CitySpring Infrastructure Trust®

PROVIDING ESSENTIAL SERVICES

ANNUAL REPORT 2014

CONTENTS

VISION & MISSION

VISION

To be best-in-class and trusted infrastructure player with capabilities to seize attractive opportunities.

MISSION

Excel as a developer, operator and long-term owner of quality infrastructure assets and provider of quality infrastructure services, adding value to our customers and achieving consistent returns.

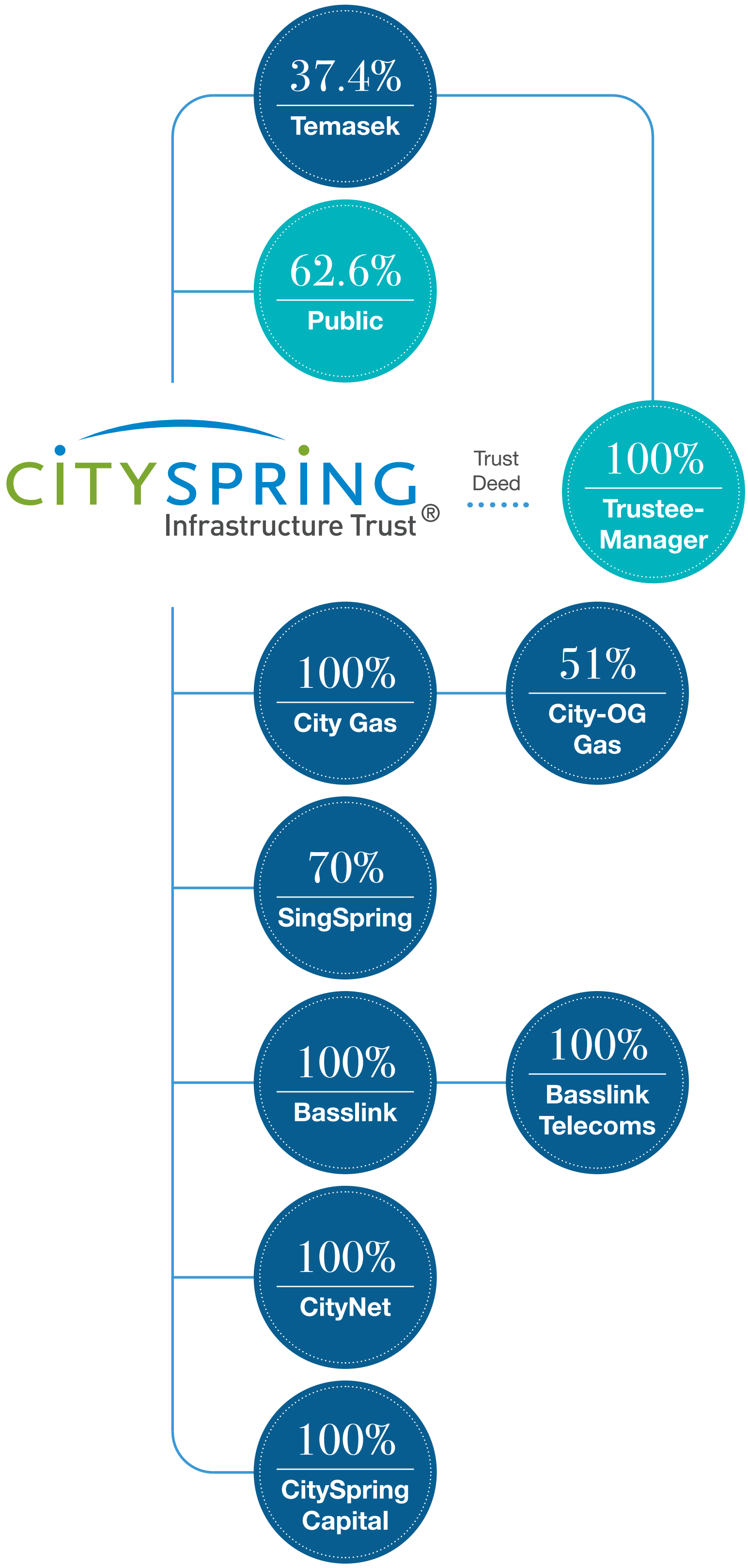
CORPORATE PROFILE

CitySpring Infrastructure Trust ("CitySpring") is the first infrastructure trust registered with the Monetary Authority of Singapore. With sponsorship from Temasek Holdings (Private) Limited ("Temasek"), CitySpring was established with the principal objective of investing in infrastructure assets and providing unitholders with long-term, regular and predictable distributions and the potential for long-term capital growth. CitySpring was listed on the Main Board of Singapore Exchange Securities Trading Limited on 12 February 2007.

