings is due to the time-lagging differences between tariff adjustments and fuel costs for City Gas. Fuel costs, which are pegged to the High Sulfur Fuel Oil ("HSFO") prices, change on a daily basis whereas tariffs are adjusted on a quarterly basis.

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, the tariff adjustments mechanism is designed to ensure that City Gas fully recovers its fuel costs over a period of time.

Higher town gas sales volume and natural gas volume also contributed to the higher cash earnings.

Market Review

With the strong recovery of the local economy, City Gas' sales continued to grow, particularly in the commercial town gas segment.

Since their opening, Resorts World Sentosa (RWS) and Marina Bay Sands (MBS) integrated resorts are attracting high numbers of tourists and locals. Accordingly, town gas demand by these resorts saw steady growth.

At the same time, gas demand by the industrial segment grew modestly with the increase in economic activities and growth in the food processing segment. This modest growth was achieved despite this segment being highly competitive, as customers have a choice of using town gas, liquefied petroleum gas or diesel.

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 City Gas' customers. Gas demand by this segment also grew in tandem with the expansion of the local economy.

Operating Review

During the course of the year, City Gas attained 100% all-year-round gas production availability. City Gas also achieved an all-time-high gas production level of 946,930 cubic metres of town gas on the eve of Chinese New Year on 2 Feb 2011.

For the financial year ended 31 March 2011 ("FY2011"), City Gas was granted a single tariff adjustment by the Energy Market Authority of Singapore ("EMA"), involving a 4.9% or 0.93 cent/kWh reduction from 1 November 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. The tariff adjustment during the financial year reflected lower fuel costs since the increase in gas tariffs from 1 February 2010.

In FY2011, the number of City Gas customers grew by 2.4% to 636,976, compared to 622,136 in the same period a year ago. Town gas demand increased about 5.0% year-on-year to a record of 1,554,973,000 kWh in FY2011.

Growth in town gas sales during the financial year was partly attributable to the opening of both integrated resorts, RWS and MBS, where City Gas supplies town gas to the central kitchens and all F&B outlets for cooking and water-heating.

During the year, City Gas' central hot water system was installed in seven hotel and hostel establishments to convey a constant hot water supply to approximately 1,500 rooms in total.

OPERATIONS REVIEW

As part of its efforts to build on its clientele base, City Gas continued to promote greater gas application awareness among home-owners through its marketing campaigns and leveraging strong ties with local property developers and M&E consultants of new housing developments.

Through its campaigns, City Gas promoted the benefits of gas water heaters which have space-saving features and are able to deliver continuous hot-water on-demand. With its gas-fired system, these heaters also offer users a more cost-efficient water heating alternative compared to similar appliances that run on electricity.

Such marketing efforts continued to translate into higher customers' take-up of gas water heaters. An encouraging total of 5,400 units of gas water heaters installed under the Housing & Development Board and Design Build and Sell Scheme projects and another 4,000 units in the private apartment sector signify the growing acceptance of gas-heating in households.

The drive to improve the level of take-up of gas water heaters among new as well as existing customer base will remain an important aspect of City Gas' strategy in developing sustainable revenue streams in the long-term.

In the area of customer service, City Gas aims to strengthen the service level of its staff and contractors as they deliver the "City Gas Experience". This is being done through structured learning programmes which embrace the 'P.R.I.D.E' (Professionalism, Relationship Builder, Initiative, Dependable and Efficiency) service values. Independent service audits are conducted quarterly and have shown that City Gas services continue to be highly rated by its customers.

To support the food and beverage industry, City Gas is one of the major sponsors of the Singapore National Culinary Team, which clinched top honours at the Expogast Culinary World Cup 2010 in Luxembourg on 24 November 2010.

Through a partnership with Chinese daily Shin Min Daily News, City Gas held the "City Hawker Food Hunt 2010" for the third season from April to October 2010 – a programme jointly supported by the Singapore Tourism Board, Health Promotion Board and 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 Mr. Lim Boon Heng, Minister in Prime Minister's Office.

In terms of achievements and accolades, City Gas is honoured to have received numerous awards in FY2011 from different organisations and government agencies, including the Brand Leadership Award by CMO Asia, Business Superbrands Award by Business SuperBrands Singapore, and the Work Life Achiever Award 2010 by the Tripartite Organisation.

City Gas has also secured Health Promotion Board's funding for taking the lead at promoting healthy lifestyles at the workplace - an initiative which complements City Gas' Health Safety Security

Environment policy. This year-long programme, which covers various aspects of health and fitness for all individuals through talks and interactive workshops, has been well-received by both young and old staff.

This year also marks the celebration of City Gas' 150th anniversary. A 14-member committee was set up to undertake the exciting task of putting together a string of celebratory events and activities for City Gas' staff and customers that demonstrate City Gas' values, strengths and achievements through its long continuing existence. The programme essentially centres around three main themes under the following phases: *Phase 1 – Values that Bind; Phase 2 – Tribute to Staff and Family; Phase 3 – Tribute to our Customers and Community;* culminating in a Gala Dinner in July this year, as a fitting finale to its promise of *Warming Lives For Generations.*

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 multi-pronged marketing, sales and customer service aimed at various customer segments.

City Gas expects to benefit from the economic expansion and the growth of hospitality-related segments, with strong tourist arrivals and the growth of the residential segment riding on expanding gas water heater applications.

To boost demand, City Gas is planning a series of multi-gas appliance education campaigns through product bundling, targeting both existing and new residential customers. These campaigns are aimed at increasing the use of piped gas as gas appliances provide more 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 remains on track to deliver stable cash earnings to CitySpring.

SINGSPRING

In delivering essential services to our customers, we adopt efficient operating practices and prudently manage risks to ensure the smooth running of our desalination plant. In providing dependable and high quality water source, we contribute to the stability of the country's water supply system.

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 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 20-year period of the WPA which commenced in December 2005.

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

Earnings Review

SingSpring continued to deliver creditable results for the year ended 31 March 2011. Cash earnings for the year was $17.4 million or 6% lower than $18.5 million for the previous financial year, mainly due to higher finance costs. Average dispatch for the financial year was 28% compared with 42% for the previous financial year. SingSpring's steady cash earnings was underpinned by the availability payment-based regime of the WPA.

Market Review

The SingSpring desalination plant serves as one of the "Four Taps" in PUB's strategy to meet Singapore's water needs. The "Four Taps" are local catchment water, imported water from Johor, NEWater (recycled water) and desalinated water. The SingSpring plant therefore continues to be an important facility for PUB to ensure sufficient water resources for Singapore, especially during periods of low 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 Singapore.

Operating Review

SingSpring receives capacity payments from PUB for making available the full water capacity of the desalination plant upon demand. The capacity payments are paid throughout the term of the 20-year 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 2011, SingSpring achieved 100% availability.

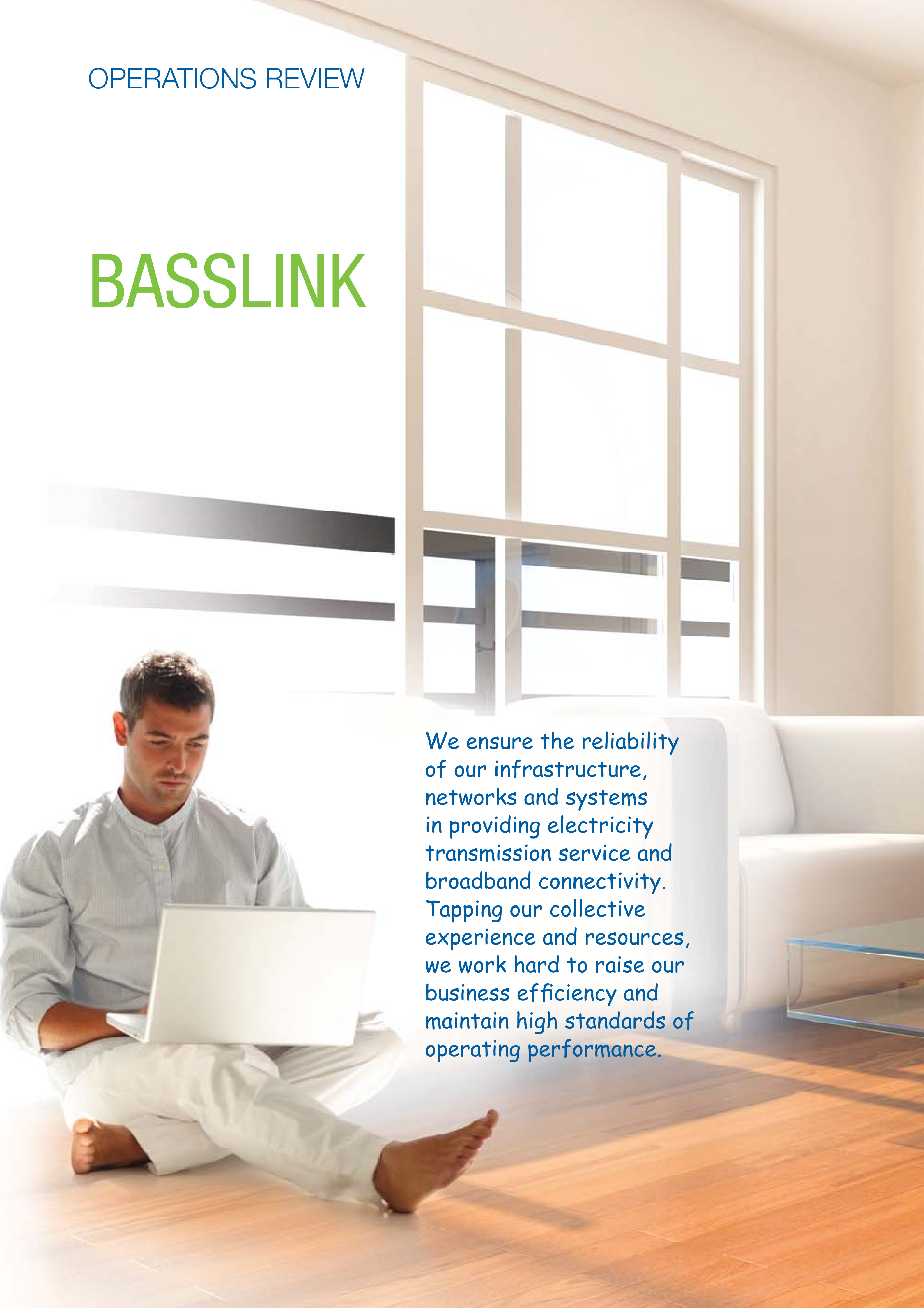
SingSpring also receives output payments from PUB for the variable costs in supplying water to PUB. The payment is pegged to the volume of water supplied. During the year, SingSpring supplied an average of 38,850m^3 of water per day, representing 28% of the plant's capacity, to PUB.

SingSpring embarked on a Hazard Analysis Critical Control Point ("HACCP") certification exercise and received the certification on 19 April 2010. HACCP is an internationally recognised voluntary food safety management standard that PUB has implemented for many of its water plants.

