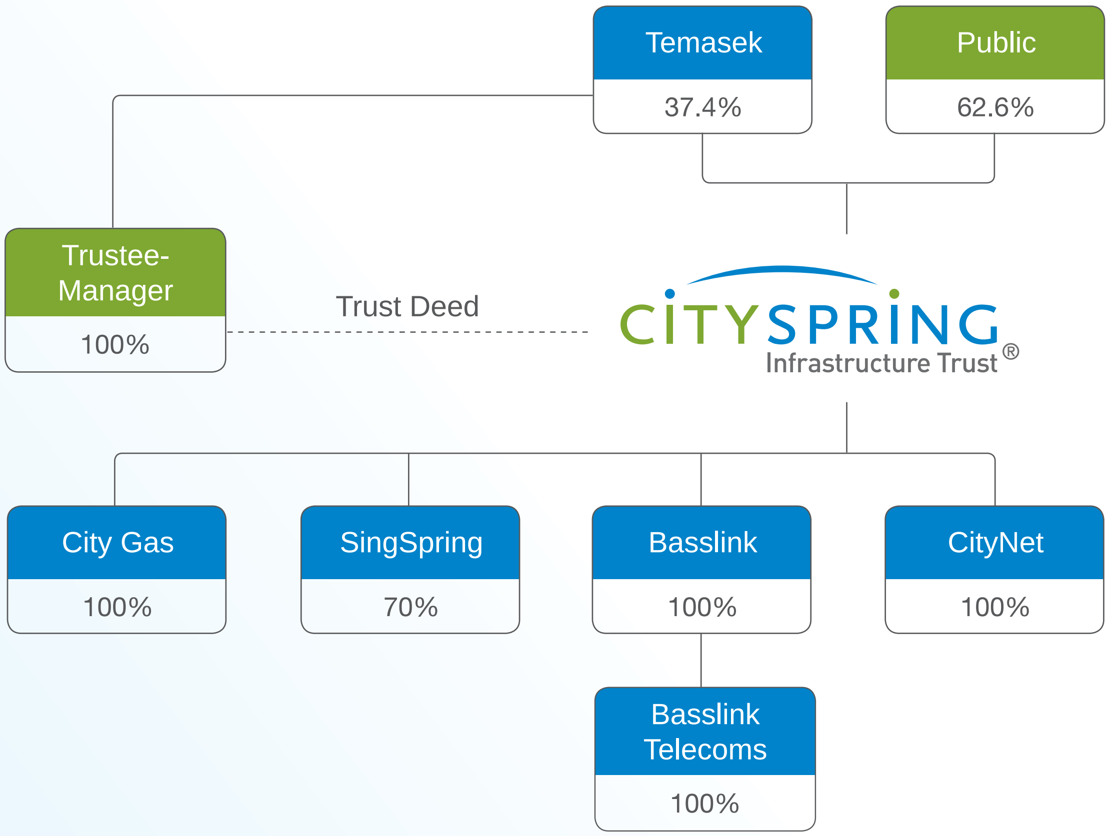
CITYSPRING
Infrastructure Trust®

PROVIDING ESSENTIAL SERVICES

Annual Report 2012

Contents



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 Trust ("City Gas"), 70% of SingSpring Trust ("SingSpring"), 100% of Basslink Pty Ltd ("Basslink", which owns 100% of Basslink Telecoms), and 100% of CityNet Infrastructure Management Pte. Ltd. ("CityNet"). These businesses are high-quality and unique assets, with strong track records and predictable cashflow.

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

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.

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, and regular cashflow, most of which are derived from a 25-year term Basslink Services Agreement with Hydro-Electric Corporation, an entity owned by the State of Tasmania. Basslink Telecoms began operations offering broadband capacity between Hobart, Tasmania and Melbourne, Victoria in July 2009.

CityNet

CityNet was appointed as the trustee-manager of NetLink Trust on 22 July 2011. NetLink Trust was established as part of Singapore Telecommunications Ltd's ("SingTel") undertaking to the Info-Communications Development Authority ("IDA") to transfer ducts, manholes and exchange buildings to an independent entity, in order to meet IDA's effective open access requirements. CityNet, in its capacity as trustee-manager of NetLink Trust, owns, installs, operates and maintains the assets for the purpose of facilitating telecommunication activities. NetLink Trust's customers include telecommunication operators, such as SingTel and OpenNet. CityNet's appointment is for an initial term of three years and will be extended or terminated in accordance with the trust deed. It receives an annual management fee, which will be for the account of CitySpring. All operating expenses incurred by CityNet in its capacity as trustee-manager of NetLink Trust will be borne by NetLink Trust.

"Going forward, we will work to establish CitySpring as the premier infrastructure trust. Apart from growing our portfolio through acquisitions, we will continue to look for synergies within the Group, build on our core competencies and seek out organic growth opportunities."

Dear Unitholders,

We started the last financial year weighed down by the issue of Standard & Poor's placing us on watchlist for a possible ratings downgrade of our Basslink bonds. We embarked on a major review of the Group's capital structure, carried out a rights issue and, with the proceeds, re-purchased A$170 million of Basslink bonds. Following these actions, Standard & Poor's re-affirmed the investment grade ratings of the remaining Basslink bonds. Meanwhile all our business assets continued to turn in strong operational performance although the financial performance of Basslink continued to be impacted by negative contractual payments.

CHAIRMAN'S STATEMENT

Building out a stable cash earnings platform

The combination of our business assets is providing us a platform to generate stable revenue and cash earnings.

CitySpring achieved strong revenues for the year ended 31 March 2012 ("FY2012"). Steady operational performance across all our business assets, City Gas, SingSpring and Basslink, saw revenues for the year improving 13.4% to $481.4 million.

Of the three, two of our assets SingSpring and Basslink, have long-term concession agreements with their customers, which underscore the long-term and predictable nature of their cashflow visibility. Our third asset, City Gas, commands a leading market position as Singapore's sole producer and retailer of town gas.

Across FY2012, City Gas made good progress in increasing its town gas sales and earnings with its growing reach in serving the integrated resorts, hotels and shopping malls. It also saw encouraging sales of its cost-effective and energy saving gas applications such as gas water heaters and gas clothes dryers (for HDB and private residential homes), central gas fired hot water system (for hotels, hostels and clubs) and gas combi ovens (for central kitchens and restaurants).

SingSpring turned in stable performance in the past year in producing desalinated water to the quality as required by PUB. During the year, the plant continued to achieve an availability of 100%.

Basslink achieved an availability of 98.64% for the calendar year 2011, above the 97% threshold to earn its facility fee. Its telecoms unit, Basslink Telecoms achieved a healthy performance as it continues to leverage its reach to generate further revenue with the sale of more capacity on its telecoms network connection.

The most recent addition to the CitySpring stable was made in July 2011. CityNet is the trustee-manager of the telecommunications infrastructure assets owned by NetLink Trust. It receives a management fee of approximately $2.1 million annually.

Strengthening our capital structure for flexibility and capability

In this year, we did a thorough review of the Group's capital structure to strengthen our financial position and better place ourselves for future expansion of our Trust. Following this review, we successfully completed a rights issue, raising $210 million. Approximately $201 million of the rights issue proceeds were used to buy back and cancel A$170 million of Basslink bonds due in 2017. Standard & Poor's subsequently reaffirmed the ratings of the remaining Basslink bonds at BBB- and revised the bonds' outlook to stable from negative.

Going forward, we will work to establish CitySpring as the premier infrastructure trust. Apart from growing our portfolio through acquisitions, we will continue to look for synergies within the Group, build on our core competencies and seek out organic growth opportunities.

Distribution to Unitholders

We have declared a distribution of 0.82 cents per Unit for the fourth quarter of FY2012, resulting in a full year distribution of 3.51 cents per Unit.

Given the cashflow position of our business assets and the foreseeable economic environment, we expect to pay an annual distribution per unit of 3.28 Singapore cents for FY2013, barring unforeseen circumstances and assuming no material changes to the Group in the year.

Acknowledgements

I would, first of all, like to thank all of you, our Unitholders, for supporting the rights issue which strengthened our balance sheet. Your support was crucial amidst the challenges we faced during the year.

On behalf of the Board, I would like to welcome Tong Yew Heng as CitySpring's Chief Executive Officer. Yew Heng had been our Chief Financial Officer since CitySpring's listing in 2007. He was appointed by our Board to this highly important position in July following a rigorous selection review of well qualified candidates, both externally and internally. The search process was led by the Governance and Nominating Committee using the services of a reputable executive search firm.

Let me record my appreciation to all our Directors for their invaluable contribution, and providing guidance to management in the course of this year. Mr Peter Foo will be retiring from the Board having been a director since our IPO in 2007. Peter will be posted to Bangkok to head up the Thai operations of a major Singapore Bank. I thank him for his invaluable contribution to the Board as well as to the Group as a whole and offer him our best wishes.

I also wish to thank all our management and employees for their dedication and professionalism in their work. It was they who delivered the strong operational performance.

I believe we are now in a stronger financial position to capitalise on our core competencies in the Group and seek out growth opportunities.

Daniel Ee
Chairman
20 June 2012

"As a provider of essential services, there is no let-up in our efforts in making sure that the operation of our assets is stable and our processes maximise the efficiency of the assets."

I am pleased to report that CitySpring has stayed the course in delivering regular and stable distributions to our unitholders.

We increased our total distribution to unitholders to $47.6 million for the year ended 31 March 2012 compared to $41.2 million paid out in the previous corresponding period.

Our cash earnings for the year were $58.6 million, or $16.3 million lower than the previous corresponding period. This was due mainly to the lag in the tariff adjustment mechanism of our town gas business, which I shall explain later in more detail. Notwithstanding that, our focus on growing our businesses and sharpening our operational competencies has yielded good results on all fronts.

We also made significant progress in strengthening CitySpring's financial position and flexibility during the year with a successful rights issue and the subsequent reduction of the debt at Basslink.

Stable operational performance on all fronts

Let me start with a review of our town gas business.

As the sole producer and retailer of town gas in Singapore, City Gas is the leading fuel provider for many essential purposes such as cooking and water heating for industrial, commercial and residential users.

City Gas achieved healthy growth in the overall town gas volume sales in the past year. Volume increased to 1,612 million kWh against 1,555 million kWh in the previous year. Our customer base has also grown, exceeding 651,000 accounts compared to 632,000 a year ago.

For FY2012, City Gas reported revenues of $354.9 million against $308.2 million a year ago. Cash earnings however were lower at $31.7 million compared to $47.1 million in the previous period.

The lower cash earnings despite the revenue improvement were due mainly to the lower short-term profit margins being affected by periodic fluctuations in fuel costs. These short-term fluctuations in cash earnings take place quarter-to-quarter due to a time-lag in the adjustment of gas tariffs to reflect actual fuel cost. During the financial year, City Gas on approval from the Energy Market Authority increased its general tariff by 9% in August 2011, 8% in November 2011 and 1.3% in February 2012.

Apart from the production and sale of town gas, City Gas continued with its aggressive market initiatives during the year to expand its sale of gas appliances such as water heaters and gas dryers. These marketing programmes have contributed towards the revenue improvement.

It was a stable year for our water desalination business at SingSpring.

Our plant, which supplies water to Singapore's water agency PUB, recorded 100% availability. This is a clear sign of our plant's reliability as a generator of high quality water. SingSpring recorded cash earnings of $17.9 million for FY2012 compared to $17.4 million in FY2011. Its revenue of $38.5 million in FY2012 was marginally lower than the $38.7 million in the previous year.

Basslink, which is the only electricity interconnector between mainland Australia and Tasmania, performed well operationally.

For the calendar year 2011, Basslink achieved cumulative availability of 98.64%, and for the first three months of 2012, availability of 100%. Basslink's cash earnings for FY2012 were A$15.2 million compared to A$15.7 million a year ago. The lower cash earnings were mainly attributed to the payment of early redemption guarantee fee associated with the purchase and cancellation of the Basslink bonds and costs of A$1.9 million for a marine cable survey which is required once every two years. This was partly offset by lower negative Commercial Risk Sharing Mechanism payments of A$15.5 million in FY2012 against A$16.7 million in the previous year. At the top-line level, Basslink generated a revenue of A$66.1 million in FY2012, higher than the A$61.8 million in FY2011.

Our strategy of growing our telecommunications business residing in Basslink Telecoms has returned encouraging results. This unit accounted for more than 10% of Basslink Group revenue for FY2012.

We are confident that Basslink Telecoms will serve to build up a long-term and sustainable income stream for us. Basslink Telecoms has now been in service for almost three years. It is the only alternative provider of wholesale backhaul services between Tasmania and the rest of Australia. With Basslink Telecoms in service, Tasmanian businesses, organisations and consumers have considerably wider choice and greater telecommunication capabilities at their disposal than ever before.

During the year, we established a new subsidiary – CityNet. CityNet was appointed as the trustee-manager for NetLink Trust, which is 100% beneficially owned by SingTel. CityNet is responsible for the passive assets consisting of the ducts/manhole network and central offices necessary to support the Next Gen National Broadband Network roll out by OpenNet. CityNet contributed revenue of $1.5 million to the Trust during the year.

A stronger balance sheet for growth

As we build up a strong and resilient portfolio of essential services businesses, we are mindful of our financial discipline and the need for a strong balance sheet and financial flexibility.

We are grateful for the support of our stakeholders for their contribution towards the successful completion of our rights issue in September 2011. That exercise has strengthened our financial position and provided us with greater financial flexibility.

With the rights issue proceeds, Basslink purchased and cancelled A$170 million of its capital indexed bonds due August 2017 for a total sum of A$155.4 million. Subsequent to this debt reduction, Standard & Poor’s affirmed the ratings of the remaining Basslink bonds at BBB- in October 2011. The rating agency also revised the bonds’ outlook to stable from negative.

Building on our competencies

As a provider of essential services, there is no let-up in our efforts in making sure that the operation of our assets is stable and our processes maximise the efficiency of the assets. We continue to place utmost emphasis on proactively managing our risks to prevent disruptions during operation. We aim to keep our assets operationally capable in generating sustained and solid cash flows into the long-term.

Beyond that, we will continue to develop strategies for organic growth and review other investment opportunities so as to add more value onto our business trust. We will only pursue those opportunities which meet our requirements for long-term stable cashflow, and value accretion to our unitholders.