CitySpring's assets comprise 100% of City Gas Trust ("City Gas", which owns 51% of City-OG 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 has established a $500,000,000 Multicurrency Medium Term Note Programme under a wholly-owned subsidiary, CitySpring Capital Pte. Ltd.

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

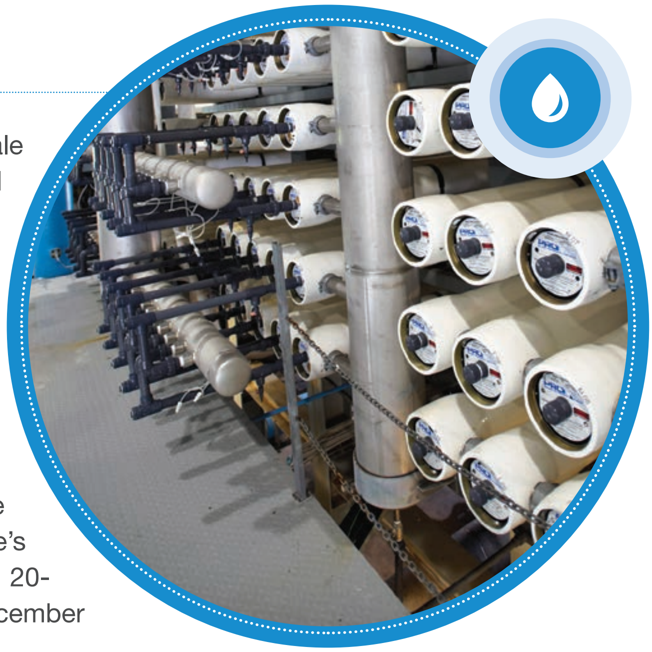
City Gas has a history that spans more than a century. It is presently the sole producer and retailer of town gas in Singapore and also the sole user of the low-pressure piped town gas supply network in the country. Its production facility, Senoko Gasworks, is Singapore's only town gas production facility, 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, Jurong, Mandai, Woodlands and Senoko. Its industrial customers are from various types of industries such as printing, laundry, food, manufacturing and asphalt. City Gas provides its customers one-stop solution based on their technical and operational needs.

City Gas completed the divestment of 49% of City-OG Gas to Osaka Gas in August 2013. The business venture allows City Gas to leverage on Osaka Gas' technology and expertise in cogeneration systems and industrial furnaces to grow the natural gas retail business, while contributing City Gas' own customer knowledge and network in Singapore.

SingSpring

SingSpring owns and operates Singapore's first 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 which commenced in December 2005.

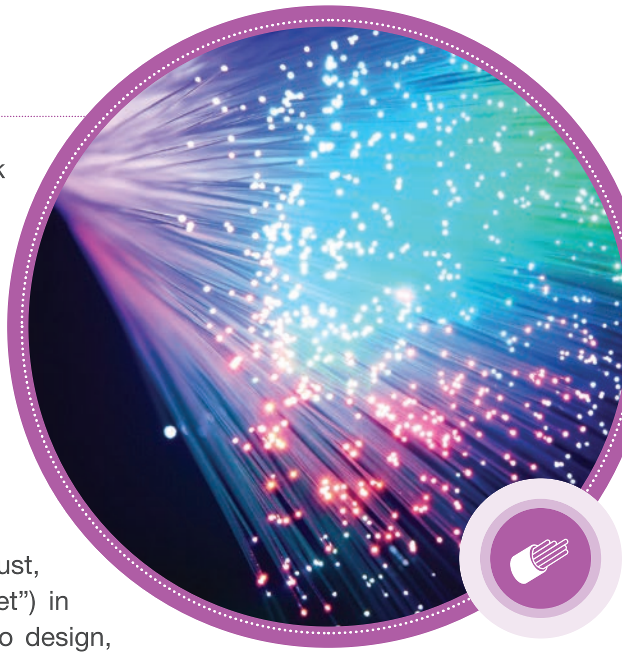


GROUP STRUCTURE

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 Infocomm Development Authority ("IDA") to transfer telecommunications 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.