Business Outlook

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

BASSLINK



We ensure the reliability of our infrastructure, networks and systems in providing electricity transmission service and broadband connectivity. Tapping our collective experience and resources, we work hard to raise our business efficiency and maintain high standards of operating performance.

Basslink's primary business objective is to meet or exceed the 97% availability target for its electricity interconnector between Tasmania and mainland Australia. Since 16 July 2009, Basslink Telecoms has been in operations and is a wholesaler of telecoms broadband services to several telecoms service providers.

Business Objectives

Basslink's principal source of revenue is a facility fee paid monthly by Hydro Tasmania ("HT") for the operation of the interconnector. The facility fee is based on availability and is payable in full if Basslink's cumulative availability, based on a calendar year, is greater than 97%. If Basslink's cumulative availability is less than 97%, the facility fee is reduced, with greater deductions as the shortfalls increase and deviate from 97%.

Basslink operates under the Basslink Services Agreement ("BSA") with HT. The BSA includes a Commercial Risk Sharing Mechanism ("CRSM") to share the market risk associated with participating in the National Electricity Market of Australia between HT and Basslink. The CRSM payments are based on the differences between the high and low spreads of the Victoria electricity pool prices, subject to a cap of +25% (i.e. when payment is made to Basslink by HT) and a floor of -20% (i.e. when payment from Basslink is made to HT) to the unadjusted facility fee. The intention of this mechanism is to have a neutral impact on both parties over the longer term but there is no assurance that such objective will be met.

Basslink is firmly committed to maintain the highest standards of operational performance, to ensure a safe and injury-free workplace for its employees, as well as protect the safety of the public and the environment.

Earnings Review

Cash earnings for the year ended 31 March 2011 was A$15.7 million compared to A$22.2 million for the previous financial year. The lower cash earnings were due mainly to lower CRSM payments but partially offset by higher contributions from Basslink Telecoms. CRSM payment was negative A$16.7 million compared to negative A$1.0 million in FY2010. Basslink Telecoms has contributed more than 10% of Basslink Group revenue for FY2011.

Market Review

Most of the electricity produced in Tasmania is hydro-generated, which is constrained by water levels in dams across the island. Periods of low rainfall (January to March) tend to increase the cost of hydro-generated electricity. Tasmanian electricity demand tends to peak during the winter months (June to August) due to low temperatures.

In contrast, Victoria electricity generation is primarily from coal-fired plants. Victoria electricity demand tends to peak during the summer months (December to February) when 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 HT 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 97.12% for the calendar year 2010. 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 with respect to health, safety and environmental issues. The company has an Operational Environmental Management Plan to ensure that its operations are carried out with minimal impact on the environment. All employees are trained in this.

Basslink Telecoms

From the outset, the Basslink interconnector incorporated fibre optic cabling which was only partly utilised for the electricity interconnector's control systems. The spare fibres were unlit and a project was commenced in 2008 to light these dark fibres in order for telecoms services to be offered.

With the lighting of the fibres, Basslink Telecoms was launched in July 2009 to provide wholesale telecoms broadband services between Tasmania and Melbourne, Victoria and sign telecoms service providers as customers.

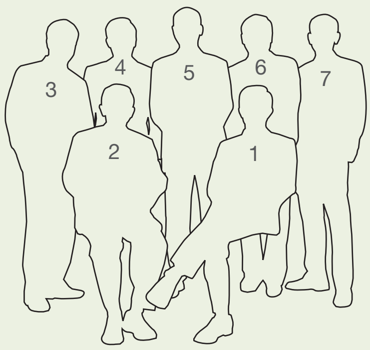
Basslink Telecoms has since enjoyed steady growth in the Tasmanian wholesale telecoms market, with services being taken up by several internet service providers and other service providers. One of the customers which signed up with Basslink Telecoms in 2010 was Australia's Academic and Research Network ("AARNet"). Basslink Telecoms is now providing AARNet with a 10 Gbps connection between Tasmania and Melbourne, Victoria. This link provides a significant increase in bandwidth to be used for research and education purposes for users such as the University of Tasmania, Commonwealth Scientific and Industrial Research Organisation and the Australian Antarctic Division.

Business Outlook

Basslink is confident it is able to meet its obligations under the BSA in the coming year. It continues to engage HT to ensure that planned outages (for purposes such as routine maintenance) 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.

BOARD OF DIRECTORS



1. **Mr Daniel Cuthbert Ee Hock Huat**
   Chairman, Independent Director

2. **Mr Ong Beng Teck**
   Director

3. **Mr Haresh Jaisinghani**
   Independent Director

4. **Mr Mark Andrew Yeo Kah Chong**
   Independent Director

5. **Mr Peter Foo Moo Tan**
   Independent Director

6. **Mr Tan Ek Kia**
   Independent Director

7. **Mr Yeo Wico**
   Independent Director

Mr Daniel Cuthbert Ee Hock Huat
Chairman, Independent Director

Mr Ee serves on the boards of Citibank Singapore Ltd, Surface Mount Technology (Holdings) Limited and the National Environment Agency. He is also the Chairman, Board of Advisors of Walton International Group Limited (Incorporated in Hong Kong). He is a Council Member of the Securities Industry Council, Singapore Institute of Directors and a Member of the Corporate Governance Council. Mr Ee had also served as the Chairman of Gas Supply Pte Ltd from 2002 to July 2010.

Mr Ee has more than 14 years of experience in the banking sector, in particular in corporate finance. Prior to that, he had served in various capacities in the public sector from 1975 to 1985. 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 Peter Foo Moo Tan
Independent Director

Mr Foo is currently Advisor to Management at BNP Paribas ("BNP") Singapore office since 1st July 2010. Concurrently Mr Foo serves as Chief Executive Officer of Singapore branch of Fortis Bank S.A. /N.V. which is winding down and has ceased banking business in Singapore from 1st April 2011. Mr Foo's banking career spans over 23 years and has included various management, financial markets 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 organisations.

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
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 CityLink Investments Pte Ltd, the holding company of Basslink Group.

BOARD OF DIRECTORS

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 and some of its subsidiaries, Keppel Corporation Limited, Keppel Offshore & Marine Ltd and Dialog Systems (Asia) Pte Ltd. Mr Tan is also the Vice President Commissioner on the Board of Commissioners of PT Chandra Asri Petrochemical Tbk. Mr Tan is also the Chairman of City Gas Pte Ltd, a wholly-owned subsidiary of CitySpring.

Mr Ong Beng Teck
Director

Mr Ong is currently Managing Director (Investment) at Temasek International (Private) Limited (“Temasek”), where he handles investments and portfolio management in the Transportation and Industrials sector. He has more than 10 years experience in private equity, public market, and mergers and acquisitions transactions across a range of sectors and markets since joining Temasek in 1996. He has previously worked in the Ministry of Finance and Inland Revenue Authority of Singapore.

Mr Ong holds a Masters in Business Administration from the University of Warwick, and a Bachelor in Property Administration from the University of Auckland. He has completed the Program for Management Development (PMD) at the Harvard Business School and the Stanford Executive Program (SEP) at the Stanford Graduate School of Business.

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. In April 2006, he was promoted to President & Chief Executive Officer.

Prior to joining City Gas, Mr Ng worked for Esso Singapore, BASF, General Electric and Canada Steamship Lines. He has about 20 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.

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.

SENIOR MANAGEMENT

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

Mr Eccles was appointed CEO of Basslink in December 2007. Before this he had responsibility for all operational and engineering functions of the Basslink Interconnector, this included commissioning of the Basslink facility. 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 in 1986 with a 16-year stint with British Nuclear Fuels Limited ("BNFL"), his final role with BNFL was as a commissioning manager in major projects. He left BNFL 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 is a qualified health and safety practitioner, holding a NEBOSH certificate. 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 a member of CIGRE (International Council on Large Electric Systems) and sits on the Australasian B4 CIGRE panel which cover HVdc and Power Electronics.

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 35 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.

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.

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 finalisation, post-investment management and securing/realising an exit for the investment. She also provided analysis of country sector development in areas of interest.

She was previously a Senior Regional Economist with IDEAglobal which has offices in Singapore, London, New York and provides independent economic research and market analysis worldwide. Ms Ong helped lead the emerging market research team in 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.

CONTRIBUTING TO THE COMMUNITY

As part of its efforts to engage the less-privileged in the community, City Gas' staff volunteers visited the Children's Aid Society in June 2010. The children's home provides a supportive environment for the young between the ages of 4 and 18 years old who require care and protection in a residential setting. The staff volunteers and the children participated in a baking session with chefs Irene and Helen from Twinkle Chef. This is the third time that City Gas is volunteering at the home.

For the fourth year running, City Gas continued to partner *The Esplanade - Theatres on the Bay* in its community outreach. In September, City Gas' staff volunteers brought 20 teenagers from the Jamiyah Children's Home to Broadway Jazz at *The Esplanade - Theatres on the Bay*, a day that was fun-filled with dance and music.

Lending support to the food and beverage industry, City Gas participated as one of the major sponsors for the Singapore National Culinary Team. The team subsequently went on to clinch the top honours at the Expogast Culinary World Cup 2010 in Luxembourg on 24 November 2010.

In December, City Gas partnered the Singapore Civil Defence Force (SCDF) for the SCDF Emergency Preparedness iPhone App Launch. With the vast potential and reach that the iPhone provides, SCDF is utilising the iPhone as a platform to further propagate and educate the community on essential emergency preparedness procedures especially in Fire Safety, First Aid and Cardio Pulmonary Resuscitation.

In Australia, Basslink is committed to support the communities in both Tasmania and Victoria. It typically sponsors sporting events and activities that touch the lives of children.

In Tasmania, the sports carnival series organised by the Sport Carnivals Association of Tasmania attracts professional sports people from around the world. Basslink has been the major sponsor of the carnivals for the past seven years, which culminate into a year-end event known as the 'Basslink Tasmanian Christmas Carnivals'.

Basslink has agreed to a two-year sponsorship of the carnivals and will be supporting the 2010/11 series. The competitive events carried out at these carnivals include athletics, cycling and wood-chopping. In Victoria, Basslink also sponsors the North Gippsland Netball & Football League, the Buchan junior cricket club and the Gormandale Football Club.

Basslink has also been a long-time supporter of the Tasmanian Special Children's Party. This event is held every year in Hobart, with the aim of providing Christmas celebrations for over 1,600 children who may be terminally ill, intellectually or physically handicapped.

The company is also a sponsor of the annual Tarra Easter Festival, which attracts more than 10,000 participants from community service groups in Gippsland, for the past 38 years.

This year, the firm will again be supporting the training award at both the Tasmanian and Victoria bi-annual Seafood Industry Awards. Its sponsorship role in these awards continues Basslink's close ties with the fishing industry on either side of Bass Strait.