Acknowledgements

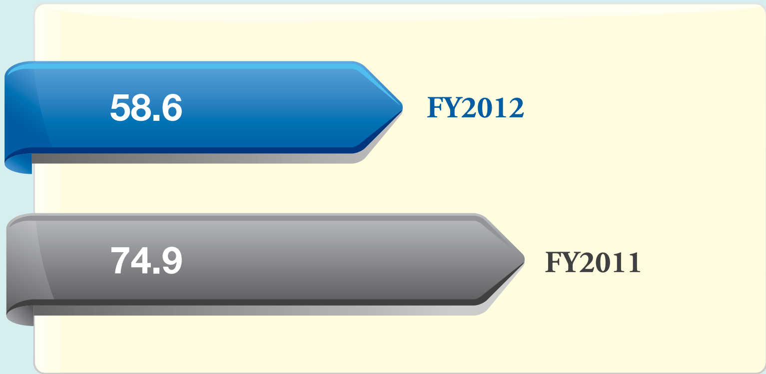
At this juncture, I want to take this opportunity to welcome Tan Cheong Hin, our newly appointed Chief Investment Officer, on board. I would also like to acknowledge the wise counsel, support and dedication of our Board of Directors and all of our employees and stakeholders for your support. I would also wish to thank all our customers, business associates and suppliers for your support and partnership.

It remains for me to conclude that our strategic priority for this year will remain on the building of our business competencies and growth so that our operations remain highly efficient and capable in generating steady, predictable and long-term cashflows. Our ultimate objective remains on delivering long-term, regular and predictable distributions and value enhancement to our unitholders.

Tong Yew Heng
Chief Executive Officer
20 June 2012

Group Cash Earnings
($' million)

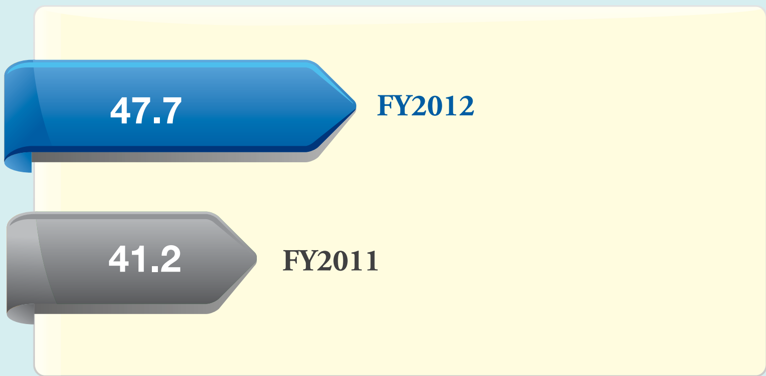
CitySpring achieved cash earnings of $58.6 million for the year ended 31 March 2012 ("FY2012") compared to $74.9 million in the prior year.



Total Distribution
($' million)

CitySpring has delivered total distribution of $47.7 million for FY2012. This is 15.8% higher than distribution of $41.2 million in FY2011.

CitySpring distributes to unitholders out of its Group Cash Earnings.



Total Assets
($' million)

Total assets for FY2012 were $2,040.2 million compared to $2,151.3 million in FY2011.

CitySpring achieved total cash earnings of $58.6 million for the year ended 31 March 2012 ("FY2012") compared to $74.9 million for the year ended 31 March 2011 ("FY2011").

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)	**FY2012**	FY2011
Revenue	**481,407**	424,479
Other income	**4,471**	6,907
Other gains/(losses) – net	**11,827**	(6,723)
Total expenses	**(510,076)**	(440,830)
Loss before income tax	**(12,371)**	(16,167)
Income tax expense	**(22,615)**	(5,762)
Net loss after tax	**(34,986)**	(21,929)
Cash earnings	**58,642**	74,894
DPU (cents)	**3.51***	4.20

* *Aggregate of 1.05 Singapore cents (pre-rights) declared in 1Q FY2012 and 2.46 Singapore cents (post rights) declared for the remaining three quarters of FY2012.*

City Gas recorded cash earnings of $31.7 million in FY2012 compared to $47.1 million in the previous year. The lower 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. City Gas' performance was also partly impacted by the upfront fees it paid for the refinancing of its loan.

SingSpring, the sole supplier of desalinated water to Singapore's PUB, delivered results. Cash earnings for FY2012 were $17.9 million compared to $17.4 million in FY2011. The higher cash earnings was due to lower finance costs incurred as a result of reduced loan principal outstanding. The plant achieved 100% water production availability throughout the year.

Basslink achieved cumulative availability of 98.64% for calendar year 2011. Cumulative availability for the three months ended 31 March 2012 was 100%. Basslink's cash earnings for FY2012 were A$15.2 million (approximately $19.9 million) compared to A$15.7 million (approximately $19.7 million) in FY2011. The modestly lower cash earnings was due to payment of early redemption guarantee fee of A$2.2 million (approximately $2.8 million) associated with purchase and cancellation of A$170 million of Basslink bonds due 2017 and costs of A$1.9 million (approximately $2.5 million) for a marine cable survey which is required once in two years. This was partly offset by lower negative CRSM[1] payments (FY2012: negative A$15.5 million (approximately $20.3 million); FY2011 negative A$16.7 million (approximately $21.0 million)) and higher contributions from Basslink Telecoms.

CityNet contributed cash earnings of $1.4 million during the financial year.

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 Basslink and Hydro Tasmania ("HT") for the sharing of the market risk associated with participating in the National Electricity Market of Australia. The CRSM payments are based on the differences between the high and low Victorian electricity pool prices, and are subject to a maximum +25% increase (i.e., a payment to Basslink) and -20% decrease (i.e., a payment from Basslink) of the unadjusted facility fee under the BSA.*

City Gas

Operations Review

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

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

City Gas recorded cash earnings of $31.7 million for the financial year ended 31 March 2012 ("FY2012") compared to $47.1 million for the previous financial year.

The lower cash earnings are attributed to the time-lag 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 adjustment mechanism is designed to ensure that City Gas fully recovers its fuel costs over a period of time.

Nonetheless, both town gas and natural gas businesses continued to expand steadily in FY2012. As a result, they contributed positively to the cash earnings, helping to moderate the impact of time-lag differences between tariff adjustment and the surge in fuel costs during the financial year.

Market Review

Town gas and natural gas sales continued to grow in all segments in FY2012 despite the challenging macroeconomic uncertainties arising from the slow recovery of US economy, the unresolved European sovereign debt issue, as well as the economic overheating fears in Asia.

In the hospitality segment, Resorts World Sentosa and Marina Bay Sands integrated resorts continued to attract high numbers of tourists and locals. Accordingly, town gas demand by these resorts saw steady growth.

In the industrial segment, gas demand grew modestly in tandem 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 80% of households are City Gas' customers. Gas demand by this segment also grew in tandem with the expansion of the local economy.

Operating Review

City Gas attained a 100% gas production availability all-year-round. City Gas also achieved a high gas production level of 934,850 cubic metres of town gas on the eve of Hari Raya Puasa on 29 August 2011.

In the course of the financial year, City Gas was granted three tariff adjustments by the Energy Market Authority of Singapore ("EMA"), involving tariff increases of 9.0% from 1 August 2011, 8.0% from 1 November 2011 and 1.3% from 1 February 2012.

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 adjustments during the financial year reflected higher fuel costs since the reduction in gas tariffs by 4.9% from 1 November 2010.

The number of City Gas customers grew by 2.9% to 651,212 in this financial year compared to 632,634 in the same period a year ago. Correspondingly, town gas demand posted a 3.6% year-on-year increase to a record of 1,611,687,000 kWh.

City Gas recorded higher growth in residential town gas sales of 2.5% during the financial year against 0.5% the previous year attributable to more home owners switching to gas water heaters. In this financial year, about 3,500 gas water heaters were installed in the Housing Development Board ("HDB") flats under the Build-To-Order Sell Scheme segment, 26% higher than last financial year. In addition, about 1,200 gas water heaters were installed at a HDB Design, Build Sell Scheme project.

More new HDB home owners are choosing the eco-friendly gas water heaters than conventional electric water heaters for the benefits of lower utility bill and less carbon emission. Going forward, City Gas is confident that the gas water heater take-up rate will continue to grow.

In the Private Condominium segment, City Gas approved 48 condominium projects with piped gas supply plan submissions. This translated into an estimated 16,000 housing units throughout the financial year. Of these, 34 condominium projects comprising about 10,000 housing units used gas water heaters. This marked a record high in the adoption of gas water heaters by the property developers and M&E consultants.

As part of City Gas' growth strategy to position gas water heaters as the preferred water heating appliances in the residential market, City Gas continued to execute its R.E.A.C.H. (Reach, Education, Awareness, Customer Service and Harmonize) Partnership market development strategy.

In the course of the financial year, City Gas co-developed and launched a series of new gas water heaters in partnership with reputable manufacturers namely Macro, Ferroli and Rinnai. Together, six different models of 8-litre and 10-litre gas water heaters which conformed to international standards were introduced in two phases to the local marketplace.

City Gas continued with its effort to promote greater gas-application awareness among home-owners through its marketing campaigns.

In FY2012, two major campaigns entitled "Go Green, Go City Gas" were executed in conjunction with the introduction of new HDB gas water heaters in May and October 2011. The integrated campaigns were effective in communicating the benefits of gas water heaters which included space-saving features, ability to deliver continuous hot water on-demand, lower utility bill and lower carbon emission compared to alternative water heaters that operate on electricity.

With greater awareness, the customers can make a better informed choice of the various water heaters available in the market. To support greater demand of City Gas' products and services, City Gas opened its third Customer Service Centre at Toa Payoh Central, strategically located within the HDB Hub. The new Customer Service Centre is convenient for new home owners to visit and enquire on City Gas' products and services including placing of sales orders for gas appliances after their key collection process at the HDB Sales Unit.

In the commercial water heating space, City Gas continued to execute on its R.E.A.C.H market development strategy. This included conducting a series of technical workshops to educate key stakeholders including M&E Consultants on the design of centralised hot water solutions for their future commercial projects.

In this regard, City Gas in partnership with Rinnai Holdings (Pacific) Pte Ltd has completed the installation of centralised gas fired hot water system and supply in close to 4,000 guest rooms across 18 hotel projects.

In the area of customer service, City Gas strives to enhance the service level of its staff and contractors as they deliver the "City Gas Experience". This is being done through customised learning programmes which embraces the 'P.R.I.D.E' service values (Professionalism, Relationship Builder, Initiative, Dependable and Efficiency). Independent service audits are conducted quarterly to obtain feedback from our customers with the view to initiate changes to improve our service levels. These quarterly audits have shown that City Gas services continue to be highly rated by its customers.

As part of its efforts to support the food and beverage industry in Singapore, City Gas partnered Chinese daily *Shin Min Daily News* to hold the "*City Hawker Food Hunt 2011*" for the fourth season. Running from April to October 2011, this programme is jointly supported by Singapore Tourism Board, Health Promotion Board and National Environment Agency. It aims to search for the best hawker foods in Singapore. The theme of the event, "*I Love Hawker Foods*" was aimed at preserving the rich heritage of multi-racial hawker foods for Singaporeans, foreigners residing in Singapore and tourists to enjoy. The event culminated in a grand finale where winning hawkers took centre stage in an award presentation ceremony.

In terms of achievements and accolades, City Gas received various awards for its contributions to the industry, community and employees. City Gas was conferred the Plaque of Commendation by the labour movement, National Trade Union Congress, in this year's May Day Award. This award recognises City Gas' concerted efforts in nurturing a strong, healthy and progressive union-management relationship.

City Gas was also awarded the Business Superbrands Singapore for the second consecutive year in 2012. Other achievements include the Meritorious Defence Partner Award by the Ministry of Defence and Supporter of the Arts Award by the National Arts Council. City Gas was also recognised by the National Trade Union Congress Women's Development Secretariat for being amongst the first five companies to actively participate in their annual *Little Ones @ Work* programme since its inception in 2009.

A strong advocate of work-life balance, City Gas organises activities for its employees regularly to appreciate and better understand the importance of maintaining good health through its *Healthy Lifestyle Promotion* awareness. This programme is supported by the Health Promotion Board. Launched in May last year, the initiative complements City Gas' Health Safety Security Environment policy. The year-long programme, which covers various aspects of health and fitness for all individuals through talks and interactive workshops, was well-received by its employees.

The year also marked the celebration of City Gas' 150th anniversary. City Gas held a year-long celebration reflecting the success of its business purpose of "*Warming Lives for Generations*". The company paid tribute to its employees and their families, customers and community through a series of activities. These include its participation in the fund-raising *Community Chest Heartstrings Walk 2011* and community integration event - *Canberra Day*, as well as partnering culinary institutes and the Singapore Junior Chefs Club in nurturing young local chefs. The activities culminated in a Gala Dinner in July 2011 as a fitting finale to City Gas' prestigious sesquicentennial celebration.

Business Outlook

As a leading player in the town gas market in Singapore, City Gas expects to benefit from higher demand arising from the economic expansion and the growth of hospitality-related segments. Its targeted efforts to improve the take-up level of gas water heaters among new as well as existing customer base will also remain an important aspect of City Gas' strategy in developing sustainable revenue streams in the long-term. Backed by its broad and diversified customer base as well as its sales and marketing initiatives, City Gas is expected to continue to deliver stable cash earnings to CitySpring.

SingSpring

Operations Review

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

SingSpring ensures that both the quality and quantity of desalinated water it produces meets all the requirements under the Water Purchase Agreement with Singapore's PUB. As the owner of this large-scale infrastructure to help meet Singapore's water needs, SingSpring values the importance of work safety and security of the plant.

Business Objectives

SingSpring ensures that both the quality and quantity 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.

SingSpring Desalination Plant employs reverse osmosis 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. Taken together with continuous efforts and investments required to operate and maintain SingSpring Desalination Plant, SingSpring expects to meet the WPA's availability and performance standards for the foreseeable future.

Earnings Review

SingSpring continued to deliver stable results for the year ended 31 March 2012. Cash earnings the year were $17.9 million or 3% higher than $17.4 million for the previous financial year, mainly due to lower finance costs. SingSpring's steady cash earnings were 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.

PUB announced the signing of a 25-year WPA with Hyflux Ltd in April 2011 to build Singapore's second Design, Build, Own and Operate desalination plant at maximum daily water capacity of 70 imperial million gallons (mgd) or 318,500 cubic metres. This new plant is expected to commence operations in 2013. Together with SingSpring, the plants have the capacity to meet 30% of Singapore's water needs.