CityNet, in its capacity as trustee-manager of NetLink Trust, completed the acquisition of OpenNet Pte. Ltd. ("OpenNet") in November 2013. The principal activities of OpenNet are to design, build and operate the fibre network for Singapore's Next Generation Nationwide Broadband Network.

CityNet's appointment as trustee-manager was extended for a three-year period starting from the completion of the acquisition of OpenNet 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.

CHAIRMAN'S STATEMENT

"I am confident that we will remain in a strong position to capitalise on our core competencies in the Group and continue to seek out new growth opportunities."

Daniel Ee

Dear Unitholders,

CitySpring achieved cash earnings of $60.0 million for the financial year ended 31 March 2014 (FY2014). We started the year with three priorities – ensure our entities operate optimally, look for ways to grow our business and resolve outstanding issues in Basslink. We have attended to these satisfactorily and I will elaborate further in this letter.

Our Business Performance

Our cash earnings of $60.0 million for FY2014 was 36.9% lower than last year. The dip was due to higher negative CRSM[1] payment, lower contribution from our Basslink business, the legal costs incurred for the dispute between Basslink and Hydro Tasmania, and also lower contribution from our City Gas business. In general, the long-term fundamentals of our underlying businesses remain stable.

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1. *Commercial Risk Sharing Mechanism ("CRSM") is a mechanism provided under the BSA between Basslink and Hydro Tasmania 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.*

A significant portion of our total cash earnings was contributed by our town gas production and retail business unit City Gas. City Gas continues to deepen our reach and business relationships in the industrial, commercial and residential segments during the year.

At the end of FY2014, its customer base expanded from 670,000 as at end FY2013 to about 690,000 – an increase of about 3%. Town gas volume in FY2014 rose by about 2.1% compared to a year ago. Average daily town gas send-out for FY2014 was 876,000 cubic metres against 863,000 cubic metres in FY2013.

In terms of earnings for the year, City Gas recorded \$45.7 million in cash earnings compared with \$62.7 million in FY2013. The decrease was due mainly to the adjustment of gas tariffs to reflect actual fuel costs. City Gas' short term profit margins could be affected by movements in fuel costs. City Gas could only change the tariffs at which it charges customers once every three months, whereas fuel costs fluctuate daily on the open market. Due to this factor, there is a potential mismatch between City Gas' fuel costs and tariffs, although tariff adjustments mechanism is designed to ensure that City Gas could fully recover its fuel costs over a period of time. City Gas' revenue grew from \$384.2 million last year to \$394.9 million in FY2014 – a 2.8% improvement year-on-year.

It was a stable year for our water desalination business at SingSpring. The desalination plant, an important supplier of desalinated water to Singapore's national water agency Public Utilities Board ("PUB"), ran for a record number of days of continuous water dispatch at full capacity during the recent dry spell in February and March 2014. The plant recorded cash earnings of \$14.2 million in both FY2014 and FY2013. Revenue decreased by 1.3% during the year to \$42.4 million in FY2014.

In Australia, Basslink achieved cash earnings of A\$7.9 million (approximately \$9.3 million) in FY2014 compared to A\$21.9 million (approximately \$28.1 million) a year ago. Revenue recorded was A\$68.9 million (approximately \$80.9 million), down from A\$73.7 million (approximately \$94.5 million) a year ago. It achieved cumulative availability of 97.53% for the 12 months ended 31 December 2013, and 99.63% for the 3 months ended 31 March 2014.

CityNet, as trustee-manager of the telecommunications assets under NetLink Trust, continues to deliver on its service level commitments. For FY2014, CityNet generated \$2.8 million in management fees, due to its expanded role and higher management fees following the Netlink Trust's acquisition of OpenNet which was completed in November 2013.