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

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Email: enquiries@cityspring.com.sg

Board of Directors
Mr Daniel Cuthbert Ee Hock Huat
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
Independent Director

Mr Tan Ek Kia
Independent Director

Mr Ong Beng Teck
Director

Mr Au Yeung Fai [1]
Chief Executive Officer and Director

Audit Committee ("AC") [2]
Mr Mark Andrew Yeo Kah Chong
(Chairman)
Mr Peter Foo Moo Tan
Mr Haresh Jaisinghani

Governance and Nominating Committee ("GNC")
Mr Yeo Wico
(Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Ong Beng Teck

Management Development and Compensation Committee ("MDCC") [2]
Mr Peter Foo Moo Tan
(Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Tan Ek Kia
Mr Ong Beng Teck

Finance and Investment Committee ("FIC") [2]
Mr Daniel Cuthbert Ee Hock Huat
(Chairman)
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani
Mr Ong Beng Teck
Mr Au Yeung Fai

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

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
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Audit Partner-in-charge:
Ms Low Yen Mei
Year of Appointment: July 2010

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

Sponsor
Temasek Holdings (Private) Limited

1 *As announced on 4 April 2011, Mr Au Yeung Fai has tendered his resignation and his last day of service as Chief Executive Officer and Director of Trustee-Manager will be 30 June 2011.*

2 *As announced on 8 June 2011, Mr Peter Foo who is currently a member of the AC will be appointed as Chairman in place of Mr Mark Yeo who will remain as a member of the committee. Mr Mark Yeo will be appointed as Chairman of the MDCC in place of Mr Peter Foo who relinquishes his position as Chairman and member of this committee. Mr Peter Foo will also be appointed as a member of the FIC in place of Mr Mark Yeo who relinquishes his position as a member of this committee.*

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 8 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 is:

Name of Directors	**Board**	**Audit Committee**	**Finance and Investment Committee**	**Governance and Nominating Committee**	**Management Development and Compensation Committee**	**Conflicts Resolution Committee**
Mr Daniel Cuthbert Ee Hock Huat+	Non-Executive Chairman and Independent Director	-	Chairman	Member	Member	Chairman
Peter Foo Moo Tan	Independent Director	Member	-	-	Chairman	-
Yeo Wico	Independent Director	-	-	Chairman	-	Member
Mark Andrew Yeo Kah Chong	Independent Director	Chairman	Member	-	-	Member
Haresh Jaisinghani	Independent Director	Member	Member	-	-	Member
Tan Ek Kia#	Independent Director	-	-	-	Member	-
Ong Beng Teck*	Director	-	Member	Member	Member	-
Au Yeung Fai^	Executive Director	-	Member	-	-	-

\+ *Appointed Independent Director on 26 April 2010 and Chairman on 16 July 2010*

\# *Appointed on 26 April 2010*

* *Appointed on 16 July 2010*

^ *The Trustee-Manager has on 4 April 2011 announced his resignation which will be effective on 30 June 2011*

As part of succession planning, Mr Daniel Ee succeeded Mr Sunny Verghese as Chairman of the Board on 16 July 2010 after the conclusion of CitySpring's Annual General Meeting ("AGM"). On the same day, Ms Margaret Lui retired as a Director and Mr Ong Beng Teck was appointed as a Director. Mr Daniel Ee also took over as Chairman of the FIC whilst Mr Ong Beng Teck was appointed as a member of the FIC, GNC and MDCC. On 4 April 2011, the Trustee-Manager announced that Mr Au Yeung Fai had tendered his resignation and that his last day of service as Chief Executive Officer and Director of the Trustee-Manager will be 30 June 2011. He will be appointed as adviser on matters relating to Basslink, for three months thereafter. Mr Tong Yew Heng, the Chief Financial Officer will be appointed Acting Chief Executive Officer in addition to his current duties with effect from 1 July 2011.

The Board reviews the composition of its Board Committees annually. Pursuant to this review, the Board has announced on 8 June 2011 that Mr Peter Foo who is currently a member of the AC will be appointed as Chairman in place of Mr Mark Yeo who will remain as a member of the committee. Mr Mark Yeo will be appointed as Chairman of the MDCC in place of Mr Peter Foo who relinquishes his position as Chairman and member of this committee. Mr Peter Foo will also be appointed as a member of the FIC in place of Mr Mark Yeo who relinquishes his position as a member of this committee.

The descriptions of the various committees in the following sections of this report pertain to the composition of members during FY 2011 and do not take account of the latest changes referred to in the preceding paragraph.

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 teleconference, 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**
Daniel Cuthbert Ee Hock Huat*	12	-	7	2	1	-
Peter Foo Moo Tan	11	3	-	1#	1	-
Yeo Wico	11	-	-	3	-#	-
Mark Andrew Yeo Kah Chong	10	4	7	-	-	-
Haresh Jaisinghani	12	4	6	-	-	-
Tan Ek Kia*	11	-	-	-	1	-
Ong Beng Teck+	7	-	4	1	-	-
Au Yeung Fai	12	-	-	-	-	-
Sunny George Verghese^	3	-	-	-	-	-#
Margaret Lui-Chan Ann Soo^	4	-	1	2	-	-
Number of meetings held	12	4	7	3	1	-

* *Appointed on 26 April 2010*
\# *Up to 26 April 2010*
\+ *Appointed on 16 July 2010*
^ *Retired 16 July 2010*

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.

During the year, some of the Directors attended seminars and courses conducted by Singapore Institute of Directors and other professional agencies to update on corporate governance practices, risk management matters and other financial and corporate matters.

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 Board has the appropriate balance of independent directors. The directors come from diverse backgrounds with varied expertise in the infrastructure industry, finance, legal, business and management and draw on their experience to further the interests of CitySpring. 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
Mr Daniel Cuthbert Ee Hock Huat	-	Independent Director (appointed 26 April 2010)
Mr Ong Beng Teck	-	Director (appointed 16 July 2010)
Ms Margaret Lui-Chan Ann Soo	-	Director (up to 16 July 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 three times 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 six Independent Directors - Messrs Daniel Ee, Peter Foo, Yeo Wico, Mark Yeo, Haresh Jaisinghani 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 Daniel Ee, Peter Foo, Yeo Wico, Mark Yeo, Haresh Jaisinghani 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.

Mr Ong Beng Teck is not considered to be an independent director as he is a Managing Director at 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. During FY2011 the members of the MDCC were:

Mr Peter Foo Moo Tan	-	Chairman, Independent Director
Mr Daniel Cuthbert Ee Hock Huat	-	Independent Director (appointed 26 April 2010)
Mr Tan Ek Kia	-	Independent Director (appointed 26 April 2010)
Mr Ong Beng Teck	-	Director (appointed 16 July 2010)
Ms Margaret Lui-Chan Ann Soo	-	Director (up to 16 July 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. MDCC had 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.

During the financial year, the MDCC met once to review the annual increments and bonus awards for the subsidiary entities and also for the senior management staff of the CitySpring Group and the Trustee-Manager.

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 director's fee. Attendance fees for board meetings, audit committee meetings if they exceed the regular quarterly meetings scheduled to review and approve group results and distribution amongst other matters will be proposed for approval at the forthcoming annual general meeting of the Trustee-Manager. Attendance fees will also be proposed to be paid for finance and investment committee meetings if they exceed four meetings during the financial year. 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 2011 is set out below:

	Directors Fees %	Salary %	Variable Bonus %	Benefits %	Total %
DIRECTORS					
Below $250,000					
Mr Daniel Cuthbert Ee Hock Huat	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	100	-	-	-	100
Mr Tan Ek Kia	100	-	-	-	100
Mr Ong Beng Teck	100	-	-	-	100
Mr Sunny George Verghese	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	56	24	20	100
KEY EXECUTIVES					
$500,000 to below $750,000					
Mr Tong Yew Heng Chief Financial Officer, Trustee-Manager and Chief Executive Officer, SingSpring	NIL	74	17	9	100
$250,000 to below $500,000					
Mr Ng Yong Hwee President and Chief Executive Officer, City Gas	NIL	67	26	7	100
Mr Malcolm Eccles Chief Executive Officer, Basslink Pty Ltd	NIL	78	13	9	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	74	25	1	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 2011.

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. For FY2011, the members of the AC were as follows:

Mr Mark Andrew Yeo Kah Chong	-	Chairman, Independent Director
Mr Peter Foo Moo Tan	-	Independent Director
Mr Haresh Jaisinghani	-	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 four times. The activities at the meetings included the following:

- review of the quarterly and full-year results and the financial statements, announcements required by the SGX-ST and solvency statements for recommendation to the Board for approval;
- discussions with the external auditor on the annual audit plan and the report on the audit of the financial statements, review of the external auditor's management letter and management's response, review of the external auditor's objectivity and independence, review of the audit fees payable and made recommendations on the 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 $281,000 (2010: $170,000). 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 mis-statement 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 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 non-controlling unitholder.

The interested person transactions transacted for the year from 1 April 2010 to 31 March 2011 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 S$100,000 and (2) transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted during the financial year under review (1) under shareholders' mandate pursuant to Rule 920 and (2) transactions disclosed in the IPO Prospectus and Circular seeking unitholders approval for Basslink acquisition (excluding transactions less than S$100,000)
	2011	2011
	S$'000	S$'000
(a) Sales of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited		
- Powergas Limited	-	1,238
- SATS Catering Pte Ltd	-	5,574
(b) Reimbursement of expenses		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited		
- Powergas Limited	-	5,349
- CitySpring Infrastructure Management Pte. Ltd.	372	-
(c) Purchases		
Temasek Holdings (Private) Limited and its Associates		
- Aetos Security Management Pte Ltd	-	606[1]
- Certis Cisco Security Pte Ltd	1,195[2]	-
- Singapore Power Limited		
- Gas Supply Pte Ltd	-	124,186[3]
- Powergas Limited	-	80,791
- SP Services Limited	-	13,953[4]
- SembCorp Power	1	-
- SP Australia Networks		
- SPI PowerNet Pty Ltd	200	510
- SPI Networks Pty Ltd	101	-

1 This relates to security manning services which a subsidiary has agreed to cost share in a contract with its operator and the security company

2 This relates to the cost of additional security enhancement which a third party has agreed to bear in full

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

4 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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review excluding (1) transactions less than S$100,000 and (2) transactions conducted under shareholders' mandate pursuant to Rule 920 2011 S$'000	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 and Circular seeking unitholders approval for Basslink acquisition (excluding transactions less than S$100,000) 2011 S$'000
(d) Leasing of Assets (Rental charge)		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited		
- Powergas Limited	-	469
- SP Services Limited	-	238
(e) Management Fee Expense (including Reimbursement of Expenses)		
Temasek Holdings (Private) Limited and its Associates		
- CitySpring Infrastructure Management Pte. Ltd.	329	5,865

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:

Mr Daniel Cuthbert Ee Hock Huat	-	Chairman, Independent Director (appointed member 26 April 2010 and Chairman 16 July 2010)
Mr Mark Andrew Yeo Kah Chong	-	Independent Director
Mr Haresh Jaisinghani	-	Independent Director
Mr Ong Beng Teck	-	Director (appointed 16 July 2010)
Mr Au Yeung Fai	-	Executive Director
Ms Margaret Lui-Chan Ann Soo	-	Director (Chairman up to 16 July 2010)

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 seven times and reviewed proposed investments, financing options, the Group's capital structure, 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 Daniel Cuthbert Ee Hock Huat	-	Chairman, Independent Director (appointed 26 April 2010)
Mr Yeo Wico	-	Independent Director
Mr Mark Andrew Yeo Kah Chong	-	Independent Director
Mr Haresh Jaisinghani	-	Independent Director
Mr Sunny George Verghese	-	Independent Director (Chairman up to 26 April 2010)

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 did not meet during the year as there were no issues that surfaced requiring the CRC's consideration.