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 SingSpring Desalination 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 2012, 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.

SingSpring completed this year's Hazard Analysis Critical Control Point ("HACCP") annual surveillance audit on 30 March 2012. HACCP is an internationally recognised voluntary food safety management standard that PUB has implemented for many of its water plants.

Working closely with PUB, SingSpring completed security enhancement works in 2011. These works involved replacing all chain-link fence with welded-mesh fence, installing heavy-duty drop-arm barriers and other security equipment and accessories.

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

Operations Review

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

Basslink's primary business objective is to meet or exceed the 97% availability target for its electricity interconnector between Tasmania and mainland Australia. Its wholly-owned Basslink Telecoms 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.

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

Basslink reported cash earnings of A$15.2 million for the year ended 31 March 2012 compared to A$15.7 million for the previous financial year. The modestly lower cash earnings was due to the payment of early redemption guarantee fee associated with the purchase and cancellation of the A$170 million of Basslink bonds due in 2017. Cash earnings were also impacted by costs of A$1.9 million (approximately $2.5 million) for a marine cable survey required once in two years. This was partly offset by lower negative CRSM payments of A$15.5 million compared to negative A$16.7 million in FY11. A stronger performance by Basslink Telecoms, which accounted for more than 10% of overall Basslink group revenue, contributed towards cash earnings.

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 98.64% for the calendar year 2011. This was above the 97% threshold to earn 100% of the facility fee under the BSA. For the first three months ended 31 March 2012, it attained 100% availability.

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

Basslink Telecoms, which offers a range of wholesale transmission services between Tasmania and Victoria, has achieved stable performance in the Tasmanian wholesale telecoms market. In the short span of about three years since its commercialisation, Basslink Telecoms has signed on several internet service providers and other service providers for its backhaul capacity.

Business Outlook

Basslink is committed to deliver excellence in safety, reliability and performance of its assets as it stays the course in meeting its obligations under the BSA. Basslink will engage HT to ensure that planned outages (for purposes such as routine maintenance) are carried out with minimal impact on its operations and revenue.

The Australian Competition and Consumer Commission (“ACCC”) has issued an Interim Access Determination (“IAD”) in respect of the declared Domestic Transmission Capacity Service (“DTCS”) on 18 April 2011. Under the IAD, the ACCC has prescribed price terms for transmission services on certain routes. On 9 December 2011 the ACCC published a Draft DTCS Final Access Determination (“FAD”) for public consultation. Basslink Telecoms is reviewing the impact of such regulation.

Sitting from left to right:
Mr Daniel Cuthbert Ee Hock Huat *(Chairman, Independent Director)*, **Mr Haresh Jaisinghani** *(Independent Director)*

Standing from left to right:
Mr Ong Beng Teck *(Director)*, **Mr Tan Ek Kia** *(Independent Director)*, **Mr Yeo Wico** *(Independent Director)*,
Mr Peter Foo Moo Tan *(Independent Director)*, **Mr Mark Andrew Yeo Kah Chong** *(Independent Director)*

BOARD OF DIRECTORS

Mr Daniel Cuthbert Ee Hock Huat
Chairman, Independent Director

Date of Appointment: Director on 26 April 2010 and Chairman on 16 July 2010
Date Last Re-elected: 16 July 2010

Mr Ee, 59, serves on the boards of Citibank Singapore Limited and Surface Mount Technology (Holdings) Limited. He is also the Chairman, Board of Advisors of Walton International Group Limited. 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 and on the board of National Environment Agency from 2006 to March 2012.

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 Yeo Wico
Independent Director

Date of Appointment: 26 October 2006
Date Last Re-elected: 28 July 2011

Mr Yeo, 45, 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 Yeo is the non-executive independent Chairman and Director of VicPlas International Limited, and a member of the Board of Directors of SP Services Limited, a wholly-owned subsidiary of Singapore Power Limited.

Mr Peter Foo Moo Tan
Independent Director

Date of Appointment: 26 October 2006
Date Last Re-elected: 16 July 2010

Mr Foo, 49, is currently Managing Director & Head, Overseas Treasuries, Global Markets and Investment Management at United Overseas Bank Ltd.

Mr Foo's banking career spans over 24 years. He was the Chief Executive Officer of Fortis Bank, S.A./N.A. Singapore Branch from October 2004 to June 2011. Before that, he held various management, treasury, financial markets trading and sales positions in Chemical Bank, Bank of America and Bank Austria Creditanstalt. He is also a volunteer in the social community sector.

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 Haresh Jaisinghani
Independent Director

Date of Appointment: 15 August 2008
Date Last Re-elected: 28 July 2011

Mr Jaisinghani, 45, 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. He is also a Non-Executive Director of APR Energy PLC in UK. Mr Jaisinghani is also the Chairman of CityLink Investments Pte. Ltd., the holding company of Basslink Group. From 1994 through 2007, Mr Jaisinghani held various management positions with the AES Corporation, an NYSE listed global power company, including President of Asia, Middle East and CIS, Corporate Executive Vice President and a member of the Corporate Executive Committee.

Mr Mark Andrew Yeo Kah Chong

Independent Director

Date of Appointment: 16 November 2006
Date Last Re-elected: 16 July 2010

Mr Yeo, 49, is currently an Executive Council Member with Paris Gallery LLC (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 banks including 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 also completed the Insead's Advanced Management Programme.

Mr Ong Beng Teck

Director

Date of Appointment: 16 July 2010

Mr Ong, 49, is currently Managing Director (Portfolio Management) at Temasek International (Private) Limited ("Temasek"). 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.

Mr Tan Ek Kia

Independent Director

Date of Appointment: 26 April 2010
Date Last Re-elected: 28 July 2011

Mr Tan, 64, 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 is Executive Director and Interim CEO of SMRT Corporation Ltd and sits on the boards of some of its subsidiaries. He is also a director on the boards of Keppel Corporation Limited and Keppel Offshore & Marine Ltd, and a Non-Executive Director of Transocean Ltd in Switzerland. Mr Tan is also the Vice President Commissioner on the Board of Commissioners of PT Chandra Asli Petrochemical Tbk. Mr Tan is the Chairman of City Gas Pte Ltd, the Trustee of City Gas Trust.

SENIOR MANAGEMENT

Tong Yew Heng
Chief Executive Officer
CitySpring Infrastructure Management Pte. Ltd.

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

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

Mr Tong graduated in 1988 with a Bachelor of Engineering (Hons) degree from the University of Strathclyde (United Kingdom) and holds a Master of Business Administration from the Nanyang 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.

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

Mr Ng joined City Gas as Vice President of Sales, Marketing & Business Development Division in October 2004. He assumed the role of President & CEO in April 2006. In October 2011, he became CEO of SingSpring concurrently.

Mr Ng has more than 20 years of regional experience in the Asia Pacific region covering business development, marketing, mergers & acquisitions, business integration, strategic and corporate planning and supply chain management.

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

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

Mr Ng is a council member of the Singapore's National Fire and Civil Emergency Preparedness Council since 2009.

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

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

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

Before joining BPL, Mr Eccles worked for Siemens Power Services (2002-2005) and British Nuclear Fuels Ltd (1986-2002). Mr Eccles has worked on various projects in the Europe, North America and Asia.

Mr Eccles is a director of City Gas Pte Ltd in Singapore. He is also a non-executive director of Gippsland Water in Australia and a director of the International Cable Protection Committee Ltd ("ICPC").

Mr Eccles is a Chartered Engineer and member of the Institute of Engineering Technology and the Institute of Electrical & Electronic Engineers.

Mr Eccles holds a Master of Science degree (MSc) in Electrical Engineering and Management Studies from Trinity College, Dublin, Ireland. He also holds post-graduate diplomas in Project Management and Strategic Management.

Mr Eccles is currently responsible for determining overall business and operational strategies of BPL, including Basslink Telecoms.

Tan Cheong Hin
Chief Investment Officer
CitySpring Infrastructure Management Pte. Ltd.

Prior to joining the Trustee-Manager, Mr Tan was with Temasek for 13 years from 1995 to 2008 where he held various positions, including as a director of investments whose responsibilities include stewardship of Temasek's portfolio companies, joint ventures, divestments, investments in private equity funds and direct investments. From 2008 to 2009, Mr Tan was with the Raffles Medical Group as its Business Development Director. From 2010 to 2011, Mr Tan was the Senior Vice President of the direct investment business of the Islamic Bank of Asia, a subsidiary of DBS Bank.

Mr Tan graduated with Bachelor of Business Administration (First Class Honours) and Master of Science (Management) degrees from the National University of Singapore. He is a Chartered Financial Analyst (CFA) charter holder. He also attended the Advanced Management Program at INSEAD in Fontainbleau (France).

SENIOR MANAGEMENT

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
Senior 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 the Asian infrastructure industries like power, water/waste, roads/logistics, telecommunications and urban development. Ms Ong was responsible for deal sourcing, due diligence, deal finalisation, post-investment management and divestments. She also provides analysis of country/sector development in areas of interest.

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.

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

CONTRIBUTING TO THE COMMUNITY

Singapore: Warming hearts in the city – giving back to the society

City Gas' commitment to 'warming hearts for generations', is not only reflected through its reliable, safe and affordable supply of town gas, but also in its dedication to give back to the society as well.

Shaping this community engagement mindset is the importance that City Gas places on community, which it sees as a key stakeholder. For this reason, the commitment by its employees in living out the ethical attributes of a responsible corporate citizen is an essential and integral aspect of City Gas' business thrust.

City Gas demonstrates its commitment to the community through its active involvement and participation in events and other meaningful initiatives for a worthy cause. In this regard, it leverages the strong support from collaborative efforts with the authorities, government agencies, learning institutions and self-help organisations.

Its long-standing partnership with non-profit organisations including NTUC Women's Development Secretariat, The Esplanade and Community Chest to organise community outreach workshops and interactive programmes has benefited children and elderly from many charity organisations. These initiatives include the *LittleOnes@ Work*, fun baking and lantern-making workshops, charity events and other meaningful fun-filled activities.

For many years, collaborative initiatives with the Singapore Civil Defence Force also presented City Gas with the opportunity to bring educational safety messages to schools through informative skits and talks.

In addition, City Gas also makes regular contributions to *Straits Times' School Pocket Fund* and employees' union bursary funds to assist underprivileged children in meeting their educational needs.

As part of City Gas' 150^{th} anniversary celebration last year, City Gas extended its support to the Community Chest through its sponsorship of $100,000 for their fund raising event, *ComChest Heartstrings Walk 2011*. City Gas was the sole major partner for the event. Employees from City Gas also participated actively in the activities organised by ComChest. The registration fees collected from the participation went into the fund raising event which eventually raised more than $1 million for more than 50 beneficiaries.

Another form of community engagement was City Gas' tie-ups with educational institutions such as the Institute of Technical Education College West and Singapore Hotels and Tourism Education Centre last year to hold cooking demonstration classes. A total of 15 classes were conducted by local prominent chefs at heavily subsidised fees for the public. The objective was to stimulate an active interest in trying out and inventing new creative dishes, in line with the renowned 'Singapore Food Galore' reputed in the tourism industry.

Meanwhile, management and staff members of the Trustee-Manager, CitySpring Infrastructure Management, engaged the hearts of the elderly when they visited St. Joseph's Home at Jurong Road in November 2011. The spirit of spreading goodwill was palpable as the CitySpring team caroled to the residents' warm and receiving hearts. They also played games with the residents and thereafter served them lunch. The team also gave the residents goodie bags as takeaways for their visitation and presented a donation to the Home.

Australia: Celebrating goodwill in the community

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 nine years, which culminate into a year-end event known as the *'Basslink Tasmanian Christmas Carnivals'*. The competitive events carried out at these carnivals include athletics, cycling and wood-chopping. Basslink Telecoms also sponsors a young Tasmania Devil at *'Devils at Cradle'*.

In Victoria, Basslink sponsors the North Gippsland Netball & Football League, the Buchan junior Cricket Club, the Gormandale Football Club and the Gormandale Cricket 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.

Basslink 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 celebration that is steeped in tradition of over 38 years.

In 2011, Basslink sponsored 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.

CORPORATE INFORMATION

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

Registered/Business Office
111 Somerset Road
#10-01 TripleOne Somerset
Singapore 238164
Tel: (65) 6594 9828
Fax: (65) 6594 9811
Email: enquiries@cityspring.com.sg

Board of Directors
Mr Daniel Cuthbert Ee Hock Huat
Chairman and Independent Director

Mr Peter Foo Moo Tan [(1)]
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

Audit Committee ("AC") [(2)]
Mr Peter Foo Moo Tan
(Chairman) [(1)]
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani

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

Management Development and Compensation Committee ("MDCC") [(3)]
Mr Mark Andrew Yeo Kah Chong
(Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Tan Ek Kia
Mr Ong Beng Teck

Finance and Investment Committee ("FIC") [(4)]
Mr Daniel Cuthbert Ee Hock Huat
(Chairman)
Mr Peter Foo Moo Tan [(1)]
Mr Haresh Jaisinghani
Mr Ong Beng Teck

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 Tan San-Ju

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

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

Partner in charge:
Ms Low Yen Mei
(from financial year ended 31 March 2011)

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

Sponsor
Temasek Holdings (Private) Limited

(1) *On 5 June 2012, the Trustee-Manager announced that Mr Peter Foo would retire at the conclusion of the forthcoming annual general meeting of the Trustee-Manager (the "Trustee-Manager AGM") scheduled to be held on 10 July 2012 after the conclusion of the CitySpring AGM.*

(2) *Mr Mark Yeo will be appointed the Chairman of the AC and Mr Yeo Wico will be appointed as a member of the AC upon the conclusion of the Trustee-Manager AGM.*

(3) *Mr Yeo Wico will succeed Mr Mark Yeo as the Chairman of MDCC upon the conclusion of the Trustee-Manager AGM.*

(4) *Mr Daniel Ee will relinquish Chairmanship of FIC to Mr Haresh Jaisinghani and remain as a member upon the conclusion of the Trustee-Manager AGM.*

CitySpring Infrastructure Management Pte. Ltd. ("Trustee-Manager"), as Trustee-Manager of CitySpring Infrastructure Trust ("CitySpring" or "Trust"), 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, audit committee composition 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 provides stewardship to the Group and monitors performance of management in achieving those 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, 100% owned Basslink Group of Companies and 100% owned CityNet (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 7 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 Director	Board	Audit Committee	Finance and Investment Committee	Governance and Nominating Committee	Management Development and Compensation Committee	Conflicts Resolution Committee
Daniel Cuthbert Ee Hock Huat	Non-Executive Chairman and Independent Director	-	Chairman	Member	Member	Chairman
Peter Foo Moo Tan [(1)(3)]	Independent Director	Chairman	Member	-	-	-
Yeo Wico	Independent Director	-	-	Chairman	-	Member
Mark Andrew Yeo Kah Chong [(2)]	Independent Director	Member	-	-	Chairman	Member
Haresh Jaisinghani	Independent Director	Member	Member	-	-	Member
Tan Ek Kia	Independent Director	-	-	-	Member	-
Ong Beng Teck	Director	-	Member	Member	Member	-

(1) *Appointed as Chairman of the AC and a member of the FIC on 1 July 2011. He relinquished his position as Chairman and member of the MDCC on 1 July 2011.*

(2) *On 1 July 2011, he stepped down as Chairman of the AC and remained as a member. He was appointed as Chairman of the MDCC and relinquished his position as a member of the FIC on 1 July 2011.*

(3) *On 5 June 2012, the Trustee-Manager announced that Mr Peter Foo would retire at the conclusion of the forthcoming Trustee-Manager AGM scheduled to be held on 10 July 2012 after the conclusion of the CitySpring AGM.*

The Board reviews the renewal of the Board members annually. The Board has announced on 5 June 2012 that Mr Peter Foo would retire at the conclusion of the forthcoming annual general meeting of the Trustee-Manager (the "Trustee-Manager AGM") scheduled to be held on 10 July 2012 after the conclusion of the CitySpring annual general meeting. The following appointments will take effect upon the conclusion of the Trustee-Manager AGM. Mr Mark Yeo will be appointed the Chairman of the AC and will also relinquish the position of Chairman of MDCC. Mr Yeo Wico will be appointed as Chairman of MDCC and also as a member of the AC. Mr Daniel Ee will relinquish chairmanship of FIC to Mr Haresh Jaisinghani and remain as a member.