Commitment to Sustainable Growth

We continue to aim for sustainable growth. To this end, we focus on growing our portfolio through acquisitions, development projects and tapping synergies within the Group to create new business opportunities.

In November 2013, CityNet, as trustee-manager of NetLink Trust, completed the acquisition of OpenNet. This acquisition allows the enlarged entity under our management to maximise operational efficiencies and improve the quality of service delivery.

We continue to look out for potential strategic opportunities to expand our value chain of services and enhance our ability to deliver quality service to our customers. In this regard, we are very happy with the commencement of City-OG Gas Energy Services, the business venture between City Gas and Osaka Gas, which was granted a gas retailer licence in July 2013. The Trust divested a small part of the business and gained a strong partner that will help us expand the use of natural gas to industrial customers in Singapore.

As we seek to capitalise on external growth opportunities, we remain focused on maintaining a strong balance sheet to ensure we have the financial flexibility to further our initiatives. With this in mind we have completed the refinancing of the City Gas loan in February 2014, and the refinancing of our corporate loan for CitySpring will also soon follow.

Basslink's disputes with its customer Hydro Tasmania on the CRSM related matters and other alleged breaches of the Basslink Services Agreement were referred to arbitration. The outcome of the arbitration and legal costs was announced on 15 January 2014 and 5 February 2014 respectively.

Basslink Telecoms has leased a new dark fibre between Loy Yang and Melbourne in Australia, thereby expanding our capability to offer higher bandwidth to customers when required.

Moving forward, our management team will continue to manage our assets well and build on our reputation for safe and reliable operation. Through the delivery of essential services of gas, water, electricity and telecoms to all our customers, we will work to establish CitySpring as a premier infrastructure trust.

Distribution

For FY2014, we paid a total of $49.8 million to Unitholders. This is equivalent to a distribution per unit ("DPU") of 3.28 Singapore cents, and translates into a distribution yield of 7% based on CitySpring's closing price of $0.47 per unit on 31 March 2014.

We expect to pay an annual DPU of 3.28 Singapore cents for FY2015, barring unforeseen circumstances and assuming no material changes to the Group in the year.

A Committed Team

I would like to extend our utmost appreciation to you, our Unitholders, for your continued support through the years. I would also like to thank our customers and business partners for their continued support.

I would also like to express my appreciation to our former Independent Director Mr Tan Ek Kia for his invaluable contribution to the Board. He has stepped down from the Board as well as a member of the Management Development and Compensation Committee. Mr Tan has kindly agreed to continue with his directorship and chairmanship of City Gas Pte Ltd, trustee of City Gas Trust and we will continue to benefit from his deep experience in the oil and gas industry.

Special thanks to our management and staff members in the entire Group for their unwavering dedication and committed efforts to build CitySpring into a trusted infrastructure company. We would not have accomplished our results thus far without the hard work from a united CitySpring team.

To my fellow directors, I would like to express my deepest gratitude for contributing their respective experience and expertise and for the high level of engagement in board and committee discussions.

There is much to do in the coming year, and I am confident that we remain in a strong position to capitalise on our core competencies in the Group and seek out new growth opportunities.

Daniel Ee
Chairman
26 June 2014

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

"Our operations in all our businesses remain positive and the cash flow and balance sheet for the Group remain strong."

Tong Yew Heng

Mr Tong Yew Heng, Chief Executive Officer of CitySpring, takes stock of the Trust's performance in FY2014. He also elaborates on how the Trust is being strengthened to build greater resilience over the long-term.

How would you describe CitySpring's performance in FY2014?

CitySpring continued to deliver regular and stable distributions to our Unitholders despite uncertainties and challenges in the global market.

Our cash earnings was $60.0 million in FY2014, which was lower than FY2013's mainly due to lower contribution from our Basslink business, the legal costs incurred for the dispute between Basslink and Hydro Tasmania, and lower contribution from City Gas.

Notwithstanding that, our operations in all our businesses remain positive and the cash flow and balance sheet for the Group remain strong. We remain committed to delivering long-term results for our Unitholders through our strategy of building up a sustainable and resilient cashflow from essential services – basic utilities that people will need in their daily lives such as potable water for drinking, gas for cooking and heating, electricity for homes and offices as well as telecommunications to connect with one another. We continue to invest in and manage infrastructure assets to create maximum value for our customers and Unitholders.