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 2011.

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.

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REPORT OF THE TRUSTEE-MANAGER OF CITYSPRING INFRASTRUCTURE TRUST

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 consolidated financial statements of CitySpring and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in unitholders' funds of the Trust for the financial year ended 31 March 2011.

Directors

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

Mr Daniel Cuthbert Ee Hock Huat	(Director - appointed on 26 April 2010) (Chairman - appointed on 16 July 2010)
Mr Peter Foo Moo Tan	
Mr Yeo Wico	
Mr Mark Andrew Yeo Kah Chong	
Mr Haresh Jaisinghani	
Mr Tan Ek Kia	(appointed on 26 April 2010)
Mr Ong Beng Teck	(appointed on 16 July 2010)
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	
	At 31.3.2011	At 1.4.2010 or date of appointment	At 31.3.2011	At 1.4.2010 or date of appointment
Number of units				
Mr Peter Foo Moo Tan	1,250,000	1,250,000	150,000	150,000
Mr Yeo Wico	400,000	400,000	–	–
Mr Mark Andrew Yeo Kah Chong	400,000	400,000	–	–
Mr Ong Beng Teck	30,000	30,000	–	–
Mr Au Yeung Fai	400,000	400,000	–	–

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 April 2011.

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

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

The Audit Committee ("AC") 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 2011 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

Independent auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

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

Daniel Cuthbert Ee Hock Huat
Director

Mark Andrew Yeo Kah Chong
Director

Singapore
20 June 2011

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 53 and 54 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 2011;

(b) the balance sheets set out on page 55 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 2011;

(c) the consolidated cash flow statement set out on page 58 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 2011; 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 2011 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 2011 for issue.

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

Daniel Cuthbert Ee Hock Huat
Director

Mark Andrew Yeo Kah Chong
Director

Singapore
20 June 2011

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
20 June 2011

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF CITYSPRING INFRASTRUCTURE TRUST

For the financial year ended 31 March 2011

Report on the financial statements

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 (collectively, the Group), set out on pages 53 to 122, which comprise the balance sheets of the Group and the Trust as at 31 March 2011, the statements of changes in unitholders' funds of the Group and of the Trust and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' 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 about 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 judgment, 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF CITYSPRING INFRASTRUCTURE TRUST

For the financial year ended 31 March 2011

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in unitholders' funds of the Trust 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 Group and of the Trust as at 31 March 2011 and the results, changes in unitholders' funds and cash flows of the Group and the changes in unitholders' funds of the Trust for the year ended on that date.

Other matters

The consolidated financial statements of the Group and the balance sheet and statement of changes in unitholders' funds of the Trust for the financial year ended 31 March 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 11 June 2010.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
20 June 2011

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2011

	Note	2011 $'000	2010 $'000
Revenue	4	424,479	388,147
Other income	5	6,907	2,678
Other (losses)/gains - net	6	(6,723)	5,458
Expenses			
Fuel and electricity costs		(146,264)	(123,576)
Transportation costs		(76,975)	(72,485)
Depreciation and amortisation		(54,675)	(54,035)
Staff costs	7	(19,325)	(20,662)
Operation and maintenance costs		(21,574)	(21,747)
Finance costs	8	(85,370)	(85,359)
Management fees	9	(5,638)	(4,710)
Other operating expenses		(31,009)	(30,486)
Total expenses		(440,830)	(413,060)
Loss before income tax	10	(16,167)	(16,777)
Income tax (expense)/credit	11	(5,762)	26,004
Net (loss)/profit after income tax		(21,929)	9,227
(Loss)/profit attributable to:			
Unitholders of the Trust		(23,076)	7,863
Non-controlling interest		1,147	1,364
		(21,929)	9,227
(Loss)/earnings per unit attributable to unitholders of the Trust, expressed in cents per unit			
- basic and diluted	12	(2.35)	1.06

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2011

	2011 $'000	2010 $'000
Net (loss)/profit after income tax	(21,929)	9,227
Other comprehensive (loss)/income:		
Cash flow hedges:		
- Fair value (loss)/gains	(13,361)	44,466
- Transfer to income statement	6,689	10,556
Currency translation differences relating to consolidation of foreign subsidiaries	144	27,924
Other comprehensive (loss)/income, net of tax	(6,528)	82,946
Total comprehensive (loss)/income	(28,457)	92,173
Total comprehensive (loss)/income attributable to:		
Unitholders of the Trust	(29,797)	91,146
Non-controlling interest	1,340	1,027
	(28,457)	92,173

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2011

	Note	Group 2011 $'000	Group 2010 $'000	Trust 2011 $'000	Trust 2010 $'000
ASSETS					
Current assets					
Cash and bank deposits	13	159,094	132,975	74,389	41,087
Derivative financial instruments	14	9,694	12,720	–	–
Trade and other receivables	15	49,802	52,795	287,019	325,197
Finance lease receivables	16	7,505	7,188	–	–
Inventories	17	13,184	13,552	–	–
Other current assets	18	3,565	2,933	40	26
		242,844	222,163	361,448	366,310
Non-current assets					
Derivative financial instruments	14	77,993	95,419	–	–
Finance lease receivables	16	163,863	171,368	–	–
Long-term receivables	19	–	–	230,570	230,570
Other assets		4,005	4,538	–	–
Investments in subsidiaries	20	–	–	155,135	155,135
Property, plant and equipment	21	1,234,503	1,257,152	–	–
Intangibles	22	428,063	438,807	–	–
		1,908,427	1,967,284	385,705	385,705
Total assets		2,151,271	2,189,447	747,153	752,015
LIABILITIES					
Current liabilities					
Derivative financial instruments	14	3,065	2,207	–	–
Trade and other payables	23	80,812	75,606	1,689	1,895
Current tax liabilities		84	2,520	83	34
Borrowings	24	279,182	9,025	141,931	–
		363,143	89,358	143,703	1,929
Non-current liabilities					
Derivative financial instruments	14	13,435	20,540	–	–
Borrowings	24	1,287,065	1,528,671	–	140,873
Notes payable to non-controlling interest	25	15,000	15,000	–	–
Deferred tax liabilities	26	24,700	21,928	–	–
Other payables	27	90,616	85,255	–	–
		1,430,816	1,671,394	–	140,873
Total liabilities		1,793,959	1,760,752	143,703	142,802
NET ASSETS		**357,312**	**428,695**	**603,450**	**609,213**
UNITHOLDERS' FUNDS					
Units in issue	28	680,245	680,245	680,245	680,245
Hedging reserve	29	(56,785)	(49,920)	–	–
Translation reserve	30	(16,489)	(16,633)	–	–
Accumulated losses		(259,586)	(195,354)	(76,795)	(71,032)
		347,385	418,338	603,450	609,213
Non-controlling interest		9,927	10,357	–	–
Total unitholders' funds		**357,312**	**428,695**	**603,450**	**609,213**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 March 2011

		← Attributable to Unitholders of the Trust →						
	Note	Units in issue $'000	Hedging reserve (Note 29) $'000	Translation reserve (Note 30) $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total $'000
Group								
2011								
Beginning of financial year		680,245	(49,920)	(16,633)	(195,354)	418,338	10,357	428,695
Total comprehensive (loss)/income for the year		–	(6,865)	144	(23,076)	(29,797)	1,340	(28,457)
Contributions by and distributions to owners								
Distributions paid	31	–	–	–	(41,156)	(41,156)	(1,770)	(42,926)
Total transactions with owners in their capacity as owners		–	–	–	(41,156)	(41,156)	(1,770)	(42,926)
End of financial year		680,245	(56,785)	(16,489)	(259,586)	347,385	9,927	357,312
2010								
Beginning of financial year		451,157	(105,279)	(44,557)	(165,489)	135,832	12,690	148,522
Total comprehensive income for the year		–	55,359	27,924	7,863	91,146	1,027	92,173
Contributions by and distributions to owners								
Units issued		235,183	–	–	–	235,183	–	235,183
Units issue costs		(6,095)	–	–	–	(6,095)	–	(6,095)
Distributions paid	31	–	–	–	(37,728)	(37,728)	(3,360)	(41,088)
Total transactions with owners in their capacity as owners		229,088	–	–	(37,728)	191,360	(3,360)	188,000
End of financial year		680,245	(49,920)	(16,633)	(195,354)	418,338	10,357	428,695

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 March 2011

	Note	Units in issue $'000	Accumulated losses $'000	Total $'000
Trust				
2011				
Beginning of financial year		680,245	(71,032)	609,213
Total comprehensive income for the year		–	35,393	35,393
Contributions by and distributions to owners				
Distributions paid	31	–	(41,156)	(41,156)
Total transactions with owners in their capacity as owners		–	(41,156)	(41,156)
End of financial year		680,245	(76,795)	603,450
2010				
Beginning of financial year		451,157	(61,560)	389,597
Total comprehensive income for the year		–	28,256	28,256
Contributions by and distributions to owners				
Units issued		235,183	–	235,183
Units issue costs		(6,095)	–	(6,095)
Distributions paid	31	–	(37,728)	(37,728)
Total transactions with owners in their capacity as owners		229,088	(37,728)	191,360
End of financial year		680,245	(71,032)	609,213

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2011

	Note	2011 $'000	2010 $'000
Operating activities			
Net (loss)/profit after income tax		(21,929)	9,227
Adjustments for:			
- Income tax expense/(credit)		5,762	(26,004)
- Depreciation and amortisation		54,675	54,035
- Finance costs		85,370	85,359
- Interest income		(2,900)	(1,848)
- Fair value loss/(gain) on derivative financial instruments		7,258	(6,153)
- Property, plant and equipment written off		–	18
- Loss on disposal of property, plant and equipment		39	–
- Unrealised translation loss/(gain)		476	(95)
Operating cash flows before working capital changes		128,751	114,539
Changes in working capital:			
- Inventories		368	(1,173)
- Trade and other receivables		10,015	(3,345)
- Trade and other payables		8,023	5,579
Cash generated from operations		147,157	115,600
Interest received		2,656	1,768
Interest paid		(69,156)	(66,943)
Income tax paid		(1,119)	–
Net cash generated from operating activities		79,538	50,425
Investing activities			
Purchase of property, plant and equipment		(1,391)	(3,163)
Proceeds from sale of property, plant and equipment		17	–
Net cash used in investing activities		(1,374)	(3,163)
Financing activities			
Increase in restricted cash		(25,800)	(377)
Repayment of borrowings		(9,295)	(236,963)
Net proceeds raised from issue of units		–	227,838
Distributions paid to unitholders of the Trust		(41,156)	(37,728)
Distributions paid by subsidiary to non-controlling interest		(1,770)	(3,360)
Net cash used in financing activities		(78,021)	(50,590)
Net increase/(decrease) in cash and cash equivalents		143	(3,328)
Cash and cash equivalents at beginning of financial year		98,928	96,848
Effects of currency translation on cash and cash equivalents		(246)	5,408
Cash and cash equivalents at end of financial year	13	98,825	98,928

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate 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 31 A of Singapore. Under the trust deed, CitySpring Infrastructure Management Pte. Ltd. (the "Trustee-Manager") has declared that it will hold the assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of CitySpring. The registered address of the Trustee-Manager is at 111 Somerset Road #02-05 TripleOne Somerset Singapore 238164.