The descriptions of the various committees in the following sections of this report pertain to the composition of members during the financial year ended 31 March 2012 ("FY2012") 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 financial year, the Directors attended a one and a half day off-site "Strategic Session" with management to develop and refine 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 Director *	Board	Audit Committee	Finance and Investment Committee	Governance and Nominating Committee	Management Development and Compensation Committee	Conflicts Resolution Committee
Daniel Cuthbert Ee Hock Huat	17	-	1	3	2	-
Peter Foo Moo Tan	15	4	1	-	2	-
Yeo Wico	17	-	-	3	-	-
Mark Andrew Yeo Kah Chong	14	4	-	-	-	-
Haresh Jaisinghani	17	4	1	-	-	-
Tan Ek Kia	16	-	-	-	2	-
Ong Beng Teck	17	-	1	3	2	-
Number of meetings held	17	4	1	3	2	-

* *The Trustee-Manager had announced on 4 April 2011 that Mr Au Yeung Fai had tendered his resignation and his last day of service as Chief Executive Officer and Director of the Trustee-Manager was 30 June 2011. During the period from 4 April 2011 to 30 June 2011, Mr Au Yeung Fai did not attend any Board or Board Committee meetings. Mr Au Yeung Fai was also appointed as adviser on matters relating to Basslink for three months from 30 June 2011 to 30 September 2011.*

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. A visit was also arranged to a Central Office building for the Board to view the facilities owned by NetLink Trust of which CityNet was appointed the Trustee-Manager during the year.

During the financial year, some of the Directors attended seminars and courses conducted by Singapore Institute of Directors and other professional agencies to update themselves 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, drawing on their experience, contribute to furthering 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 ("CEO") are held by different individuals in order to maintain a proper balance of power and authority. Subsequent to the resignation of the previous CEO, Mr Tong Yew Heng was appointed the CEO on 26 July 2011 after an extensive search process that was facilitated by an executive search firm and led by the GNC.

The Chairman is responsible for the effective functioning of the Board including ensuring regular and rigorous engagement with management on strategy, business operations, enterprise risk and other plans. The CEO 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 GNC reviews board membership.

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

Mr Yeo Wico	-	Chairman, Independent Director
Mr Daniel Cuthbert Ee Hock Huat	-	Independent Director
Mr Ong Beng Teck	-	Director

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 led the search process for a CEO following the resignation of the CEO early in the year. The process was aided by a reputable executive search firm. The GNC met several times to review and shortlist the candidates for the Board to make the final decision.

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, namely 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 International (Private) Limited.

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 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 MDCC comprises four non-executive Directors, three of whom (including the Chairman) are independent. During FY2012 the members of the MDCC were:

Mr Mark Andrew Yeo Kah Chong	-	Chairman, Independent Director (appointed on 1 July 2011)
Mr Daniel Cuthbert Ee Hock Huat	-	Independent Director
Mr Tan Ek Kia	-	Independent Director
Mr Ong Beng Teck	-	Director

Mr Peter Foo Moo Tan relinquished his position as the Chairman and a member of the MDCC on 1 July 2011.

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 award 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 the agreed parameters on total unitholders return of the Trust over a period of time. This ensures that the interests of management are aligned with that of the unitholders.

During the financial year, the MDCC met twice 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 remuneration package comprises the base salaries and where applicable the contracted annual wage supplement, short term variable bonuses and long-term incentive award for senior management. Base salaries are usually determined based on the responsibilities of the job function. Short term variable bonuses are determined based on assessment of the individual, their respective entities, and for the senior management, the Group performance. Long-term incentive award will be paid if certain parameters based on the total unitholders return are met over a period of time. This would be at risk if the performance criteria are not met.

The Directors receive a director’s fee. Directors are also paid an attendance fee for board meetings and AC meetings if they exceed the regular quarterly meetings scheduled to review and approve group results and distribution amongst other matters. Attendance fees will also be paid for FIC 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, CEO and top five key executives of the Trustee-Manager and the subsidiaries of CitySpring for the financial year ended 31 March 2012 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
$250,000 to below $500,000					
Mr Au Yeung Fai (1) Chief-Executive Officer, Trustee-Manager	NIL	97	-	3	100
KEY EXECUTIVES					
$750,000 to below $1 million					
Mr Tong Yew Heng (2) Chief Executive Officer, Trustee-Manager	NIL	63	29	8	100
$250,000 to below $500,000					
Mr Tan Cheong Hin (3) Chief Investment Officer, Trustee-Manager	NIL	45	54	1	100
Mr Ng Yong Hwee President and Chief Executive Officer, City Gas and Chief Executive Officer, SingSpring	NIL	63	32	5	100
Mr Malcolm Eccles Chief Executive Officer, Basslink	NIL	81	15	4	100
Ms Susanna Cher Senior Vice President (Finance & Corporate Services) and Company Secretary, Trustee-Manager	NIL	64	29	7	100
Mr Teo Kwan Hai Senior Vice President (Customer Service), City Gas	NIL	76	23	1	100

(1) *From 1 April 2011 to 30 September 2011.*

(2) *Mr Tong Yew Heng was the Chief Financial Officer and was appointed as Acting Chief Executive Officer in addition to his duties from 1 July 2011 until his appointment as Chief Executive Officer from 26 July 2011.*

(3) *From 19 November 2011 to 31 March 2012.*

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 2012.

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 FY2012, the members of the AC were as follows:

Mr Peter Foo Moo Tan	-	Chairman, Independent Director (appointed on 1 July 2011)
Mr Mark Andrew Yeo Kah Chong	-	Independent Director (stepped down as Chairman and remained as a member on 1 July 2011)
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 CitySpring Group and 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 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 over financial, operational and compliance risks 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;
- review of appointment of the internal auditor;
- 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 of the current health, safety and environment policies and quarterly reports of the subsidiary entities and ensure compliance with approved group wide health, security, safety and environment policies.

Where appropriate, the AC will adopt relevant best practices set out in the Guidebook for Audit Committees in Singapore that was issued by the Audit Committee Guidance Committee in October 2008. The Guidebook will be used as a reference to assist the AC in performing its functions.

The Group has a whistle blowing policy 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.

During the financial year under review, the AC also held private meetings with the external auditors and internal auditors without the presence of Management.

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. Details of non-audit fees paid to the external auditors are found in Note 10 of the financial statements.

The Company is in compliance with the requirements under the SGX-ST Listing Rules 712 and 715(1) on the appointment of a same auditing firm in Singapore to audit its accounts and accounts of its subsidiaries.

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.

During the year the Group ran a process to review the appointment of the internal auditors as the existing internal auditors had been appointed since the Group was listed. After the review, the Group engaged BDO LLP as its internal auditor. The internal auditor reports directly to the Chairman of AC on all internal audit matters.

Each of the entities in the Group reviews its risk register which comprises financial, operational, compliance, regulatory and strategic risks at least once annually with its respective Board of Directors. The review includes an assessment of the countermeasures to mitigate the risks, likelihood of the risks occurring and the impact of the risks.

The various countermeasures to the risks are also reviewed by management during their monthly management meeting or operations review, internal auditors based on the internal audit plan, the external auditors during their half year and annual audit, and by various board committees. Some of the countermeasures are reviewed by independent third parties. Findings from these reviews are considered and improvements made to the various internal controls or countermeasures.

The CEO and Head of Finance of the subsidiary entities provide a quarterly management sign-off on the financial reporting and internal controls to the Management of the Trustee-Manager who in turn provides a sign-off to the Board of Directors.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 March 2012.

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. Minutes of the annual general meeting and/or extraordinary general meeting are also posted on the website.

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.

All unitholders will receive the Annual Report and notices of general meetings. The Board of Directors of the Trustee-Manager will be in attendance at the CitySpring's Annual General Meeting to address questions from unitholders.

13. Dealing In Securities

The Trustee-Manager has procedures in place prohibiting dealings by Directors and staff of the Trustee-Manager and the Directors, management and employees of the subsidiaries of CitySpring (collectively, "Related Staff") for the period of two weeks prior to the announcement of the CitySpring's quarterly results and for a period of one month prior to the announcement of the annual results and ending on the date of the announcement of the relevant results.

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

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

14. Interested Person Transactions

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

The Group has obtained a general mandate pursuant to Rule 920 for interested persons transactions as approved by independent unitholders at the extraordinary general meeting held on 28 July 2011.

The interested person transactions transacted for the period from 1 April 2011 to 31 March 2012 by the Group were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (i) excluding transactions less than $100,000, and (ii) transactions conducted under unitholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920* (excluding transactions less than $100,000)
	S$'000	**S$'000**
(a) Sales of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited		
- Powergas Limited	-	1,141
- SATS Catering Pte Ltd	-	6,603
(b) Management Fee Income		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Telecommunications Limited		
- CityNet Infrastructure Management Pte. Ltd. (as Trustee-Manager of NetLink Trust)	-	1,482
(c) Reimbursement of expenses		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited		
- Powergas Limited	-	5,609
- CitySpring Infrastructure Management Pte. Ltd.	159	18

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (i) excluding transactions less than $100,000, and (ii) transactions conducted under unitholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920* (excluding transactions less than $100,000)
	S$'000	S$'000
(d) Purchases		
Temasek Holdings (Private) Limited and its Associates		
- Aetos Security Management Pte Ltd	-	632
- Certis Cisco Security Pte Ltd	1,886 (1) (2)	428 (1)
- Singapore Power Limited		
- Gas Supply Pte Ltd	-	171,736 (3)
- Powergas Limited	-	85,332
- SP Services Limited	-	14,794 (4)
- SP Australia Networks		
- SPI PowerNet Pty Ltd	85	780
- SPI Networks Pty Ltd	37	77
- SPI Electricity Pty Ltd	-	122
(e) Leasing of Assets (Rental charge)		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited		
- Powergas Limited	-	497
- SP Services Limited	-	286
(f) Management Fee Expense (including Reimbursement of Expenses)		
Temasek Holdings (Private) Limited and its Associates		
- CitySpring Infrastructure Management Pte. Ltd.	114	5,933

* *The Group has obtained a general mandate pursuant to Rule 920 for interested persons transactions as approved by independent unitholders at the extraordinary general meeting held on 28 July 2011.*

(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 also includes 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.*

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
Mr Haresh Jaisinghani	-	Independent Director
Mr Peter Foo Moo Tan	-	Independent Director (appointed on 1 July 2011)
Mr Ong Beng Teck	-	Director

Mr Mark Andrew Yeo Kah Chong relinquished his position as a member of the FIC on 1 July 2011.

The FIC's terms of reference were 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 financial year, the FIC met once to review the budget of the Trust and the subsidiaries and recommended their approval to the Board. The review of the Group's capital structure was undertaken by the Board collectively during the financial year to speed up the decision making process and achieve a more intensive board level engagement on this crucial review.

Conflicts Resolution Committee

The CRC consists entirely of Independent Directors as follows:

Mr Daniel Cuthbert Ee Hock Huat	-	Chairman, Independent Director
Mr Yeo Wico	-	Independent Director
Mr Mark Andrew Yeo Kah Chong	-	Independent Director
Mr Haresh Jaisinghani	-	Independent Director

The CRC'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 CRC 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 financial 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 CEO, any Director, or controlling unitholder during the financial year ended 31 March 2012.

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, the BTA, the unitholders' general mandate and any other guidelines as may be applicable. IPTs in relation to CitySpring during the financial year have been disclosed in paragraph 14 above;
- the expenses payable to the Trustee-Manager out of trust property are appropriate and in accordance with the trust deed dated 5 January 2007 and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to CitySpring by the Trustee-Manager out of the trust property are disclosed in Note 9 of the financial statements; and
- the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time particularly in relation to acquisitions and capital raising to ensure compliance with the requirements of the BTA and the Listing Manual.

Financial Statements Contents

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 2012.

Directors

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

Mr Daniel Cuthbert Ee Hock Huat (Chairman)
Mr Peter Foo Moo Tan
Mr Yeo Wico
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani
Mr Tan Ek Kia
Mr Ong Beng Teck

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 31.3.2012	At 1.4.2011	At 31.3.2012	At 1.4.2011
Number of units				
Mr Peter Foo Moo Tan	1,937,500	1,250,000	232,500	150,000
Mr Yeo Wico	800,000	400,000	–	–
Mr Mark Andrew Yeo Kah Chong	620,000	400,000	–	–
Mr Ong Beng Teck	46,500	30,000	–	–

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 April 2012.