With this dip in cash earnings, how would you describe the financial health of the Trust at this stage? Would you have the capacity to acquire assets to add greater value to the existing portfolio?

We take a conservative and disciplined approach to our financial health, by keeping a close watch on our balance sheet and planning for the future. Despite the dip in cash earnings in FY2014, the Group has a healthy cash balance.

Our investment team is always on the lookout for acquisitions, across a variety of regions and sectors, that would add value to our business operations and finances.

Our overarching aim is to manage an asset portfolio that can deliver steady returns to our Unitholders.

What do investors stand to gain from investing in a business trust like CitySpring?

Most of our assets are either regulated by government agencies or operated under long-term contracts. The growth prospects of our businesses are inevitably and largely gradual but stable. As a business trust, it is critical that our assets are capable of generating a steady cashflow to support our payout of regular and predictable distributions to Unitholders in the long-term. We understand that investors, both individuals and institutions, sometimes prefer a lower risk but stable cash generating investment in their portfolios. We recognise this importance and believe that the Trust fits this requirement.

Looking forward into FY2015, what will be the key priorities for CitySpring?

As a provider of essential services, we remain focused in ensuring the stability of our operations and maximising the efficiency of our assets. In turn, this operational stability will translate into steady and sustained cash flow in the long-term, enabling us to deliver on our commitment to you as our Unitholders.

We will continue to place utmost emphasis on our financial discipline, as we seek to complete the refinancing of the corporate loan for CitySpring as well as the bonds issued by Basslink. This would extend the maturity of our debt and provide us with greater cash flow certainty.

We also aim to strengthen our telecommunications competencies by completing the integration of CityNet with OpenNet to unlock synergies and improve the quality of service to customers.

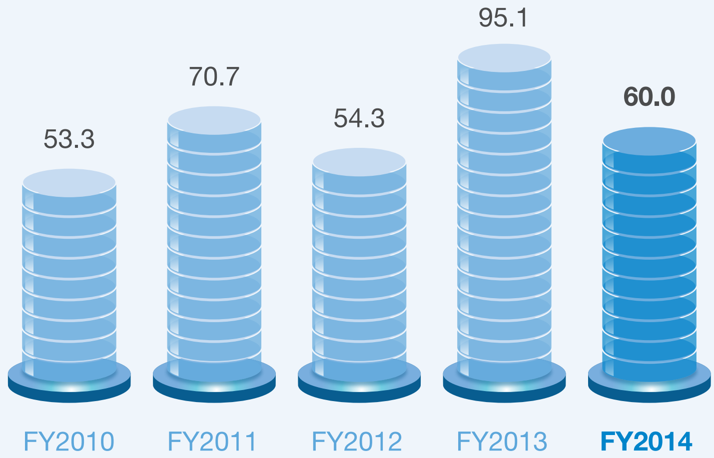
Together with our commitment and a dedicated team, we are looking towards building our reputation as a reliable infrastructure trust in Singapore.

PERFORMANCE HIGHLIGHTS

Group Cash Earnings

($' million)

CitySpring achieved cash earnings of $60.0 million for FY2014 compared to $95.1 million in the prior year.

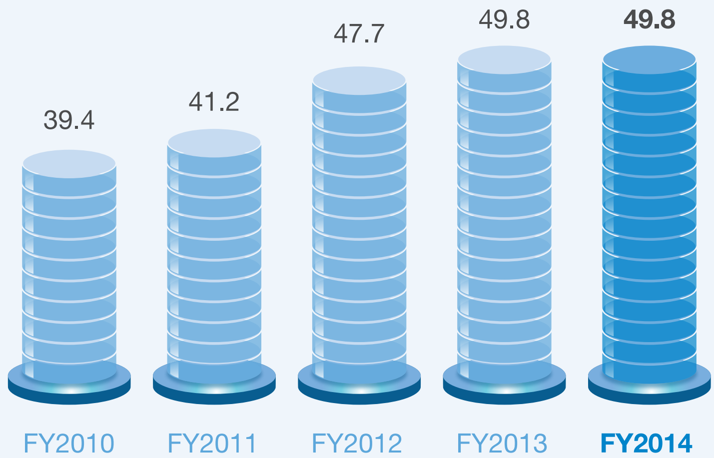


Total Distribution

($' million)

CitySpring has delivered total distribution of $49.8 million for both FY2014 and FY2013.