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

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

2. Summary of 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 is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

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

2.2 Changes in accounting policies

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

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. The Group has assessed its derivative financial instruments and the application of the amendment does not have any significant impact to the Group policies.

(b) FRS 27 (revised) Consolidated and Separate Financial Statements

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 any gain/loss is recognised in the income statement.

The revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests from 1 April 2010. The changes will affect future transactions with non-controlling interests.

(c) FRS 103 (revised) Business Combinations

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.

2.3 Standards issued but not yet effective

The Group has not adopted revised FRS 24 Related Party Disclosures (effective for annual reporting periods beginning on or after 1 January 2011) that have been issued but not yet effective:

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented from 1 April 2011.

2.4 Basis of consolidation

Business combinations from 1 April 2010

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in income statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in income statement on the acquisition date.

2.4 Basis of consolidation (cont'd)

Business combinations before 1 April 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Trust, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Trust.

Changes in the Trust owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 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 that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

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

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

(ii) Income and expenses 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.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in income statement.

2.7 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 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. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

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.

(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.

2.7 Property, plant and equipment (cont'd)

(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.

2.8 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.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2.8 Intangible assets (cont'd)

(a) *Goodwill on acquisition (cont'd)*

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

(b) *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	18.83 - 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 and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in income statement in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Investments in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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.

2.11 Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.11 Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.12 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2.12 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income statement.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.13 Cash and cash equivalents

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

2.14 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.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in income statement.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

2.17 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 fluctuations. 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.

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.

2.18 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.

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

2.20 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.

2.20 Leases (cont'd)

(b) When the Group is the lessor:

Finance leases

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

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

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

2.21 Revenue recognition

Revenue is measured at 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.

(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 2.20(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.

2.22 Income taxes

(a) *Current income tax*

Current income tax for current and prior periods are recognised at the amount expected to be paid to or recovered from the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates income.

Current income taxes are recognised in income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.22 Income taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Segment reporting

Operating segments 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.

2.24 Units in issue and unit proceeds from issuance of units are recognised as units in issue in equity

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.

2.25 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.

2.26 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.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

 (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

 (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.28 Related parties

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

  (i) controls, is controlled by, or is under common control with, the Group;

  (ii) has an interest in the Group that gives it significant influence over the Group; or

  (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. Significant 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.

3. Significant accounting estimates, assumptions and judgements (cont'd)

(a) *Fair value of financial instruments (cont'd)*

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 interest rate risk, see Note 35(a)(iii).

(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 of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the end of the reporting period is disclosed in Note 15 to the financial statements.

(d) *Impairment test on goodwill*

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.9. 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 2011 was $287 million (31 March 2010: $287 million). Details of the estimates used to assess the impairment of goodwill are disclosed in Note 22(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.

3. Significant accounting estimates, assumptions and judgements (cont'd)

(e) *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 loss of $22 million for the financial year ended 31 March 2011 (2010: net profit of $9 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.

The Trustee-Manager does not expect any material impact on the carrying amounts of property, plant and equipment of $1,235 million (2010: $1,257 million), customer contracts of $103 million (2010: $107 million) and customer relationship of $38 million (2010: $45 million) as of 31 March 2011. No impairment was considered necessary for financial years ended 31 March 2011 and 31 March 2010.

(f) *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 2011, the Group recognised deferred income tax asset amounting to $46 million (2010: $53 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 2011 $'000	Group 2010 $'000
Sale of goods	304,692	254,513
Service income	113,829	127,405
Finance lease income	5,958	6,229
	424,479	388,147

5. Other income

	Group 2011 $'000	Group 2010 $'000
Interest income	2,900	1,848
Property tax refund in respect of prior years	3,034	–
Other miscellaneous income	973	830
	6,907	2,678

6. Other (losses)/gains - net

	Group 2011 $'000	Group 2010 $'000
Fair value (loss)/gains on derivative financial instruments	(7,258)	6,153
Currency translation gain/(loss) - net	511	(720)
Realised gain on derivative financial instruments	63	10
Others	(39)	15
	(6,723)	5,458

7. Staff costs

	Group 2011 $'000	Group 2010 $'000
Salaries and wages	16,056	18,078
Employer's contribution to defined contribution plans including Central Provident Fund	1,704	1,932
Other short-term benefits	1,612	1,328
Less: Government grant - Jobs Credit Scheme	(47)	(676)
	19,325	20,662

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

	Note	Group 2011 $'000	Group 2010 $'000
Interest expense			
- Bank borrowings		74,180	65,406
- Notes payable to non-controlling interest		975	975
Amortisation of discount on:			
- Provision for decommissioning costs	27(a)	390	356
- Interest-free customer deposits		1,186	1,081
Cash flow hedges, transfer from hedging reserve	29	8,465	14,255
Debt amortisation written off on partial loan repayment		–	3,157
Others		174	129
		85,370	85,359

9. Management fees

	Group	
	2011	2010
	$'000	$'000
Base fee	5,638	4,710

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 2011, $1,389,780 (2010: $1,489,157) of management fees were payable to the Trustee-Manager.

No performance fee is payable for the financial years ended 31 March 2011 and 31 March 2010. During the financial year, CitySpring Accumulated Return Index was lower by 7.0% (2010: higher by 31.4%) whilst the MSCI index was lower by 7.6% (2010: higher by 25.8%). The accumulated deficit for the purposes of calculating performance fee decreased from $294.2 million at 31 March 2010 to $292.6 million at 31 March 2011. This deficit must be made up with returns to unitholders before the Trustee-Manager becomes entitled to any performance fees.

10. Loss before income tax

The following items have been included in arriving at loss before income tax:

	Group	
	2011	2010
	$'000	$'000
Non-audit fees paid to:		
- Auditors of the Trust	281	170
- Other auditors	128	322
Operating lease expense	915	855
Property, plant and equipment written off	–	18
Loss on disposal of property, plant and equipment	39	–

11. Income tax expense/(credit)

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2011 and 2010 are:

	Group	
	2011	2010
	$'000	$'000
Income tax is made up of:		
Current income tax expense		
- Current income taxation	84	5
- Over provision in respect of previous year	(1)	–
	83	5
Deferred income tax expense/(credit)	5,679	(26,009)
Income tax expense/(credit) recognised in income statement	5,762	(26,004)

Relationship between tax expense/(credit) and accounting loss

The reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2011 and 2010 are as follows:

	Group	
	2011	2010
	$'000	$'000
Loss before income tax	(16,167)	(16,777)
Tax calculated at a tax rate of 17%	(2,748)	(2,852)
Effect of:		
- Different tax rates in other countries	(6,084)	(1,955)
- Expenses not deductible for tax purposes	1,801	3,358
- Income not subject to tax	(4,795)	(4,709)
- Deferred tax assets not recognised	11,679	7,069
- Utilisation of previously unrecognised tax losses	–	(26,891)
- Derecognition of previously recognised tax losses	7,576	–
- Others	(1,667)	(24)
	5,762	(26,004)

12. (Loss)/earnings per unit

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

	Group	
	2011	**2010**
	$'000	**$'000**
(Loss)/profit for the financial year attributable to unitholders of the Trust	(23,076)	7,863
Weighted average number of units during the financial year	979,931,008	742,331,298
Basic and diluted (loss)/earnings per unit (in cents per unit)	(2.35)	1.06

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

13. Cash and bank deposits

	Group	
	2011	**2010**
	$'000	**$'000**
Cash and bank deposits	159,094	132,975
Less: Restricted cash	(60,269)	(34,047)
Cash and cash equivalents per consolidated cash flow statement	98,825	98,928

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 $74,389,000 (2010: $41,087,000) is restricted cash of $26,614,000 (2010: $611,000). The restricted cash includes an escrow amount of A$20,000,000 (S$26,104,000) (2010: Nil) which the Trust has placed with a bank for the benefit of the Basslink Group. The balance amount of the restricted cash is pledged to the bank as security for the financing extended to the Trust.

Short-term deposits are made for varying periods of a week to 3 months depending on the immediate cash requirement of the Group and the Trust. The weighted average effective interest rate as at 31 March 2011 for the Group and Trust were 1.82% (2010: 1.39%) and 0.91% (2010: 0.16%) respectively.

14. Derivative financial instruments

	Contract notional amount $'000	Fair value Asset $'000	Fair value Liability $'000
Group			
2011			
Cash-flow hedges			
- Interest rate swaps	860,936	78,530	16,500
Held for trading			
- Interest rate swaps	180,777	9,157	–
		87,687	16,500
Less: Current portion		(9,694)	(3,065)
Non-Current portion		77,993	13,435
2010			
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

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.

14. Derivative financial instruments (cont'd)

In January 2009, the Group purchased an interest rate floor option with total notional amount of $178 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 loss are recognised in the income statement as the interest rate floor option has not been designated for hedge accounting. The interest rate floor option had expired in January 2011.

Group and Trust

Interest rate cap options

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

15. Trade and other receivables

	Group		Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade receivables	49,271	54,134	117	122
Less: Allowance for impairment loss	(1,362)	(1,915)	–	–
Trade receivables - net	47,909	52,219	117	122
Interest receivable	358	427	68	5
Other receivables	1,535	149	27	6
Amount due from subsidiaries (non-trade)	–	–	286,807	325,064
	49,802	52,795	287,019	325,197

Trade receivables

Trade receivables are non-interest bearing and are generally receivable on 3 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from subsidiaries

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

16. 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	
	2011	2010
	$'000	$'000
Minimum finance lease receivable:		
Not later than one year	13,182	13,146
Later than one year but not later than five years	52,622	52,622
Later than five years	127,748	140,930
Total minimum lease receivable	193,552	206,698
Less: Future finance income	(48,446)	(54,404)
Present value of minimum lease receivable	145,106	152,294
Unguaranteed residual value	26,262	26,262
Net investment in finance lease	171,368	178,556
Less: Present value of finance lease receivable not later than one year	(7,505)	(7,188)
Non-current financial lease receivable	163,863	171,368

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

Not later than one year	7,505	7,188
Later than one year but not later than five years	32,958	31,717
Later than five years	104,643	113,389
Present value of minimum lease receivable	145,106	152,294

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.