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 Peter Foo Moo Tan (Chairman)
Mr Mark Andrew Yeo Kah Chong
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 others):

- with the independent auditors of the Trust, the audit plan of the Trust, the Independent Auditors' evaluation of the system of internal accounting controls of the Trustee-Manager of the Trust and the Independent Auditors' 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 Auditors 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 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 2012 and the balance sheet and statement of changes in unitholders' funds 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.

Internal controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 March 2012.

Independent auditors

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
Chairman

Peter Foo Moo Tan
Director

Singapore
5 June 2012

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 56 and 57 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 2012;

(b) the balance sheets set out on page 58 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 2012;

(c) the consolidated cash flow statement set out on page 61 is drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year ended 31 March 2012; 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 2012 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 2012 for issue.

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

Daniel Cuthbert Ee Hock Huat
Chairman

Peter Foo Moo Tan
Director

Singapore
5 June 2012

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.

Tong Yew Heng
Chief Executive Officer

Singapore
5 June 2012

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF CITYSPRING INFRASTRUCTURE TRUST

For the financial year ended 31 March 2012

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 56 to 133, which comprise the balance sheets of the Group and the Trust as at 31 March 2012, 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 information.

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.

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 2012 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.

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
5 June 2012

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2012

	Note	2012 $'000	2011 $'000
Revenue	4	481,407	424,479
Other income	5	4,471	6,907
Other gains/(losses) - net	6	11,827	(6,723)
Expenses			
Fuel and electricity costs		(195,847)	(146,264)
Transportation costs		(81,259)	(76,975)
Depreciation and amortisation		(55,621)	(54,675)
Staff costs	7	(22,776)	(19,325)
Operation and maintenance costs		(24,980)	(21,574)
Finance costs	8	(88,592)	(85,370)
Management fees	9	(5,453)	(5,638)
Other operating expenses		(35,548)	(31,009)
Total expenses		(510,076)	(440,830)
Loss before income tax	10	(12,371)	(16,167)
Income tax expense	11	(22,615)	(5,762)
Net loss after income tax		(34,986)	(21,929)
Loss attributable to:			
Unitholders of the Trust		(36,183)	(23,076)
Non-controlling interest		1,197	1,147
		(34,986)	(21,929)
Loss per unit attributable to unitholders of the Trust, expressed in cents per unit			
- basic and diluted	12	(2.84)	(2.35)

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 2012

	2012 $'000	2011 $'000
Net loss after income tax	(34,986)	(21,929)
Other comprehensive (loss)/income:		
Cash flow hedges:		
- Fair value losses	(58,398)	(13,361)
- Transfer to income statement	5,904	6,689
Currency translation differences relating to consolidation of foreign subsidiaries	4,506	144
Other comprehensive loss, net of tax	(47,988)	(6,528)
Total comprehensive loss	(82,974)	(28,457)
Total comprehensive loss attributable to:		
Unitholders of the Trust	(83,940)	(29,797)
Non-controlling interest	966	1,340
	(82,974)	(28,457)

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

BALANCE SHEETS
As at 31 March 2012

	Note	Group 2012 $'000	Group 2011 $'000	Trust 2012 $'000	Trust 2011 $'000
ASSETS					
Current assets					
Cash and bank deposits	13	160,533	159,094	76,062	74,389
Derivative financial instruments	14	–	9,694	–	–
Trade and other receivables	15	64,477	49,802	703	287,019
Finance lease receivables	16	7,763	7,505	–	–
Inventories	17	15,208	13,184	–	–
Other current assets	18	2,438	3,565	68	40
		250,419	242,844	76,833	361,448
Non-current assets					
Derivative financial instruments	14	8,736	77,993	–	–
Finance lease receivables	16	156,100	163,863	–	–
Long-term receivables	19	–	–	230,570	230,570
Other assets		3,434	4,005	–	–
Subsidiary companies	20	–	–	629,652	155,135
Property, plant and equipment	21	1,205,091	1,234,503	–	–
Intangibles	22	416,462	428,063	–	–
		1,789,823	1,908,427	860,222	385,705
Total assets		2,040,242	2,151,271	937,055	747,153
LIABILITIES					
Current liabilities					
Derivative financial instruments	14	6,557	3,065	124	–
Trade and other payables	23	90,302	80,282	1,755	1,689
Current tax liabilities		373	84	153	83
Borrowings	24	9,332	279,182	–	141,931
		106,564	362,613	2,032	143,703
Non-current liabilities					
Derivative financial instruments	14	12,537	13,435	–	–
Borrowings	24	1,343,505	1,287,065	140,506	–
Notes payable to non-controlling interest	25	15,000	15,000	–	–
Deferred tax liabilities	26	24,462	24,700	–	–
Provisions	27	20,245	7,696	–	–
Other payables	28	84,093	83,450	–	–
		1,499,842	1,431,346	140,506	–
Total liabilities		1,606,406	1,793,959	142,538	143,703
NET ASSETS		**433,836**	**357,312**	**794,517**	**603,450**
UNITHOLDERS' FUNDS					
Units in issue	29	886,731	680,245	886,731	680,245
Hedging reserve	30	(109,048)	(56,785)	(124)	–
Translation reserve	31	(11,983)	(16,489)	–	–
Accumulated losses		(341,257)	(259,586)	(92,090)	(76,795)
		424,443	347,385	794,517	603,450
Non-controlling interest		9,393	9,927	–	–
Total unitholders' funds		**433,836**	**357,312**	**794,517**	**603,450**

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 2012

	Note	Units in issue $'000	Hedging reserve (Note 30) $'000	Translation reserve (Note 31) $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total $'000
		← Attributable to Unitholders of the Trust →						
Group								
2012								
Beginning of financial year		680,245	(56,785)	(16,489)	(259,586)	347,385	9,927	357,312
Total comprehensive (loss)/income for the year		–	(52,263)	4,506	(36,183)	(83,940)	966	(82,974)
<u>Contributions by and distributions to owners</u>								
Unit issued	29	210,195	–	–	–	210,195	–	210,195
Unit issue cost		(3,709)	–	–	–	(3,709)	–	(3,709)
Distributions paid	32	–	–	–	(45,488)	(45,488)	(1,500)	(46,988)
Total transactions with owners in their capacity as owners		206,486	–	–	(45,488)	160,998	(1,500)	159,498
End of financial year		886,731	(109,048)	(11,983)	(341,257)	424,443	9,393	433,836
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)
<u>Contributions by and distributions to owners</u>								
Distributions paid	32	–	–	–	(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

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 2012

	Note	Units in issue $'000	Hedging reserve (Note 30) $'000	Accumulated losses $'000	Total $'000
Trust					
2012					
Beginning of financial year		680,245	–	(76,795)	603,450
Total comprehensive (loss)/ income for the year		–	(124)	30,193	30,069
Contributions by and distributions to owners					
Unit issued		210,195	–	–	210,195
Unit issue cost		(3,709)	–	–	(3,709)
Distributions paid	32	–	–	(45,488)	(45,488)
Total transactions with owners in their capacity as owners		206,486	–	(45,488)	160,998
End of financial year		886,731	(124)	(92,090)	794,517
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	32	–	–	(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

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 2012

	Note	2012 $'000	2011 $'000
Operating activities			
Net loss after income tax		(34,986)	(21,929)
Adjustments for:			
- Income tax expense		22,615	5,762
- Depreciation and amortisation		55,621	54,675
- Finance costs		88,592	85,370
- Interest income		(3,265)	(2,900)
- Fair value loss on derivative financial instruments		8,385	7,258
- Property, plant and equipment written off		35	–
- Gain associated with purchase and cancellation of bonds issued by a subsidiary entity		(19,417)	–
- (Gain)/loss on disposal of property, plant and equipment		(27)	39
- Unrealised translation (gain)/loss		(265)	476
Operating cash flows before working capital changes		117,288	128,751
Changes in working capital:			
- Inventories		(2,024)	368
- Trade and other receivables		(5,814)	10,015
- Trade and other payables and provisions		15,277	8,023
Cash generated from operations		124,727	147,157
Interest received		3,532	2,656
Interest paid		(70,467)	(69,156)
Income tax paid		(80)	(1,119)
Net cash generated from operating activities		57,712	79,538
Investing activities			
Purchase of property, plant and equipment		(3,178)	(1,391)
Proceeds from sale of property, plant and equipment		184	17
Net cash used in investing activities		(2,994)	(1,374)
Financing activities			
Decrease/(increase) in restricted cash		19,784	(25,800)
Repayment of borrowings and purchase and cancellation of bonds issued by a subsidiary entity		(207,270)	(9,295)
Net proceeds raised from issue of units		205,107	–
Payment of loan upfront fee		(4,069)	–
Distributions paid to unitholders of the Trust		(45,488)	(41,156)
Distributions paid by subsidiary to non-controlling interest		(1,500)	(1,770)
Net cash used in financing activities		(33,436)	(78,021)
Net increase in cash and cash equivalents		21,282	143
Cash and cash equivalents at beginning of financial year		98,825	98,928
Effects of currency translation on cash and cash equivalents		(39)	(246)
Cash and cash equivalents at end of financial year	13	120,068	98,825

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 31A of Singapore. Under the trust deed, CitySpring Infrastructure Management Pte. Ltd. (the "Trustee-Manager") has declared that it will hold the assets (including businesses) acquired on trust for the unitholders as the Trustee-Manager of CitySpring. The registered address of the Trustee-Manager is at 111 Somerset Road #10-01 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 38.

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 2011 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:

FRS 24 (revised) Related Party Disclosures

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 has determined 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, there was no impact on the financial position or financial performance of the Group when it was implemented from 1 April 2011.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 107 *Disclosure – Transfer of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax – Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2013
FRS 110 *Consolidated Financial Statements*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013
Amendments to FRS 107 *Disclosure – Offsetting of Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRS 32 – *Offsetting of Financial Assets and Financial Liabilities*	1 January 2014

2.3 Standards issued but not yet effective (cont'd)

Except for Amendments to FRS 1 and FRS 113, the Group expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending change in accounting policy on adoption of Amendments to FRS 1 and FRS 113 are described below:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 113 Fair Value Measurements

FRS 113 provides a single source of guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. It does not require fair value measurements in addition to those already required or permitted by other FRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. As this is a disclosure standard, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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 and dividends 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.4 Basis of consolidation and business combinations (cont'd)

(a) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in income statement;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to income statement or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations from 1 April 2010

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 a 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.

2.4 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations (cont'd)*

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.

<u>Business combinations prior to 1 April 2010</u>

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. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been 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 adjustments to the contingent consideration were recognised as part of goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to unitholders 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 unitholders of the Trust.

2.5 Transactions with non-controlling interests (cont'd)

Changes in the Trust unitholders' 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 unitholders of the Trust.

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 are presented in Singapore Dollars, which is the functional and presentation currency of the Trust.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

(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;

2.6 Currency translation (cont'd)

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

(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.

2.7 Property, plant and equipment (cont'd)

(b) *Depreciation*

Freehold land has an unlimited useful life and asset under construction are not yet available for use and therefore 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	3 - 38.67 years
Vehicles	5 years
Computers, furniture, fittings and equipment	1 - 5 years or lease term, whichever is shorter.

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

(c) *Major spares*

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

(d) *Subsequent expenditure*

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

(e) *Disposal*

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

2.8 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.

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.

2.8 Intangible assets (cont'd)

(b) *Customer relationship and customer contracts (cont'd)*

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, recent market transactions are taken into account, if available. If no such transactions can be identified, 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.9 Impairment of non-financial assets (cont'd)

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 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.

2.11 Financial assets (cont'd)

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.

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 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.

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 changes 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

(a) *General*

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 resources embodying economic benefits 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 resources embodying economic benefits 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.

(b) *Decommissioning liabilities*

The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in income statement as a finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

(a) *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 through profit or loss. 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.

(b) *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 effectiveness of changes in the hedging instrument's fair value 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 cash flows 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.

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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 as a liability when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting date.

(c) *Long-term incentive awards*

The senior management team of the subsidiary entities are entitled to receive long-term incentive awards. The vesting period is three years from the date of each award, provided the eligible participant remains under the employment at the date of vesting. The amount of the incentive awards vested will depend on the performance of the total unitholders return of the Trust.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) When the Group is the lessee:

Operating leases

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

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

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

(b) When the Group is the lessor:

Finance leases

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

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

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 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable 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.

2.22 Taxes (cont'd)

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

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 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.

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.

2.22 Taxes (cont'd)

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

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 taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in income statement.

(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 related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Trust if that person:

  (i) Has control or joint control over the Trust;

  (ii) Has significant influence over the Trust; or

  (iii) Is a member of the key management personnel of the Group or Trust or of a parent of the Trust.

(b) An entity is related to the Group and the Trust if any of the following conditions applies:

  (i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Trust or an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

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

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

(a) *Fair value of financial instruments*

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

The Trustee-Manager exercises judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Also, judgment may be applied in estimating prices for less readily observable external parameters. For sensitivity analysis on interest rate risk, see Note 36(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 36(h) to the financial statements.

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

(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 2012 was $287 million (31 March 2011: $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.

(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 $35 million for the financial year ended 31 March 2012 (2011: net loss of $22 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 $1,205 million (2011: $1,235 million), customer contracts of $98 million (2011: $103 million) and customer relationship of $32 million (2011: $38 million) as of 31 March 2012. No impairment were considered necessary for financial years ended 31 March 2012 and 31 March 2011.

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

(f) *Deferred tax assets*

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

As at 31 March 2012, the Group recognised deferred tax asset amounting to $16 million (2011: $46 million) based on the tax losses and future deductible amounts allowable under overseas tax regime of subsidiaries. If the tax authority regards the entities as not satisfying the requirements, the deferred tax asset will have to be written off against income tax expense.