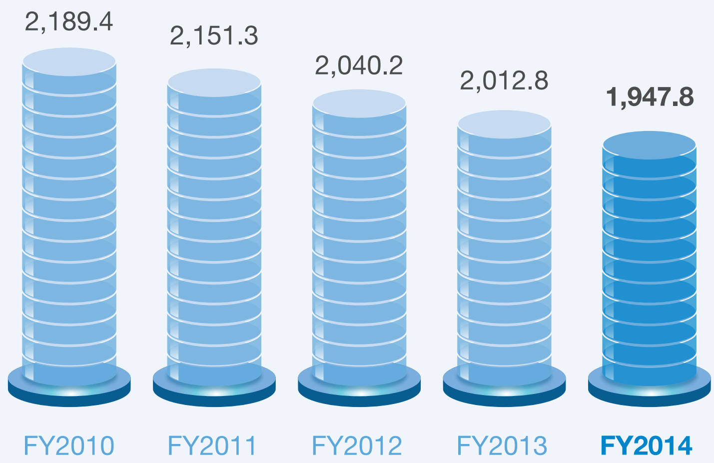
CitySpring distributes to Unitholders out of its Group Cash Earnings.



Total Assets

($' million)

Total assets for FY2014 were $1,947.8 million compared to $2,012.8 million in FY2013.



FINANCIAL REVIEW

CitySpring achieved total cash earnings[1] of $60.0 million for FY2014 compared to $95.1 million for FY2013. The main factors contributing to lower cash earnings are the time lag in the adjustment of gas tariffs to reflect actual fuel cost for City Gas and lower contributions from Basslink.

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)	FY2014	FY2013
Revenue	521,052	523,888
Other income	2,809	3,352
Other losses – net	(1,933)	(7,323)
Total expenses	(520,037)	(494,267)
Profit before tax	1,891	25,650
Income tax expense	(1,549)	(6,071)
Net profit after tax	342	19,579
Cash earnings	60,023	95,061
DPU (cents)	3.28	3.28

City Gas recorded cash earnings of $45.7 million in FY2014 compared to $62.7 million in the previous year. The lower cash earnings was due mainly to the adjustment of gas tariffs to reflect actual fuel costs. There may be 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.

SingSpring, the supplier of desalinated water to Singapore's PUB, recorded cash earnings of $14.2 million in both FY2014 and FY2013. The plant achieved 99.44% water production availability in FY2014.

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

Basslink achieved cumulative availability of 97.53% for calendar year 2013. Cumulative availability for the three months ended 31 March 2014 was 99.63%. Basslink's cash earnings for FY2014 were A$7.9 million (approximately $9.3 million) compared to A$21.9 million (approximately $28.1 million) in FY2013. The lower cash earnings were due mainly to higher negative CRSM[2] payments in FY2014 compared to FY2013, higher legal and professional fees incurred and lower contribution from Basslink Telecoms.

CityNet contributed cash earnings of $2.5 million in FY2014 compared to $1.9 million in the previous year. This was due mainly to the additional management fee following the completion of the acquisition of OpenNet by NetLink Trust on 28 November 2013.

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.

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2 *Commercial Risk Sharing Mechanism ("CRSM") is a mechanism provided under the BSA between Basslink and Hydro Tasmania 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.*

OPERATIONS REVIEW

City Gas

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

Business Objectives

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

To build brand loyalty, City Gas provides safe, reliable and clean energy solutions to its customers. City Gas grows by offering a variety of energy-efficient gas applications to its broad customer base in the Singapore residential, commercial and industrial segments.

By maintaining its operational efficiency as a producer of town gas and its competitiveness as a gas retailer, City Gas contributes towards the cash earnings performance of CitySpring.

Earnings Review

City Gas recorded cash earnings of $45.7 million for FY2014 compared to $62.7 million registered in the previous financial year.