17. Inventories

	Group	
	2011	2010
	$'000	$'000
Pipes and fittings	84	68
Fuel	6,732	7,226
Spare parts and accessories	6,368	6,258
	13,184	13,552

The cost of inventories recognised as an expense and included in fuel and electricity costs and operation and maintenance costs amounted to $5,471,000 (2010: $4,323,000).

Total inventories of the Group are pledged for certain borrowings (see Note 24).

18. Other current assets

	Group		Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deposits	255	247	–	–
Prepayments	3,310	2,686	40	26
	3,565	2,933	40	26

19. Long-term receivables

	Trust	
	2011	**2010**
	$'000	**$'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.

20. Investments in subsidiaries

	Trust	
	2011	**2010**
	$'000	**$'000**
Investments, at cost		
Beginning and end of the financial year	155,135	155,135

Details of subsidiaries are included in Note 39.

21. Property, plant and equipment

	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
Group										
Cost:										
At 1 April 2009	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
Transfer	–	–	–	–	3,783	–	–	–	(3,783)	–
At 31 March 2010 and 1 April 2010	1,832	3,000	2,122	7,870	1,354,712	903	1,579	4,190	–	1,376,208
Additions	–	–	–	–	1,158	395	15	270	396	2,234
Written off	–	–	–	–	–	–	–	3	–	3
Disposal	–	–	–	–	(38)	(104)	–	(63)	–	(205)
Currency translation differences	32	–	35	–	21,025	8	3	14	15	21,132
At 31 March 2011	1,864	3,000	2,157	7,870	1,376,857	1,202	1,597	4,414	411	1,399,372

21. Property, plant and equipment (cont'd)

Group	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
Accumulated depreciation:										
At 1 April 2009	–	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
At 31 March 2010 and 1 April 2010	–	504	140	1,259	112,360	668	840	3,285	–	119,056
Depreciation charge	–	160	54	402	41,599	137	437	374	–	43,163
Written off	–	–	–	–	–	–	–	3	–	3
Disposal	–	–	–	–	(1)	(85)	–	(63)	–	(149)
Currency translation differences	–	–	5	–	2,768	6	3	14	–	2,796
At 31 March 2011	–	664	199	1,661	156,726	726	1,280	3,613	–	164,869
Net carrying amount:										
At 31 March 2010	1,832	2,496	1,982	6,611	1,242,352	235	739	905	–	1,257,152
At 31 March 2011	1,864	2,336	1,958	6,209	1,220,131	476	317	801	411	1,234,503

All property, plant and equipment are pledged as security for borrowings (see Note 24).

22. Intangibles

	Group 2011 $'000	Group 2010 $'000
Goodwill arising on consolidation	287,001	287,001
Customer contracts	102,858	107,092
Customer relationship	38,204	44,714
	141,062	151,806
	428,063	438,807

	Goodwill $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
2010				
Cost:				
At 1 April 2009	287,001	112,670	65,100	464,771
Currency translation differences	–	9,554	–	9,554
At 31 March 2010 and 1 April 2010	287,001	122,224	65,100	474,325
Currency translation differences	–	879	–	879
At 31 March 2011	287,001	123,103	65,100	475,204
Accumulated amortisation:				
At 1 April 2009	–	9,708	13,876	23,584
Amortisation	–	4,956	6,510	11,466
Currency translation differences	–	468	–	468
At 31 March 2010 and 1 April 2010	–	15,132	20,386	35,518
Amortisation	–	5,002	6,510	11,512
Currency translation differences	–	111	–	111
At 31 March 2011	–	20,245	26,896	47,141
Net carrying amount:				
At 31 March 2010	287,001	107,092	44,714	438,807
At 31 March 2011	287,001	102,858	38,204	428,063

22. Intangibles (cont'd)

(a) *Goodwill arising on consolidation*

Goodwill is allocated to a cash-generating-unit ("CGU") identified according to its business segment. Goodwill allocated to the Gas segment amounted to $287 million (2010: $287 million). The recoverable amount as at 31 March 2011 was determined based on value-in-use calculation using discounted cash flow projections derived from the financial projections approved by the Trustee-Manager covering a period of more than five years because the Gas segment is currently the sole producer and retailer of town gas. 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% (2010: 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 2011 and 31 March 2010.

(b) *Customer contracts and customer relationship*

The intangible recognised on customer contract are in relation to contractual agreements that two of the subsidiaries have with their sole customer. These have remaining amortisation period of 14.83 to 35.17 years (2010: 15.83 to 36.17 years).

Customer relationship relates to the value of customer loyalty and commitment from its broad base of customers and has a remaining amortisation period of 6 years (2010: 7 years).

23. Trade and other payables

		Group		Trust	
	Note	**2011**	**2010**	**2011**	**2010**
		$'000	**$'000**	**$'000**	**$'000**
Trade payables		11,618	11,661	–	–
Other payables:					
- Third parties		2,702	3,898	211	126
- Trustee-Manager		1,441	1,792	1,412	1,645
Accruals:					
- Property, plant and equipment		843	156	–	–
- Operating expenses		4,492	6,825	44	117
Accrued purchases		19,487	14,536	–	–
Interest payable		5,775	6,630	22	7
Deferred income	27(c)	1,233	1,144	–	–
Advance payments received		5,521	3,954	–	–
Deposits received		27,700	25,010	–	–
		80,812	75,606	1,689	1,895

These amounts are non-interest bearing. Trade and other payables are normally settled on 30 to 60 day terms.

24. Borrowings

	Group		Trust	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Current	279,182	9,025	141,931	–
Non-current	1,287,065	1,528,671	–	140,873
	1,566,247	1,537,696	141,931	140,873
Analysed as follows:				
Bank borrowings				
- Current	279,182	9,025	141,931	–
- Non-current	119,199	397,233	–	140,873
	398,381	406,258	141,931	140,873
Bonds – Non-current	1,167,866	1,131,438	–	–
	1,566,247	1,537,696	141,931	140,873

(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 non-controlling interest and a charge over the shares held by the Trustee-Manager in SingSpring Pte Ltd.

(b) The Trust repaid $227.5 million 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.

(d) The corporate loan of the Trust and the City Gas Trust will mature in August 2011 and February 2012 respectively and have been classified as current liabilities.

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.

24. Borrowings (cont'd)

All borrowings obtained are at variable interest rates. Included in these borrowings are capital indexed bonds whose principal of A$380 million (2010: A$380 million) which is equivalent to $496 million (2010: $488 million), accretes due to inflation. Certain variable interest rate loans are swapped into fixed interest rate loans through interest rate swaps. See Note 14 for further details.

Total assets of the Group with carrying amount of $2,151 million (2010: $2,189 million) are pledged for certain borrowings.

25. Notes payable to non-controlling interest

This relates to notes denominated in Singapore Dollars issued by SingSpring Trust to its non-controlling interest. 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.

26. 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.

	Group	
	2011	**2010**
	$'000	**$'000**
Movement in deferred income tax account is as follows:		
Beginning of financial year	21,928	23,739
Charged/(credited) to		
- income statement	5,679	(26,009)
- equity	(2,907)	24,198
End of the financial year	24,700	21,928

26. Deferred tax liabilities (cont'd)

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
2011					
Beginning of financial year	17,661	32,300	32,068	3,938	85,967
Currency translation differences	85	230	291	(2)	604
(Credited)/charged to					
- income statement	(2,820)	(2,133)	(1,811)	1,324	(5,440)
- equity	–	–	(4,242)	–	(4,242)
End of financial year	14,926	30,397	26,306	5,260	76,889
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

26. Deferred tax liabilities (cont'd)

Deferred income tax assets

	Tax losses $'000	Allowances against assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
2011					
Beginning of financial year	(52,969)	(69)	(4,154)	(6,847)	(64,039)
Currency translation differences	(573)	–	14	(45)	(604)
Charged/(credited) to					
- income statement	7,576	(9)	–	3,552	11,119
- equity	–	–	1,335	–	1,335
End of financial year	(45,966)	(78)	(2,805)	(3,340)	(52,189)
Net deferred tax liabilities					24,700
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

The Group has unrecognised tax losses of $121,477,000 (2010: $20,506,000) (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.

27. Other payables

	Group 2011 $'000	Group 2010 $'000
Provision for decommissioning costs	7,166	6,652
Accrual for debt transaction costs	13,963	15,543
Other payable	21,775	20,210
Deferred income	42,252	42,850
Advance payments received	5,460	–
	90,616	85,255

(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:

	Note	Group 2011 $'000	Group 2010 $'000
Beginning of financial year		6,652	5,155
Currency translation differences		124	1,141
Amortisation of discount	8	390	356
End of financial year		7,166	6,652

(b) *Accrual for debt transaction costs*

This relates to the guarantee fees payable on a quarterly basis up to maturity of the bonds issued (see Note 24) 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 $65.3 million (2010: $64.2 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 23.

28. Units in issue

	Trust 2011 Units	Trust 2010 Units
Beginning of financial year	979,931,008	489,965,504
Units issued pursuant to a rights issue during the financial year	–	489,965,504
End of financial year	979,931,008	979,931,008

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

29. 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.

	Note	Group 2011 $'000	Group 2010 $'000
Beginning of financial year		(49,920)	(105,279)
Fair value (loss)/gains		(18,044)	64,965
Tax on fair value (loss)/gains		4,683	(20,499)
		(13,361)	44,466
Reclassification to income statement			
Finance cost	8	8,465	14,255
Tax on transfers		(1,776)	(3,699)
		6,689	10,556
Non-controlling interest (net of tax)		(193)	337
		(56,785)	(49,920)

30. Translation reserve

The foreign currency translation reserve represent exchange differences arising from the translation of the financial statements of the foreign subsidiaries of the Trust whose functional currencies are different from that of the Trust and the Group's presentation currency which is Singapore Dollar.

31. Distributions paid to the unitholders of the Trust

Tax exempt distributions paid are as follows:

	Group	
	2011	2010
	$'000	$'000
For the period from 1 January to 31 March		
- 1.05 cents per unit (2010: 1.75 cents per unit)	10,289	8,575
For the period from 1 April to 30 June		
- 1.05 cents per unit (2010: 1.75 cents per unit)	10,289	8,575
For the period from 1 July to 30 September		
- 1.05 cents per unit (2010: 1.05 cents per unit)	10,289	10,289
For the period from 1 October to 31 December		
- 1.05 cents per unit (2010: 1.05 cents per unit)	10,289	10,289
	41,156	37,728

For the period from 1 January 2011 to 31 March 2011, the Trustee-Manager of the Trust declared a distribution per unit of 1.05 Singapore cents totalling $10,289,275 (2010: 1.05* Singapore cents totalling $10,289,275) to the unitholders of the Trust, payable on 24 June 2011. These financial statements do not reflect this distribution, which will be accounted for in unitholders' funds as an appropriation in the financial year ending 31 March 2012.