4. Revenue

	Group	
	2012	**2011**
	$'000	**$'000**
Sale of goods	349,685	304,692
Service income	124,563	113,829
Finance lease income	5,677	5,958
Management fee income	1,482	–
	481,407	424,479

5. Other income

	Group	
	2012	**2011**
	$'000	**$'000**
Interest income	3,265	2,900
Property tax refund in respect of prior years	–	3,034
Other miscellaneous income	1,206	973
	4,471	6,907

6. Other gains/(losses) - net

	Group	
	2012	2011
	$'000	$'000
Fair value loss on derivative financial instruments	(8,385)	(7,258)
Exchange differences	746	511
Realised (loss)/gain on derivative financial instruments	(103)	63
Gain associated with purchase and cancellation of bonds issued by a subsidiary entity	19,417	–
Others	152	(39)
	11,827	(6,723)

7. Staff costs

	Group	
	2012	2011
	$'000	$'000
Salaries and wages	19,033	16,056
Employer's contribution to defined contribution plans including Central Provident Fund	2,069	1,704
Other short-term benefits	1,674	1,612
Less: Government grant - Jobs Credit Scheme	–	(47)
	22,776	19,325

The Jobs Credit Scheme was a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive would depend on the fulfilment of the conditions as stated in the Scheme. The Scheme has ceased with the final payment made to eligible employers in calendar year 2010.

8. Finance costs

		Group	
	Note	2012	2011
		$'000	$'000
Interest expense			
- Bank borrowings		78,187	74,180
- Notes payable to non-controlling interest		978	975
Amortisation of discount on:			
- Provision for decommissioning costs	27	432	390
- Interest-free customer deposits		1,311	1,186
Cash flow hedges, transfer from hedging reserve	30	7,408	8,465
Others		276	174
		88,592	85,370

9. Management fees

	Group	
	2012	2011
	$'000	$'000
Base fee	5,453	5,638

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 2012, $1,548,564 (2011: $1,389,780) of management fees were payable to the Trustee-Manager.

No performance fee is payable for the financial years ended 31 March 2012 and 31 March 2011. During the financial year, CitySpring Accumulated Return Index was lower by 24.0% (2011: lower by 7.0%) whilst the MSCI index was higher by 7.2% (2011: lower by 7.6%). The accumulated deficit for the purposes of calculating performance fee increased from $292.6 million at 31 March 2011 to $424.8 million at 31 March 2012. 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 2012 $'000	Group 2011 $'000
Audit fees paid to:		
- Auditors of the Trust	201	238
- Other auditors	465	550
Non-audit fees paid to:		
- Auditors of the Trust	197	57
- Other auditors	411	352
Total audit and non-audit fees	1,274	1,197
Allowance for impairment of trade receivables	335	290
Operating lease expense	992	915
Property, plant and equipment written off	35	–
(Gain)/loss on disposal of property, plant and equipment	(27)	39

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2012 and 2011 are:

	Group 2012 $'000	Group 2011 $'000
Income tax is made up of:		
Current income tax expense		
- Current income taxation	370	84
- Over provision in respect of previous year	(1)	(1)
	369	83
Deferred income tax expense	22,246	5,679
Income tax expense recognised in income statement	22,615	5,762

11. Income tax expense (cont'd)

Relationship between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2012 and 2011 are as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
Loss before income tax	(12,371)	(16,167)
Tax calculated at a tax rate of 17%	(2,103)	(2,748)
Effect of:		
- Different tax rates in other countries	(3,891)	(6,084)
- Expenses not deductible for tax purposes	2,118	1,801
- Income not subject to tax	(4,862)	(4,795)
- Deferred tax assets not recognised	1,837	11,679
- Derecognition of previously recognised tax losses	46,008	7,576
- Recognition of future deductible amounts allowable under overseas tax regime	(15,720)	–
- Others	(772)	(1,667)
	22,615	5,762

12. Loss per unit

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

	Group	
	2012	**2011**
Loss for the financial year attributable to unitholders of the Trust ($'000)	(36,183)	(23,076)
Weighted average number of units during the financial year	1,275,918,366	979,931,008
Basic and diluted loss per unit (in cents per unit)	(2.84)	(2.35)

Diluted loss 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	
	2012	2011
	$'000	$'000
Cash and bank deposits	160,533	159,094
Less: Restricted cash	(40,465)	(60,269)
Cash and cash equivalents per consolidated cash flow statement	120,068	98,825

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 $76,062,000 (2011: $74,389,000) is restricted cash of $5,062,000 (2011: $26,614,000). The restricted cash as at 31 March 2011 included an escrow amount of A$20,000,000 (S$26,104,000) which the Trust had placed with a bank for the benefit of the Basslink Group. The escrow account was released in September 2011. The balance amount of the restricted cash was 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 cash requirement of the Group and the Trust. The weighted average effective interest rate as at 31 March 2012 for the Group and Trust were 2.03% (2011: 1.82%) and 1.44% (2011: 0.91%) respectively.

14. Derivative financial instruments

	Group			Trust		
	Contract notional amount $'000	Asset $'000	Liability $'000	Contract notional amount $'000	Asset $'000	Liability $'000
2012						
Cash flow hedges						
- Interest rate swaps	858,741	8,736	16,131	71,000	–	124
Held for trading						
- Interest rate swaps	172,375	–	2,963	–	–	–
		8,736	19,094		–	124
Less: Current portion		–	(6,557)		–	(124)
Non-Current portion		8,736	12,537		–	–
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		–	–

The Group has entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Group and Trust

Interest rate swaps

Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings with maturities ranging from Year 2014 to Year 2024. The interest rate swaps entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to the income statement when the finance cost on the borrowings is recognised in the income statement. The fair value gain or loss on the portion not designated for hedging is recognised in the income statement. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is FY2013 to FY2031.

15. Trade and other receivables

	Group		Trust	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties	57,659	49,154	–	–
- Related parties	63	–	–	–
Less: Allowance for impairment loss	(977)	(1,362)	–	–
Trade receivables - net	56,745	47,792	–	–
Interest receivable	91	358	11	68
Other receivables	7,640	1,652	123	144
Amount due from subsidiaries (non-trade)	–	–	568	286,807
Amount due from Trustee-Manager (non-trade)	1	–	1	–
	64,477	49,802	703	287,019

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.

Amounts due from subsidiaries and Trustee-Manager

The non-trade amounts due from subsidiaries and Trustee-Manager 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	
	2012	2011
	$'000	$'000
Minimum finance lease receivable:		
Not later than one year	13,146	13,182
Later than one year but not later than five years	52,622	52,622
Later than five years	114,601	127,748
Total minimum lease receivable	180,369	193,552
Less: Future finance income	(42,768)	(48,446)
Present value of minimum lease receivable	137,601	145,106
Unguaranteed residual value	26,262	26,262
Net investment in finance lease	163,863	171,368
Less: Present value of finance lease receivable not later than one year	(7,763)	(7,505)
Non-current financial lease receivable	156,100	163,863

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

Not later than one year	7,763	7,505
Later than one year but not later than five years	34,247	32,958
Later than five years	95,591	104,643
Present value of minimum lease receivable	137,601	145,106

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

A subsidiary of the Group had 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 had a remaining term of approximately 18 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	
	2012	**2011**
	$'000	**$'000**
Pipes and fittings	115	84
Fuel	7,789	6,732
Spare parts and accessories	7,304	6,368
	15,208	13,184

The cost of inventories recognised as an expense and included in fuel and electricity costs and operation and maintenance costs amounted to $8,297,000 (2011: $5,471,000).

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

18. Other current assets

	Group		Trust	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	253	255	–	–
Prepayments	2,185	3,310	68	40
	2,438	3,565	68	40

19. Long-term receivables

	Trust	
	2012	**2011**
	$'000	**$'000**
Notes issued by subsidiaries	230,570	230,570

These notes which were 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.

20. Subsidiary companies

	Trust	
	2012	**2011**
	$'000	**$'000**
Investments, at cost	155,635	155,135
Advances to subsidiary company	474,017	–
	629,652	155,135

Details of subsidiaries are included in Note 38.

Advances to subsidiary company are quasi-equity loans which represent an extension of investment in the subsidiary company. It is unsecured and interest free. Settlements are neither planned nor likely to occur in the foreseeable future.

21. Property, plant and equipment

Group	Freehold land $'000	Leasehold land $'000	Easements $'000	Buildings $'000	Plant and machinery $'000	Vehicles $'000	Computers, furniture, fittings and equipment $'000	Asset under construction $'000	Total $'000
Cost:									
At 1 April 2010	1,832	3,000	2,122	7,870	1,354,712	903	5,769	–	1,376,208
Additions [1]	–	–	–	–	1,158	395	285	396	2,234
Written off	–	–	–	–	–	–	3	–	3
Disposal	–	–	–	–	(38)	(104)	(63)	–	(205)
Currency translation differences	32	–	35	–	21,025	8	17	15	21,132
At 31 March 2011 and 1 April 2011	1,864	3,000	2,157	7,870	1,376,857	1,202	6,011	411	1,399,372
Additions [1]	–	–	–	–	12,458	457	906	1,822	15,643
Written off	–	–	–	–	(115)	–	(18)	–	(133)
Disposal	–	–	–	–	(18)	(299)	(80)	–	(397)
Currency translation differences	(2)	–	(2)	–	(1,048)	–	(2)	(7)	(1,061)
At 31 March 2012	1,862	3,000	2,155	7,870	1,388,134	1,360	6,817	2,226	1,413,424

[1] During the year, the Group acquired property, plant and equipment with an aggregate cost of $15,643,000 (2011: $2,234,000) of which $11,864,000 (2011:Nil) relates to provision for decommissioning costs (Note 27), $3,178,000 (2011: $1,391,000) was settled by cash and $601,000 (2011: 843,000) was unpaid as at year end.

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

Group	Freehold land $'000	Leasehold land $'000	Easements $'000	Buildings $'000	Plant and machinery $'000	Vehicles $'000	Computers, furniture, fittings and equipment $'000	Asset under construction $'000	Total $'000
Accumulated depreciation:									
At 1 April 2010	–	504	140	1,259	112,360	668	4,125	–	119,056
Depreciation charge	–	160	54	402	41,599	137	811	–	43,163
Written off	–	–	–	–	–	–	3	–	3
Disposal	–	–	–	–	(1)	(85)	(63)	–	(149)
Currency translation differences	–	–	5	–	2,768	6	17	–	2,796
At 31 March 2011 and 1 April 2011	–	664	199	1,661	156,726	726	4,893	–	164,869
Depreciation charge	–	161	55	402	42,462	159	813	–	44,052
Written off	–	–	–	–	(81)	–	(17)	–	(98)
Disposal	–	–	–	–	(7)	(157)	(76)	–	(240)
Currency translation differences	–	–	–	–	(249)	–	(1)	–	(250)
At 31 March 2012	–	825	254	2,063	198,851	728	5,612	–	208,333
Net carrying amount:									
At 31 March 2011	1,864	2,336	1,958	6,209	1,220,131	476	1,118	411	1,234,503
At 31 March 2012	1,862	2,175	1,901	5,807	1,189,283	632	1,205	2,226	1,205,091

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

22. Intangibles

	Group	
	2012	2011
	$'000	$'000
Goodwill arising on consolidation	287,001	287,001
Customer contracts	97,767	102,858
Customer relationship	31,694	38,204
	129,461	141,062
	416,462	428,063

	Goodwill	Customer contracts	Customer relationship	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 April 2010	287,001	122,224	65,100	474,325
Currency translation differences	–	879	–	879
At 31 March 2011 and 1 April 2011	287,001	123,103	65,100	475,204
Currency translation differences	–	(42)	–	(42)
At 31 March 2012	287,001	123,061	65,100	475,162
Accumulated amortisation:				
At 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 and 1 April 2011	–	20,245	26,896	47,141
Amortisation	–	5,059	6,510	11,569
Currency translation differences	–	(10)	–	(10)
At 31 March 2012	–	25,294	33,406	58,700
Net carrying amount:				
At 31 March 2011	287,001	102,858	38,204	428,063
At 31 March 2012	287,001	97,767	31,694	416,462

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 (2011: $287 million). The recoverable amount as at 31 March 2012 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 it 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% (2011: 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 2012 and 31 March 2011.

(b) *Customer contracts and customer relationship*

The intangible assets recognised on customer contracts were in relation to contractual agreements that two of the subsidiaries have with their sole customer. These have remaining amortisation period of 13.83 to 34.17 years (2011: 14.83 to 35.17 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 5 years (2011: 6 years).

23. Trade and other payables

		Group		Trust	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade payables:					
- Third parties		10,316	8,378	–	–
- Related parties		2,420	3,240	–	–
Other payables:					
- Third parties		6,704	2,702	70	211
- Trustee-Manager		1,614	1,441	1,583	1,412
Accruals:					
- Property, plant and equipment		601	843	–	–
- Operating expenses		5,116	3,962	76	44
Accrued purchases		19,022	19,487	–	–
Interest payable		5,346	5,775	26	22
Deferred income	28(b)	1,306	1,233	–	–
Advance payments received		6,106	5,521	–	–
Deposits received		31,751	27,700	–	–
		90,302	80,282	1,755	1,689

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

24. Borrowings

	Group		Trust	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current	9,332	279,182	–	141,931
Non-current	1,343,505	1,287,065	140,506	–
	1,352,837	1,566,247	140,506	141,931
<u>Analysed as follows:</u>				
Bank borrowings				
- Current	9,332	279,182	–	141,931
- Non-current	376,711	119,199	140,506	–
	386,043	398,381	140,506	141,931
Bonds – Non-current	966,794	1,167,866	–	–
	1,352,837	1,566,247	140,506	141,931

(a) The CitySpring corporate loan is secured over the assets and business undertakings of the Trust (except for those 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 Investment Pte Ltd ("CityLink"), City Gas Trust and City Gas Pte. Ltd. CityLink has provided a corporate guarantee for the loan. The corporate loan was refinanced in June 2011 and its maturity extended to August 2014.

Under this facility agreement:

(i) if Temasek Holdings (Private) Limited ("Temasek") ceases to own, free from encumbrances, all the issued shares in CitySpring Infrastructure Management Pte Ltd; or

(ii) the Trustee-Manager resigns or is removed as Trustee-Manager of CitySpring,

any lender under this facility agreement may require the borrower to repay that lender's share of the loan outstanding together with interest and other amounts accrued thereon.

(b) The bank loans obtained by City Gas Trust are secured by a first ranking charge over its assets and business undertakings.

Under this facility agreement, if more than half of the directors of the borrower are not those appointed or re-elected as at the conclusion of the annual general meeting of the borrower immediately before the date on which Temasek first ceases to own at least 20% of the issued share capital of the Trustee-Manager, unless the majority lenders under this facility agreement consent, all outstanding amounts under the facility must be repaid together with interest and other amounts accrued thereon.

The City Gas loan was refinanced in February 2012 and its maturity extended to February 2014.