The lower cash earnings are due mainly to the time-lag differences between tariff adjustments and fuel costs brought forward from the preceding year. 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.

Market Review

City Gas' business continued to grow in most of the segments in FY2014. Demand for town gas within the hospitality sector in Singapore continued to grow with the expansion of the food and beverage ("F&B") industry. The opening of major shopping malls, for example, JEM, Westgate and Bedok Mall in the course of the financial year, contributed to the higher demand for town gas. This is also aided by the phased opening of Suntec City Shopping Mall and Convention Centre after a period of temporary closure for upgrading.

On the other hand, demand for natural gas grew with the increase in economic activities, particularly in the food processing segment.

The residential segment constituted a steady and stable consumer base for town gas consumption. In FY2014, this segment was made up of approximately 1.1 million households, of which about 870,000 households have piped access to town gas. Majority of these households are users of town gas.

Operating Review

In FY2014, City Gas together with Osaka Gas jointly entered into a new business venture, City-OG Gas Energy Services Pte. Ltd., to market and sell natural gas to industrial customers in Singapore.

City Gas holds a 51% share of the business venture, with the remaining 49% share held by Osaka Gas. The business venture seeks to leverage on Osaka Gas' advanced technology and expertise in cogeneration systems and industrial furnaces to grow the natural gas retail business.

City Gas

City Gas, on the other hand, offers the business venture its extensive network and customer knowledge to develop and promote the business.

On the town gas front, City Gas attained 100% gas production availability throughout FY2014. The firm also recorded the highest gas production level of 991,821 cubic metres of town gas on the eve of Chinese New Year on 30 January 2014. During the course of the financial year, City Gas was granted four gas tariff adjustments by the Energy Market Authority of Singapore. The 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. Consequently, the tariff adjustments made included an increase of 1.05% from 1 May 2013, a decrease of 1.7% from 1 August 2013, an increase of 1.4% from 1 November 2013 and a decrease of 0.8% from 1 February 2014.

The growth in customer base was steady last year. The number of customers grew by 3.0% to 690,000 in FY2014 from 670,000 a year ago. Correspondingly, town gas demand increased 2.1% to a record of 1,675,139,500 kilowatt-hours.

The sale of town gas to the residential segment saw a stable growth of 2.5% in FY2014 comparable to the previous year. The steady growth in sales is attributable to the expanded usage of town gas beyond cooking to heating and drying purposes.

In FY2014, about 5,200 gas water heaters were installed in the Housing Development Board ("HDB") flats under the Build-To-Order ("BTO") sales scheme, including HDB studio apartments. This is comparable to the last financial year.

Results have shown that more new HDB home-owners prefer the eco-friendly gas water heaters to conventional electric water heaters to reap the benefits of lower utility bills while doing their part in protecting the environment through less carbon emission. City Gas is confident that the gas water heater take-up rate will continue to grow in the next few years with the completion of more HDB BTO projects.

In the private condominium segment, City Gas approved a total of 59 plan submissions for condominium development projects with piped gas supply. This translated to an estimated 16,056 housing units throughout the financial year. Of these, 30 condominium development projects comprising about 9,500 housing units adopted the use of gas water heaters. This marked another year of record high for private condominium developments using town gas, registering about 60% of the total housing units installed with gas water heaters by the property developers.

In the course of the financial year, City Gas has launched an intelligent gas water heater model for the residential HDB segment which comes with a dual water-flow control technology, wireless remote control and eco-friendly features. For the private condominium segment, City Gas has completed the development of a third generation ("3G") of gas water heaters through its collaboration with three water heater supply partners. These new gas water heater models will be launched in next financial year.

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 REACH (Reach, Education, Awareness, Customer Service and Harmonise) Partnership market development strategy.

Through the REACH platform, City Gas continued with its effort to promote a greater gas-application awareness among home-owners through its marketing campaigns. A series of campaigns was successfully launched, including the "Go Green, Go City Gas" annual road show held at the HDB Hub in September 2013. These 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 bills and lower carbon emission compared to other alternative heaters that operate on electricity.