* *Post rights issue*

32. Commitments and contingencies

(a) Operating lease commitments

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. Minimum lease payments recognised as an expense in income statement for the financial year ended 31 March 2011 amounted to $915,000 (2010: $855,000). 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	
	2011	**2010**
	$'000	**$'000**
Not later than one year	931	983
Later than one year but not later than five years	963	667
	1,894	1,650

(b) Capital commitments

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

	Group	
	2011	**2010**
	$'000	**$'000**
Property, plant and equipment	1,988	600

(c) Commercial risk sharing mechanism

Basslink Pty Ltd ("Basslink") and Hydro Tasmania ("HT") are in discussions with regard to the interpretation of certain terms of the Basslink Services Agreement ("BSA") for the application to the 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 BSA contains dispute resolution procedures which can be activated to resolve matters such as those mentioned above. These procedures require a party to issue a dispute notice, and ultimately may require HT and Basslink to enter into arbitration. As announced on 20 September 2010, Basslink has received a dispute notice on 17 September 2010 on the CRSM matters and other alleged breaches of the BSA.

32. Commitments and contingencies (cont'd)

(c) Commercial risk sharing mechanism (cont'd)

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

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. Basslink and HT have continued their discussions on how to resolve the matters without going through all of the dispute resolution process.

33. 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 $154,000 (2010: $631,000). The consultancy fees paid to a firm in which a director of the Trustee-Manager is a member during financial year ended 31 March 2011 is $34,000 (2010: Nil).

34. 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 subsea electricity interconnector in Australia; and
- investment holding, group financing, asset management and business development.

34. Segment information (cont'd)

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 2011 is as follows:

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2011					
Revenue	308,192	38,700	77,587	–	424,479
Cash earnings [1]	47,117	17,367	19,726	(9,316)	74,894
Other segment items:					
Depreciation and amortisation	15,650	3,648	35,377	–	54,675
Fair value loss on derivative financial instruments	–	–	(7,258)	–	(7,258)
Finance costs	4,248 [2]	7,487 [2]	70,367	3,268	85,370

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

	2011 $'000
Cash earnings	74,894
Depreciation and amortisation	(54,675)
Cash flow adjustments [3]	(13,228)
Non-cash adjustments [4]	(17,103)
Fair value loss on derivative financial instruments	(7,258)
Maintenance capital expenditure	1,203
Loss before tax	(16,167)
Income tax expense	(5,762)
Net loss after tax	(21,929)

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

(2) *Excludes interest payable on notes issued by subsidiaries to unitholders.*

(3) *Cash flow adjustments comprise mainly finance lease receivable and upfront fees received.*

(4) *Non-cash adjustments comprise mainly unrealised exchange gains/(losses) and non-cash finance costs.*

34. Segment information (cont'd)

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
Segment and consolidated total assets	463,479	241,656	1,370,947	75,189	2,151,271
Segment liabilities	191,013	146,221	1,273,169	158,772	1,769,175
Unallocated liabilities:					
Current tax liabilities					84
Deferred income tax liabilities					24,700
Consolidated total liabilities					1,793,959
Other segment items					
Capital expenditure					
- property, plant and equipment	1,119	–	1,114	–	2,233

34. Segment information (cont'd)

	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:

	2010 $'000
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

34. Segment information (cont'd)

	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

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*	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Singapore	346,892	300,769	433,802	451,981
Australia	77,587	87,378	1,228,764	1,243,978
	424,479	388,147	1,662,566	1,695,959

* Comprise property, plant and equipment and intangible assets.

Revenue from Water segment of $38,700,000 (2010: $41,981,000) and Electricity segment of $77,587,000 (2010: $87,378,000) are derived from their only customer in each segment respectively. See note 35(b) for further details.

35. 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(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 cost of feedstock which takes into consideration the actual amount paid in Singapore dollars are passed through. See paragraph (ii) Commodity price risk.

This 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.

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 (SGD) whilst its Australian subsidiaries makes its distribution in Australian dollar (AUD). The Group is therefore exposed to AUD foreign currency risk as fluctuations in the exchange rate may affect the amount of SGD 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 2011, the Group does not have any outstanding forward exchange contracts (2010: Nil).

35. Financial risk management (cont'd)

(a) Market risk (cont'd)

The Group's foreign currency exposure is as follows:

	SGD $'000	AUD $'000	USD $'000	Others $'000	Total $'000
2011					
Financial assets					
Cash and bank deposits	89,353	69,673	68	–	159,094
Trade and other receivables	38,490	10,360	952	–	49,802
Finance lease receivables	171,368	–	–	–	171,368
Derivative financial instruments	–	87,687	–	–	87,687
Other financial assets	131	142	–	–	273
	299,342	167,862	1,020	–	468,224
Financial liabilities					
Trade and other payables	49,322	11,017	11,970	1,175	73,484
Borrowings	398,381	1,167,866	–	–	1,566,247
Derivative financial instruments	16,500	–	–	–	16,500
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Other financial liabilities	–	35,738	–	–	35,738
	479,203	1,214,621	11,970	1,175	1,706,969
Net financial liabilities	(179,861)	(1,046,759)	(10,950)	(1,175)	(1,238,745)
Less: Net financial liabilities denominated in the respective entities functional currencies	179,861	1,078,243	–	–	1,258,104
Currency exposure on financial assets and liabilities	–	31,484	(10,950)	(1,175)	19,359

35. Financial risk management (cont'd)

(a) Market risk (cont'd)

	SGD $'000	AUD $'000	USD $'000	Total $'000
2010				
Financial assets				
Cash and bank deposits	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
Notes payable to non-controlling interest	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	–	1,199,935
Currency exposure on financial assets and liabilities	(120)	474	(9,120)	(8,766)

35. Financial risk management (cont'd)

(a) Market risk (cont'd)

Sensitivity analysis

A 5% (2010: 5%) strengthening of SGD against the following currencies at the reporting date would have the impact as shown below. A 5% (2010: 5%) weakening of SGD 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)**	
	Loss after tax	**Equity**	**Profit after tax**	**Equity**
	2011	**2011**	**2010**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Group				
USD	(454)	–	378	–
AUD	1,307	–	(25)	–
Others	(49)	–	–	–

(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. However, any energy cost is recovered from PUB in accordance with the principles set out in the WPA.

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

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant interest-bearing assets, other than short term deposits held with banks.

35. Financial risk management (cont'd)

(a) Market risk (cont'd)

The Group's exposure to cash flow interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to cash flow 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 14. 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 (loss)/profit after tax as a result of higher/lower finance cost or fair value changes to derivative financial instruments.

Sensitivity analysis

	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**
2011				
Cash and bank deposits	(683)	–	683	–
Borrowings at floating interest rate	717	–	(717)	–
Interest rate swaps accounted for under cash flow hedge	–	34,362	–	(31,863)
Interest rate swaps accounted for as held for trading	(4,519)	–	4,354	–

	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**
2010				
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)	–

35. Financial risk management (cont'd)

(a) Market risk (cont'd)

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 $870,000 (2010: $840,000). 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 $870,000 (2010: $210,000).

(b) Credit risk

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

For the Water and Electricity business 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.

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 24.

The credit risk for trade receivables is as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
By geographical areas		
Singapore	38,681	41,774
Australia	9,111	10,318
	47,792	52,092

35. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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	
	2011	**2010**
	$'000	**$'000**
Past due but not impaired		
Past due 0 to 3 months	6,385	5,036
Past due 3 to 6 months	155	152
Past due over 6 months	357	355
	6,897	5,543

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	
	2011	**2010**
	$'000	**$'000**
Beginning of financial year	1,915	3,112
Allowance made	290	666
Allowance utilised	(843)	(1,863)
End of financial year	1,362	1,915

The allowance for impairment losses of $290,000 (2010: $666,000) 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 $27,700,000 as at 31 March 2011 (2010: $25,010,000), which can be used to offset the impaired receivables when the circumstances warrant.

35. Financial risk management (cont'd)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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 to 5 years $'000	More than 5 years $'000	Total $'000
2011				
Group				
Borrowings	336,508	888,907	814,452	2,039,867
Notes payable to non-controlling interest	1,215	3,900	23,775	28,890
Trade and other payables	67,710	–	–	67,710
Other financial liabilities	2,925	10,953	68,891	82,769
Interest rate swaps - net settled	9,432	7,559	–	16,991
	417,790	911,319	907,118	2,236,227
Trust				
Borrowing	143,099	–	–	143,099
Trade and other payables	1,667	–	–	1,667
	144,766	–	–	144,766
2010				
Group				
Borrowings	63,709	527,771	1,478,261	2,069,741
Notes payable to non-controlling interest	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

35. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

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 cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

At 31 March 2011, the Group maintains the following undrawn lines of credit:
- A$31 million working capital facility (2010: A$31 million); and
- S$15 million working capital facility (2010: S$15 million).

(d) Capital management

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 to support its businesses and 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.

On 11 November 2010, Standard & Poor's ("S&P") placed the bonds issued by Basslink Group in relation to the acquisition of the interconnector on "CreditWatch" with negative implications. This is due to, in S&P's view, increased vulnerability to debt-refinancing. The Bonds are rated BBB- and Baa2 by S&P and Moody's, respectively. If their rating falls to BB+ or Ba1, Basslink may not make distributions to CitySpring. The Trustee-Manager has commenced a review of the capital structure of the Group and intends to complete this review and announce the results of such review before the end of September 2011.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow 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 non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

35. Financial risk management (cont'd)

(d) Capital management (cont'd)

	Group		Trust	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Net borrowings	1,426,642	1,427,785	67,946	101,248
Total assets	2,151,271	2,189,447	747,153	752,015
Ratio	66%	65%	9%	13%

There are no externally imposed capital requirements for the financial years ended 31 March 2011 and 31 March 2010.

(e) Fair value of financial instruments that are carried at fair value

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

(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 as at 31 March 2011 and 31 March 2010 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 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.

There has been no transfer from Level 2 to Level 3 during the financial year ended 31 March 2011.

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables (Notes 15 and 23), finance lease receivable (Note 16), long-term receivables (Note 19), loans and borrowings (Note 24) and notes payable to non-controlling interest (Note 25)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of finance lease receivables, long-term receivables, borrowings and notes payable to non-controlling interest approximates their carrying amount.

35. Financial risk management (cont'd)

(g) Classification of financial instruments

Set out below is a comparison by category of all the Group's financial instruments that are carried in the financial statements.