24. Borrowings (cont'd)

(c) The repayment of the CitySpring and City Gas credit facilities upon the occurrence of a change in control of CitySpring or the Trustee-Manager could also cause a default under other credit facilities of CitySpring and its subsidiaries, even if the change in control itself does not, as the financial effect of such repayment could constitute a material adverse effect affecting CitySpring and its subsidiaries, taken as a whole.

(d) The Trustee-Manager has entered into various interest rate swaps to hedge the exposure of CitySpring and its subsidiaries to interest rate volatilities under the various facility agreements to which they are a party.

If the underlying CitySpring and City Gas facility agreement to which an interest rate hedge relates is terminated by reason of the occurrence of a change in control of CitySpring or the Trustee-Manager as described above, the relevant interest rate hedge may also be terminated. In such a case, amounts payable under the relevant interest rate hedge will be netted off and payable to the relevant party to whom such net amount is owed.

(e) The bank loans obtained by SingSpring Trust are secured by a first ranking charge over its 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 Trustee-Manager and the non-controlling interest and a charge over the shares held by Trustee-Manager in SingSpring Pte. Ltd.

(f) 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.

During the year, the Group purchased and cancelled capital indexed bonds of principal A$170 million (S$199 million) (including inflation accretion since issuance in 2007), maturing in 2017.

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

All borrowings obtained (except for the capital indexed bonds) are at variable interest rates. Included in these borrowings are capital indexed bonds whose principal of A$230 million (2011: A$380 million) which is equivalent to $300 million (2011: $496 million), which 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 $2,040 million (2011: $2,151 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 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 taxes relates to the same fiscal authority.

	Group	
	2012	**2011**
	$'000	**$'000**
Movement in deferred tax account is as follows:		
Beginning of financial year	24,700	21,928
Charged/(credited) to		
- income statement	22,246	5,679
- equity	(22,484)	(2,907)
End of the financial year	24,462	24,700

26. Deferred tax liabilities (cont'd)

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

Deferred tax liabilities

	Accelerated tax depreciation	Fair value of intangible assets	Derivative financial instruments	Others	Total
	$'000	$'000	$'000	$'000	$'000
2012					
Beginning of financial year	14,926	30,397	26,306	5,260	76,889
Currency translation differences	(6)	(10)	85	(10)	59
(Credited)/charged to					
- income statement	(1,278)	(2,150)	(1,624)	3,722	(1,330)
- equity	–	–	(22,146)	–	(22,146)
End of financial year	13,642	28,237	2,621	8,972	53,472
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

26. Deferred tax liabilities (cont'd)

Deferred tax assets

	Tax losses	Allowances against assets	Derivative financial instruments	Future deductible amounts under overseas tax regime	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2012						
Beginning of financial year	(45,966)	(78)	(2,805)	–	(3,340)	(52,189)
Currency translation differences	(97)	–	8	–	30	(59)
Charged/(credited) to						
- income statement	46,063	–	(893)	(15,720)	(5,874)	23,576
- equity	–	–	(338)	–	–	(338)
End of financial year	–	(78)	(4,028)	(15,720)	(9,184)	(29,010)
Net deferred tax liabilities						24,462
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

The Group has tax losses of $314,429,000 (2011: $121,477,000) (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 tax losses in their respective countries of incorporation. In addition, the Group also has $125,672,000 (2011:Nil) of future deductible amounts allowable under overseas tax regime. No deferred tax asset is recognised for these amounts due to uncertainty of its recoverability.

27. Provisions

	Group	
	2012	2011
	$'000	$'000
Provision for decommissioning costs	19,455	7,166
Provision for long-term incentive awards	790	530
	20,245	7,696

Movements in the provision are as follows:

		Group	
	Note	Decommissioning costs	Long-term incentive awards
		$'000	$'000
Beginning of financial year		7,166	530
Currency translation differences		(7)	–
Additions	21	11,864	260
Amortisation of discount	8	432	–
End of financial year		19,455	790

(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.

During the financial year, the Group conducted a review on the decommissioning costs. The Group revised the expected cost to decommission the plant and machinery from the sites of a subsidiary entity and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate. The effect of the revision on depreciation charge and finance costs are as follows:

	2013	2014	Later
	$'000	$'000	$'000
Increase in depreciation charge	348	348	11,168
Increase in finance costs	503	523	32,042
Total	851	871	43,210

27. Provisions (cont'd)

(b) Provision for long-term incentive awards

The senior management team of the subsidiary entities are entitled to receive long-term incentive awards. The vesting period is three years from the date of each award, provided the eligible participant remains under the employment at the date of vesting. The amount of the incentive awards vested will depend on the performance of the total unitholders return of the Trust.

28. Other payables

	Group	
	2012	**2011**
	$'000	**$'000**
Accrual for debt transaction costs	9,554	13,963
Other payable	23,063	21,775
Deferred income	40,840	42,252
Advance payments received	10,636	5,460
	84,093	83,450

(a) 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.

(b) Other payable and deferred income

A customer placed a A$50 million deposit equivalent to $65.2 million (2011: $65.3 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.

29. Units in issue

	Group and Trust	
	2012	2011
	Units	Units
Beginning of financial year	979,931,008	979,931,008
Units issued pursuant to a rights issue during the financial year	538,962,054	–
End of financial year	1,518,893,062	979,931,008

All issued units are fully paid and rank pari passu in all respects. The issued units have no par value.

30. Hedging reserve

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

		Group		Trust	
	Note	2012	2011	2012	2011
		$'000	$'000	$'000	$'000
Beginning of financial year		(56,785)	(49,920)	–	–
Fair value loss		(82,386)	(18,044)	(159)	–
Tax on fair value loss		23,988	4,683	–	–
		(58,398)	(13,361)	(159)	–
Reclassification to income statement					
Finance cost	8	7,408	8,465	35	–
Tax on transfers		(1,504)	(1,776)	–	–
		5,904	6,689	35	–
Non-controlling interest (net of tax)		231	(193)	–	–
		(109,048)	(56,785)	(124)	–

31. 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.

32. Distributions paid to the unitholders of the Trust

Tax exempt distributions paid are as follows:

	Group and Trust	
	2012	2011
	$'000	$'000
For the period from 1 January to 31 March		
- 1.05 cents per unit (2011: 1.05 cents per unit)	10,289	10,289
For the period from 1 April to 30 June		
- 1.05 cents per unit (2011: 1.05 cents per unit)	10,289	10,289
For the period from 1 July to 30 September		
- 0.82* cents per unit (2011: 1.05 cents per unit)	12,455	10,289
For the period from 1 October to 31 December		
- 0.82* cents per unit (2011: 1.05 cents per unit)	12,455	10,289
	45,488	41,156

For the period from 1 January 2012 to 31 March 2012, the Trustee-Manager of the Trust declared a distribution per unit of 0.82* Singapore cents totalling $12,454,923 (2011: 1.05 Singapore cents totalling $10,289,275) to the unitholders of the Trust, payable on 25 May 2012. 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 2013.

* *Post rights issue*

33. 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 2012 amounted to $992,000 (2011: $915,000). 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	
	2012	2011
	$'000	$'000
Not later than one year	865	931
Later than one year but not later than five years	784	963
	1,649	1,894

33. Commitments and contingencies (cont'd)

(b) Capital commitments

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

	Group	
	2012	**2011**
	$'000	**$'000**
Property, plant and equipment	179	1,988

(c) Commercial risk sharing mechanism

Basslink Pty Ltd ("Basslink") and Hydro Tasmania ("HT") are in discussions with regard to the interpretation of the Commercial Risk Sharing Mechanism ("CRSM") provisions in the Basslink Services Agreement ("BSA"), and how they relate to certain events which occurred in early 2009. The outcome of the discussions may have an impact on the CRSM calculations for calendar year 2009 and beyond. Based on HT's purported interpretation of these terms relating to the specific events, 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 Basslink and HT to enter into arbitration. As announced on 20 September 2010, Basslink received a dispute notice on 17 September 2010 in relation to the CRSM matters in dispute and other alleged breaches of the BSA. Consequently, the dispute resolution procedures under the BSA had been activated.

Basslink and HT had entered into a standstill agreement on 10 February 2011, which provides a standstill period in which both parties are to further negotiate in good faith a final settlement on the CRSM-related matters underlying the dispute. This standstill agreement has lapsed, however both parties are currently in discussion. There is no assurance that a final settlement will be reached. If the discussions do not resolve the dispute then the dispute resolution process would require the parties to refer the matter to arbitration.

The Group has taken legal advice on these issues. No provision for any liabilities against Basslink arising from these discussions has been made in the financial statements.

34. Related party transactions

(a) *Sale and purchase of goods and services*

The following significant transactions between the Group and the related parties took place at terms agreed between the parties during the financial year:

	Note	Group 2012 $'000	Group 2011 $'000
Sale of goods and services	(i)	(2,623)	(1,238)
Purchases of goods and services	(i)	273,763	220,445
Operating lease expense	(i)	783	707
Legal fees	(ii)	712	154
Consultancy fees	(iii)	–	34
Professional fees	(iv)	312	312
Management fees	(v)	5,453	5,638

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholder of the Trust.

(ii) This was 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). The legal fees incurred for the financial year ended 31 March 2012 were mainly for service rendered in connection with the Trust's rights issue which was completed in September 2011 and for general legal advices.

(iii) This was paid to a firm in which a director of the Trustee-Manager is a member.

(iv) This was paid to Trustee-Manager for provision of accounting and corporate services.

(v) 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 fee structure for these services is stated in Note 9.

(b) *Compensation of key management personnel*

Key management of the Group are also executive officers of the Trustee-Manager and the subsidiary entities. The compensation paid or payable to key management for employee services is show below:

	2012 $'000	2011 $'000
Wages and salaries	2,881	2,906
Employer's contribution to defined contribution plans including Central Provident Fund	82	73
Other benefits	78	119
	3,041	3,098

35. 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, asset management and business development.

The segment information relating to the measure of revenue and performance provided to the senior management for the reportable segments for the financial year ended 31 March 2012 is as follows:

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2012					
Revenue	354,910	38,471	86,544	1,482	481,407
Cash earnings (1)	31,667	17,869	19,918	(10,812)	58,642
Other segment items:					
Depreciation and amortisation	14,986	3,648	36,987	–	55,621
Fair value loss on derivative financial instruments	–	–	8,385	–	8,385
Finance costs (2)	4,038	6,865	74,120	3,569	88,592

35. Segment information (cont'd)

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

	2012 $'000
Cash earnings	58,642
Depreciation and amortisation	(55,621)
Cash flow adjustments [3]	(12,924)
Non-cash adjustments [4]	(18,053)
Fair value loss on derivative financial instruments	(8,385)
Payment of loan upfront fees	4,069
Unit issue expense	(1,417)
Gain associated with purchase and cancellation of bonds issued by a subsidiary entity	19,417
Maintenance capital expenditure	1,901
Loss before tax	(12,371)
Income tax expense	(22,615)
Net loss after tax	(34,986)

(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 receivables and upfront fees received.*

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

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
Segment and consolidated total assets	451,987	230,774	1,279,261	78,220	2,040,242
Segment liabilities	192,327	136,140	1,095,546	157,558	1,581,571
Unallocated liabilities:					
Current tax liabilities					373
Deferred tax liabilities					24,462
Consolidated total liabilities					1,606,406
Other segment items					
Capital expenditure					
- property, plant and equipment	1,115	–	14,528	–	15,643

35. Segment information (cont'd)

	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 (2)	4,248	7,487	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)

35. 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 tax liabilities					24,700
Consolidated total liabilities					1,793,959
Other segment items					
Capital expenditure					
- property, plant and equipment	1,119	–	1,115	–	2,234

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*	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Singapore	394,863	346,892	416,156	433,802
Australia	86,544	77,587	1,205,397	1,228,764
	481,407	424,479	1,621,553	1,662,566

* *Comprise property, plant and equipment and intangible assets.*

Revenue from Water segment of $38,471,000 (2011: $38,700,000) was derived from its only customer. For Electricity segment, revenue from its major customers were $79,659,000 (2011: $72,638,000). See note 36(b) for further details.

36. 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 ("USD"). 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 translate the AUD foreign currency into SGD based on a band approved by the Finance and Investment Board Committee annually.

36. 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
2012					
Financial assets					
Cash and bank deposits	98,866	61,217	450	–	160,533
Trade and other receivables	50,001	13,247	1,229	–	64,477
Finance lease receivables	163,863	–	–	–	163,863
Derivative financial instruments	–	8,736	–	–	8,736
Other financial assets	148	130	–	–	278
	312,878	83,330	1,679	–	397,887
Financial liabilities					
Trade and other payables	51,685	15,220	14,246	1,739	82,890
Borrowings	386,043	966,794	–	–	1,352,837
Derivative financial instruments	12,917	6,177	–	–	19,094
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Other financial liabilities	–	32,618	–	–	32,618
	465,645	1,020,809	14,246	1,739	1,502,439
Net financial liabilities	(152,767)	(937,479)	(12,567)	(1,739)	(1,104,552)
Less: Net financial liabilities denominated in the respective entities functional currencies	152,767	951,787	–	–	1,104,554
Currency exposure on financial assets and liabilities	–	14,308	(12,567)	(1,739)	2

36. Financial risk management (cont'd)

(a) *Market risk (cont'd)*

	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	48,959	11,424	11,970	1,175	73,528
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
	478,840	1,215,028	11,970	1,175	1,707,013
Net financial liabilities	(179,498)	(1,047,166)	(10,950)	(1,175)	(1,238,789)
Less: Net financial liabilities denominated in the respective entities functional currencies	179,498	1,078,650	–	–	1,258,148
Currency exposure on financial assets and liabilities	–	31,484	(10,950)	(1,175)	19,359

36. Financial risk management (cont'd)

(a) Market risk (cont'd)

Sensitivity analysis

A 5% (2011: 5%) strengthening of SGD against the following currencies at the reporting date would have the impact as shown below. A 5% (2011: 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.

	Strengthening of SGD against the following currencies			
	Increase/(decrease)		Increase/(decrease)	
	Loss after tax 2012 $'000	Equity 2012 $'000	Loss after tax 2011 $'000	Equity 2011 $'000
Group				
USD	(34)*	–	(10)*	–
AUD	594	–	1,307	–
Others	(72)	–	(49)	–

* *The impact is calculated based on the net exposure after considering the liability that is passed through*

(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, the 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. Sales of direct natural gas are pegged to the underlying fuel costs.

(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.

36. 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 after tax as a result of higher/lower finance cost or fair value changes to derivative financial instruments.

<u>Sensitivity analysis</u>

	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
2012				
Cash and bank deposits	(683)	–	683	–
Borrowings at floating interest rate	685	–	(685)	–
Interest rate swaps accounted for under cash flow hedge	–	40,786	–	(37,798)
Interest rate swaps accounted for as held for trading	(4,486)	–	4,328	–

	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	–

36. 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 $866,000 (2011: $870,000). 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 $866,000 (2011: $870,000).

(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 business segment, there is a significant concentration of credit risk to its only customer for the duration of the service contract entered into. The customer is a Singapore Government agency. For the Electricity business segment, the major customers are wholly-owned entities 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.

The credit risk for trade receivables was as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
By geographical areas		
Singapore	47,922	38,681
Australia	8,823	9,111
	56,745	47,792

36. 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.

Financial assets that are past due but not impaired

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

	Group	
	2012	**2011**
	$'000	**$'000**
Past due but not impaired		
Past due 0 to 3 months	6,935	6,385
Past due 3 to 6 months	193	155
Past due over 6 months	335	357
	7,463	6,897

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	
	2012	**2011**
	$'000	**$'000**
Beginning of financial year	1,362	1,915
Allowance made	335	290
Allowance utilised	(720)	(843)
End of financial year	977	1,362

The allowance for impairment losses of $335,000 (2011: $290,000) 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 $31,751,000 as at 31 March 2012 (2011: $27,700,000), which can be used to offset the impaired receivables when the circumstances warrant.

36. 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	Between 2 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
2012				
Group				
Borrowings	57,564	1,086,758	509,618	1,653,940
Notes payable to non-controlling interest	1,218	3,900	22,800	27,918
Trade and other payables	78,404	–	–	78,404
Other financial liabilities	2,408	7,176	67,301	76,885
Interest rate swaps - net settled	5,988	7,830	1,490	15,308
	145,582	1,105,664	601,209	1,852,455
Trust				
Borrowings	3,075	147,889	–	150,964
Trade and other payables	1,729	–	–	1,729
Interest rate swaps - net settled	145	–	–	145
	4,949	147,889	–	152,838
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	68,117	–	–	68,117
Other financial liabilities	2,925	10,953	68,891	82,769
Interest rate swaps - net settled	9,432	7,559	–	16,991
	418,197	911,319	907,118	2,236,634
Trust				
Borrowings	143,099	–	–	143,099
Trade and other payables	1,667	–	–	1,667
	144,766	–	–	144,766

36. 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 2012, the Group maintains the following undrawn lines of credit:

– A$31 million working capital facility (2011: A$31 million); and
– S$14 million working capital facility (2011: 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.

In November 2010, Standard & Poor's ("S&P") placed the bonds' issued by Basslink Group in relation to the acquisition of the interconnector with BBB- rating on CreditWatch with negative implications. In February 2011, S&P removed the CreditWatch and affirmed the bonds' rating at BBB- with a negative outlook after CitySpring placed A$20 million in escrow for the benefit of Basslink. The Group carried out a rights issue which was completed in September 2011 and raised proceeds of $205.1 million. As announced on 30 September 2011, Basslink utilised part of the rights proceeds and bought back and cancelled the 2017 Bonds with total principal amount of A$170 million (including inflation accretion since issuance in 2007 and interest accrued to 30 September 2011) at a total purchase price of A$155.4 million (equivalent to $201.3 million). On 11 October 2011, S&P affirmed the bonds' rating at BBB- and revised the bonds' outlook to stable from negative. The A$20 million escrow account for the benefit of Basslink has also been cancelled.

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.

36. Financial risk management (cont'd)

(d) Capital management (cont'd)

	Group		Trust	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Net borrowings	1,208,761	1,426,642	66,273	67,946
Total assets	2,040,242	2,151,271	937,055	747,153
Ratio	59%	66%	7%	9%

There are no externally imposed capital requirements for the financial years ended 31 March 2012 and 31 March 2011.

(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 2012 and 31 March 2011 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 2012.

36. Financial risk management (cont'd)

(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 receivables (Note 16), long-term receivables (Note 19), borrowings (Note 24) and notes payable to non-controlling interest (Note 25)

The carrying value less allowance for impairment 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.

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

Advances to subsidiary company (Note 20)

These advances are unsecured and non-interest bearing. They have no fixed repayment terms and are repayable only when their cash flow permits. Accordingly, fair value is not determinable as the timing of the future cash flows arising from the advances cannot be estimated reliably.

(h) Classification of financial instruments

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

	Loans and receivables $'000	Derivatives used for hedging $'000	Non-financial assets $'000	Total $'000
2012				
Group				
Assets				
Current				
Cash and bank deposits	160,533	–	–	160,533
Trade and other receivables	64,477	–	–	64,477
Finance lease receivables	7,763	–	–	7,763
Inventories	–	–	15,208	15,208
Deposits	253	–	–	253
Prepayments	–	–	2,185	2,185
Non-current				
Derivative financial instruments	–	8,736	–	8,736
Finance lease receivables	156,100	–	–	156,100
Other assets	25	–	3,409	3,434
Property, plant and equipment	–	–	1,205,091	1,205,091
Intangibles	–	–	416,462	416,462
	389,151	8,736	1,642,355	2,040,242

36. Financial risk management (cont'd)

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

	Liabilities at amortised cost	Derivatives used for hedging	Fair value through profit or loss	Non-financial liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2012					
Group					
Liabilities					
Current					
Derivative financial instruments	–	3,594	2,963	–	6,557
Trade and other payables	82,890	–	–	7,412	90,302
Current tax liabilities	–	–	–	373	373
Borrowings	9,332	–	–	–	9,332
Non-current					
Derivative financial instruments	–	12,537	–	–	12,537
Borrowings	1,343,505	–	–	–	1,343,505
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Deferred tax liabilities	–	–	–	24,462	24,462
Provisions	–	–	–	20,245	20,245
Other payables	32,617	–	–	51,476	84,093
	1,483,344	16,131	2,963	103,968	1,606,406

	Loans and receivables	Non-financial assets	Total
	$'000	$'000	$'000
2012			
Trust			
Assets			
Current			
Cash and bank deposits	76,062	–	76,062
Trade and other receivables	703	–	703
Prepayments	–	68	68
Non-current			
Long-term receivables	230,570	–	230,570
Subsidiary companies	474,017	155,635	629,652
	781,352	155,703	937,055

36. Financial risk management (cont'd)

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

	Liabilities at amortised cost $'000	Derivatives used for hedging $'000	Non-financial liabilities $'000	Total $'000
2012				
Trust				
Liabilities				
Current				
Derivative financial instruments	–	124	–	124
Trade and other payables	1,755	–	–	1,755
Current tax liabilities	–	–	153	153
Non-current				
Borrowings	140,506	–	–	140,506
	142,261	124	153	142,538

	Loans and receivables $'000	Derivatives used for hedging $'000	Fair value through profit or loss $'000	Non-financial assets $'000	Total $'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
Prepayments	–	–	–	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

36. Financial risk management (cont'd)

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

	Liabilities at amortised cost $'000	Derivatives used for hedging $'000	Non-financial liabilities $'000	Total $'000
2011				
Group				
Liabilities				
Current				
Derivative financial instruments	–	3,065	–	3,065
Trade and other payables	73,528	–	6,754	80,282
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
Provisions	–	–	7,696	7,696
Other payables	35,738	–	47,712	83,450
	1,690,513	16,500	86,946	1,793,959

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
2011			
Trust			
Assets			
Current			
Cash and bank deposits	74,389	–	74,389
Trade and other receivables	287,019	–	287,019
Prepayments	–	40	40
Non-current			
Long-term receivables	230,570	–	230,570
Subsidiary companies	–	155,135	155,135
	591,978	155,175	747,153

36. Financial risk management (cont'd)

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

	Liabilities at amortised cost	Non-financial liabilities	Total
	$'000	$'000	$'000
2011			
Trust			
Liabilities			
Current			
Trade and other payables	1,689	–	1,689
Current tax liabilities	–	83	83
Borrowings	141,931	–	141,931
	143,620	83	143,703

37. Authorisation of financial statements for issue

These financial statements for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 5 June 2012.

38. Listing of subsidiaries in the Group

	Name of company/entity	Principal activities (Country of incorporation)	Percentage (%) owned 2012	Percentage (%) owned 2011
(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)(d)	CityNet Infrastructure Management Pte Ltd - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee-Manager of NetLink Trust (Singapore)	100	–
(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

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

	Name of company/entity	Principal activities (Country of incorporation)	Percentage (%) owned 2012	Percentage (%) owned 2011
(b) *	Nexus Australia Management Pty Ltd - Held by CityLink Investments Pte Ltd	Trustee (Australia)	100	100
(b)(e)	Basslink Consulting Pty Ltd - Held by CityLink Investments Pte Ltd	Provision of consulting services (Australia)	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% (2011: 99%) held by Nexus Investments Australia Pty Ltd and 1% (2011: 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.

(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.
(d) The subsidiary was incorporated on 18 July 2011.
(e) The subsidiary was incorporated on 7 November 2011.

STATISTICS OF UNITHOLDINGS

As at 23 May 2012

Class of securities	Number of securities	Voting Rights
Units	1,518,893,062	One vote for each unit

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholding	Number of Unitholders	%	Number of Units	%
1 - 999	246	1.21	18,039	0.00
1,000 - 10,000	11,257	55.16	49,095,342	3.23
10,001 - 1,000,000	8,843	43.33	535,131,849	35.23
1,000,001 and above	61	0.30	934,647,832	61.45
TOTAL	20,407	100.00	1,518,893,062	100.00

LOCATION OF UNITHOLDERS

Country	Number of Unitholders	%	Number of Units	%
Singapore	20,152	98.75	1,507,379,829	99.24
Malaysia	140	0.69	5,821,260	0.38
Others	115	0.56	5,691,973	0.38
TOTAL	20,407	100.00	1,518,893,062	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")	355,758,550	23.42	-	-
Napier Investments Pte Ltd ("Napier")	88,582,500	5.83	-	-
Nassim Investments Pte Ltd ("Nassim") (1)	83,927,558	5.53	39,965,504	2.63
Tembusu Capital Pte Ltd ("Tembusu") (2)	-	-	568,234,112	37.41
Temasek Holdings (Private) Limited ("Temasek") (3)	-	-	568,234,112	37.41

(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.*

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	Bartley Investments Pte. Ltd.	355,758,550	23.42
2.	Napier Investments Pte. Ltd.	88,582,500	5.83
3.	Nassim Investments Pte Ltd	83,927,558	5.53
4.	DBS Nominees Pte Ltd	65,260,441	4.30
5.	HSBC (Singapore) Nominees Pte Ltd	61,961,370	4.08
6.	Citibank Nominees Singapore Pte Ltd	47,635,605	3.14
7.	CitySpring Infrastructure Management Pte. Ltd.	39,965,504	2.63
8.	Raffles Nominees (Pte) Ltd	26,733,000	1.76
9.	United Overseas Bank Nominees Pte Ltd	19,257,942	1.27
10.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	18,011,274	1.19
11.	UOB Kay Hian Pte Ltd	15,157,550	1.00
12.	DBSN Services Pte Ltd	8,327,752	0.55
13.	Tay Siew Choon	8,200,000	0.54
14.	Bank of Singapore Nominees Pte Ltd	7,619,800	0.50
15.	Yap Mui Cheng, Angela	6,029,500	0.40
16.	Phillip Securities Pte Ltd	5,263,394	0.35
17.	DBS Vickers Securities (S) Pte Ltd	5,137,100	0.34
18.	Teh Lip Bin	5,000,000	0.33
19.	Merrill Lynch (S'pore) Pte Ltd	3,755,512	0.25
20.	BMT A/C Estate of Mse Angullia (Wakaff) Clause 7 Trust	2,971,350	0.20
	TOTAL	874,555,702	57.61

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

As at 23 May 2012, approximately, 62.27% of the Trust's Units are held in the hands of the Public. Accordingly, the Trust has complied with Rule 723 of the Listing Manual of the SGX-ST.

UNIT PERFORMANCE

	Average Daily Trading Volume Units	Highest Closing Unit Price $	Lowest Closing Unit Price $
Unit performance for the financial year	1,166,744	0.550	0.310

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 ("CitySpring") will be held at NTUC Business Centre's Auditorium, No. 1 Marina Boulevard, Level 7, One Marina Boulevard, Singapore 018989 on Tuesday, 10 July 2012 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of CitySpring for the year ended 31 March 2012 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. Proposed Units Issue Mandate

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, on behalf of CitySpring, be and is hereby authorised and empowered to:

I (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

II (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:

(a) 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 (as calculated in accordance with paragraph (b) 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 (as calculated in accordance with paragraph (b) below);

(b) (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 (a) above, the percentage of issued Units shall be based on the total number of issued Units at the time of the passing of this Ordinary Resolution, after adjusting for:

  (i) 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

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

(c) 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

(d) 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)**

5. Proposed Renewal of the Interested Person Transactions Mandate

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST, for CitySpring, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the CitySpring's 2012 Annual Report (the "Appendix") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "IPT Mandate") shall, unless revoked or varied by CitySpring in general meeting, continue in force until the conclusion of the next Annual General Meeting of CitySpring; and

(c) the Trustee-Manager and any Director of the Trustee-Manager be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the IPT Mandate and/or this Resolution.
[See Explanatory Note (2)] **(Resolution 4)**

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

Susanna Cher
Company Secretary
Singapore
20 June 2012

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, 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. 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.

(2) Ordinary Resolution 4 in item 5 above, if passed, will allow CitySpring, its subsidiaries and associated companies or any of them to enter into certain interested person transactions with persons who are considered interested persons (as defined in the Appendix).

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 #10-01, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for holding the Meeting (i.e. by 10.00 a.m. on 8 July 2012). 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 #10-01, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for the Annual General Meeting (i.e. by 10.00 a.m. on 8 July 2012). 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 NTUC Business Centre’s Auditorium, No. 1 Marina Boulevard, Level 7, One Marina Boulevard, Singapore 018989 on Tuesday, 10 July 2012 at 10.00 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	No. of Units For*	No. of Units Against*
1.	To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of CitySpring for the year ended 31 March 2012		
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 approve the Proposed Units Issue Mandate		
4.	To approve the Proposed Renewal of the Interested Person Transactions Mandate		

* 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 ____________ 2012

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 #10-01
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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