	Loans and receivables	Derivatives used for hedging	Fair value through income statement	Non-financial assets	Total
	$'000	$'000	$'000	$'000	$'000
2011					
Group					
Assets					
Current					
Cash and bank deposits	159,094	–	–	–	159,094
Derivative financial instruments	–	537	9,157	–	9,694
Trade and other receivables	49,802	–	–	–	49,802
Finance lease receivables	7,505	–	–	–	7,505
Inventories	–	–	–	13,184	13,184
Deposits	255	–	–	–	255
Prepayment	–	–	–	3,310	3,310
Non-current					
Derivative financial instruments	–	77,993	–	–	77,993
Finance lease receivables	163,863	–	–	–	163,863
Other assets	18	–	–	3,987	4,005
Property, plant and equipment	–	–	–	1,234,503	1,234,503
Intangibles	–	–	–	428,063	428,063
	380,537	78,530	9,157	1,683,047	2,151,271

	Liabilities at amortised cost	Derivatives used for hedging	Non-financial liabilities	Total
	$'000	$'000	$'000	$'000
2011				
Group				
Liabilities				
Current				
Derivative financial instruments	–	3,065	–	3,065
Trade and other payables	73,484	–	7,328	80,812
Current tax liabilities	–	–	84	84
Borrowings	279,182	–	–	279,182
Non-current				
Derivative financial instruments	–	13,435	–	13,435
Borrowings	1,287,065	–	–	1,287,065
Notes payable to non-controlling interest	15,000	–	–	15,000
Deferred tax liabilities	–	–	24,700	24,700
Other non-current liabilities	35,738	–	54,878	90,616
	1,690,469	16,500	86,990	1,793,959

35. Fair value of financial instruments (cont'd)

(g) Classification of financial instruments (cont'd)

	Loans and receivables $'000	Derivatives used for hedging $'000	Fair value through income statement $'000	Non-financial assets $'000	Total $'000
2010					
Group					
Assets					
Current					
Cash and bank deposits	132,975	–	–	–	132,975
Derivative financial instruments	–	12,153	567	–	12,720
Trade and other receivables	52,795	–	–	–	52,795
Finance lease receivables	7,188	–	–	–	7,188
Inventories	–	–	–	13,552	13,552
Deposits	247	–	–	–	247
Prepayment	–	–	–	2,686	2,686
Non-current					
Derivative financial instruments	–	95,419	–	–	95,419
Finance lease receivables	171,368	–	–	–	171,368
Other assets	15	–	–	4,523	4,538
Property, plant and equipment	–	–	–	1,257,152	1,257,152
Intangibles	–	–	–	438,807	438,807
	364,588	107,572	567	1,716,720	2,189,447

	Liabilities at amortised cost $'000	Derivatives used for hedging $'000	Non-financial liabilities $'000	Total $'000
2010				
Group				
Liabilities				
Current				
Derivative financial instruments	–	2,207	–	2,207
Trade and other payables	70,232	–	5,374	75,606
Current tax liabilities	–	–	2,520	2,520
Borrowings	9,025	–	–	9,025
Non-current				
Derivative financial instruments	–	20,540	–	20,540
Borrowings	–	–	1,528,671	1,528,671
Notes payable to non-controlling interest	15,000	–	–	15,000
Deferred tax liabilities	–	–	21,928	21,928
Other non-current liabilities	35,753	–	49,502	85,255
	130,010	22,747	1,607,995	1,760,752

36. Events occurring after balance sheet date

Subsequent to the balance sheet date, the following events have occurred:

(a) *Bank Borrowings*

The Trust and City Gas Trust have obtained binding commitments from DBS Bank to refinance their respective $142 million and $128 million loans, extending their maturities from August 2011 to August 2014 and from February 2012 to February 2014 respectively. These commitments are fully underwritten by DBS Bank, subject only to certain customary conditions and satisfactory documentation.

(b) Mr Au Yeung Fai has tendered his resignation and his last day of service as Chief Executive Officer and Director of Trustee-Manager will be 30 June 2011. He will be appointed as adviser on matters relating to Basslink, for three months thereafter. Mr Tong Yew Heng, the Chief Financial Officer will be appointed Acting Chief Executive Officer in addition to his current duties with effect from 1 July 2011.

37. Comparative information

The financial statements for the year ended 31 March 2010 were audited by another firm of Certified Public Accountants.

38. Authorisation of financial statements for issue

These financial statements for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 20 June 2011.

39. Listing of subsidiaries in the Group

	Name of company/entity	Principal activities (Country of incorporation)	Percentage (%) owned 2011	Percentage (%) owned 2010
(a)	City Gas Pte Ltd - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of City Gas Trust (Singapore)	100	100
(a)	City Gas Trust - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore)	100	100
(a)	SingSpring Pte Ltd - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of SingSpring Trust (Singapore)	100	100
(a)	SingSpring Trust - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Operation of a seawater desalination plant (Singapore)	70	70
(a)	CityLink Investments Pte Ltd - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Investment holding (Singapore)	100	100

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

39. Listing of subsidiaries in the Group (cont'd)

	Name of company/entity	Principal activities (Country of incorporation)	Percentage (%) owned 2011	Percentage (%) owned 2010
(b) *	Premier Finance Trust Australia - Held by Nexus Australia Management Pty Ltd in its capacity as Trustee of, and for the benefit of CityLink Investments Pte Ltd	Finance trust (Australia)	100	100
(b) *	Nexus Australia Management Pty Ltd - Held by CityLink Investments Pte Ltd	Trustee (Australia)	100	100
(b) *	Coral Holdings Australia Pty Ltd - Held by CityLink Investments Pte Ltd	Investment holding (Australia)	100	100
(c) *	Nexus Investments Australia Pty Ltd - Held by Coral Holdings Australia Pty Ltd	Investment holding (Australia)	100	100
(c) *	Basslink Australia GP Pty Ltd - Held by Nexus Investments Australia Pty Ltd	Investment holding (Australia)	100	100
(c) *	Basslink Australia LLP - 99% (2010: 99%) held by Nexus Investments Australia Pty Ltd and 1% (2010: 1%) held by Basslink Australia GP Pty Ltd	Investment holding (Australia)	100	100
(c) *	Basslink Holdings Pty Ltd - Held by Basslink Australia LLP	Investment holding (Cayman Island)	100	100
(b) *	Basslink Pty Ltd ("Basslink") - Held by Basslink Holdings Pty Ltd	Operation of subsea electricity interconnector (Australia)	100	100
(c) *	Basslink Telecoms Pty Ltd - Held by Basslink Pty Ltd	Operation of telecom business (Australia)	100	100

* Collectively known as Basslink Group

STATISTICS OF UNITHOLDINGS

As at 8 June 2011

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	87	0.44	5,397	0.00
1,000 - 10,000	12,501	63.00	49,777,021	5.08
10,001 - 1,000,000	7,217	36.37	382,820,989	39.07
1,000,001 and above	38	0.19	547,327,601	55.85
TOTAL	19,843	100.00	979,931,008	100.00

LOCATION OF UNITHOLDERS

Country	Number of Unitholders	%	Number of Units	%
Singapore	19,591	98.73	969,917,748	98.98
Malaysia	132	0.67	4,984,260	0.51
Others	120	0.60	5,029,000	0.51
TOTAL	19,843	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 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 8 June 2011

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.	HSBC (Singapore) Nominees Pte Ltd	44,941,476	4.59
4.	DBSN Services Pte Ltd	42,968,985	4.38
5.	DBS Nominees Pte Ltd	42,794,274	4.37
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	24,343,593	2.48
9.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	18,363,738	1.87
10.	United Overseas Bank Nominees Pte Ltd	13,197,000	1.35
11.	Raffles Nominees Pte Ltd	13,046,900	1.33
12.	UOB Kay Hian Pte Ltd	9,104,000	0.93
13.	Chan Wai Kheong	5,961,000	0.61
14.	Merrill Lynch (S'pore) Pte Ltd	5,006,112	0.51
15.	Teh Lip Bin	4,700,000	0.48
16.	Bank of Singapore Nominees Pte Ltd	4,079,000	0.42
17.	Yap Mui Cheng, Angela	3,890,000	0.40
18.	DBS Vickers Securities (S) Pte Ltd	3,854,000	0.39
19.	Seah Kiok Leng	3,260,000	0.33
20.	Phillip Securities Pte Ltd	3,160,210	0.32
	TOTAL	514,751,296	52.53

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Approximately, 71.87% 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	760,130	0.620	0.525

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 (the "CitySpring") will be held at Swissotel Merchant Court Singapore, Merchant Court Ballroom, Section B, 20 Merchant Road, Singapore 058281 on Thursday, 28 July 2011 at 9.30 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 CitySpring for the year ended 31 March 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-appoint Messrs Ernst & Young LLP as external auditors of CitySpring and to authorise the Trustee-Manager to fix their remuneration. **(Resolution 2)**

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

SPECIAL BUSINESS

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

4. Authority to issue units subject to limits

   That pursuant to Clause 6.1 of the Trust Deed dated 5 January 2007 constituting CitySpring (the "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 CitySpring ("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 Ordinary Resolution may have ceased to be in force) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Ordinary Resolution was in force,

provided that:

(1) the aggregate number of Units to be issued pursuant to this Ordinary Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Ordinary Resolution) 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 CitySpring 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) (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 pursuant to paragraph (1) 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 Ordinary Resolution, after adjusting for:

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

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

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

(4) unless revoked or varied by CitySpring 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 CitySpring or the date by which the next Annual General Meeting of the Unitholders of CitySpring is required by law to be held, whichever is the earlier.
[See Explanatory Note 1] **(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
7 July 2011

Explanatory Notes:

(1) Ordinary 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 50% of the total number of issued Units excluding treasury Units, of which the aggregate number of units to be issued other than on a *pro-rata* basis to existing Unitholders of CitySpring does not exceed 20% of the total number of issued Units excluding treasury Units. For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time when Ordinary Resolution 3 is passed, after adjusting for (a) new Units arising from the conversion or exercise or any convertible securities or Unit options or vesting of Unit awards which are outstanding or subsisting at the time that Ordinary Resolution 3 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Units.

For 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 Annual General Meeting of the Unitholders of CitySpring (the “Meeting”) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Unitholder of CitySpring.

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 9.30 a.m. on 26 July 2011). The lodging of an Instrument of Proxy by a Unitholder does not preclude him/her from attending and voting in person at the Meeting if he/she finds that he/she 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 9.30 a.m. on 26 July 2011). The lodging of an Instrument of Proxy by a Unitholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Instrument of Proxy will be deemed to be revoked.

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

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

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

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

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

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

General:

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

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

PROXY FORM
ANNUAL GENERAL MEETING

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

of ______________________________ (Address)

being a unitholder/unitholders of CitySpring Infrastructure Trust ("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 Swissotel Merchant Court Singapore, Merchant Court Ballroom, Section B, 20 Merchant Road, Singapore 058281 on 28 July 2011 at 9.30 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 2011.		
2.	To re-appoint Messrs Ernst & Young LLP as external auditors of CitySpring 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 ____________ 2011

Total number of Units held

____

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

Do not staple. Glue all sides firmly

fold along this line (2)

Annual General Meeting

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

BUSINESS REPLY SERVICE
PERMIT NO. 08213

The Company Secretary
CitySpring Infrastructure Management Pte. Ltd.
(as Trustee-Manager of CitySpring Infrastructure Trust)

111 Somerset Road #02-05
TripleOne Somerset
Singapore 238164

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

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