City Gas also extended its REACH market development strategy into the commercial water heating space, particularly the hotel sector. Its partnership with Rinnai Holdings (Pacific) Pte Ltd saw three successful installations of centralised gas-fired hot water system in FY2014. Another three installations will be commissioned in FY2015. Apart from the hotel sector, City Gas is also expanding its market outreach to other sectors, such as nursing homes under the Ministry of Health (MOH). In this financial year, City Gas has supplied town gas to four MOH nursing homes offering multiple applications, including cooking at the central kitchen, centralised hot water heating system and commercial laundry system. City Gas is currently working on nine new nursing home projects to be completed in the next three to five years.

Meanwhile, the opening of new malls, tourist destinations, buildings and infrastructure projects drove higher demand for gas consumption. During the year, City Gas successfully turned on gas supply to JEM, Westgate, Asia Square Tower and Bedok Mall. The gas demand by these new malls more than offset those by shopping malls that were temporarily closed for upgrading, such as East Point Shopping Centre and Shaw Centre.

Besides the general town gas applications for cooking and water heating at F&B establishments in these new malls, town gas is also utilised in new applications. These include the usage of town gas for the running of the gas-fired desiccant dehumidifier at JCube as well as for powering the gas boilers at Gardens by the Bay. In response to the tightening of the labour market in Singapore, some of the F&B establishments have set up or expanded their central kitchens for food preparations to drive productivity and to effectively support their front-end operations. In FY2014, City Gas has successfully turned on gas supply to two multi-storey standalone central kitchens at Tai Seng Street.

In the area of customer service, City Gas continues with its customised learning programmes to enhance the service level of its staff and contractors. The "City Gas Experience" which embraces the 'P.R.I.D.E.' service values (Professionalism, Relationship Builder, Initiative, Dependable and Efficiency) has been ingrained as the service culture of its staff and contractors. To raise the safety awareness level among our staff and contractors, a safety tagline 'Your Safety, Our Priority' was launched and incorporated as part of our customer service experience. Independent service audits are conducted quarterly to obtain customer feedback so that service levels remain high. These quarterly audits have shown that City Gas services continue to be highly rated by its customers.

In supporting the food and beverage industry in Singapore, City Gas partnered Chinese daily *Shin Min Daily News* to hold the "*City Hawker Food Hunt 2013*" for the sixth season. This programme is jointly supported by the Health Promotion Board and the National Environment Agency. A few new initiatives were introduced for the year – "101 reasons why we love hawker food" and a video competition on "Singapore Hawker Style".

The first initiative garnered enthusiastic response from the public. Far from being just affordable and delicious, this initiative provided an opportunity for hawker food lovers to take a glimpse of the cultural and emotional significance of hawker food to Singaporeans and foreigners alike. As for the latter, it gave a chance for hawkers to share their journey and fond memories of the hawker trade.

The theme of the event, "I Love Hawker Food" continues to whet the appetite of Singaporeans who love and appreciate hawker food, while at the same time invoke their awareness on the laborious working life of hawkers in meeting customers' needs. The 8-month event culminated in a grand finale where winning hawker stalls and hawker centres were accorded their due recognition.

In December 2013, City Gas attained certification of ISO/IEC 27001:2005 for The Management, Operations and Maintenance of City Gas Distributed Control System by DNV Business Assurance. The ISO/IEC 27001:2005 is an information security management system (ISMS) standard established by International Organisation for Standardization (ISO).

Besides being accorded the Supporter of the Arts Award by the National Arts Council, City Gas is proud to be conferred the Distinguished Defence Partner Award at the 2013 Total Defence Award for the first time, after receiving the Meritorious Award for the past six years. This annual award is organised by MINDEF as recognition for the support of employers to its National Service men and overall contribution towards Singapore's total defence.

City Gas also won the biennial Work-Life Achiever, as well as the Health (Bronze) Awards in 2012, testaments of its unwavering support for work-life balance at the workplace. Through the inception of its Health Sub-committee under the umbrella of City Gas' Health, Safety, Security & Environment (HSSE) Committee, a series of activities serving the needs of its employees in maintaining a good healthy lifestyle were organised through the '*Healthy Lifestyle Promotion*' awareness programme.

Business Outlook

City Gas expects gas demand to continue growing at a stable rate against the backdrop of a growing Singapore economy. The opening of an iconic attraction, Singapore Sports Hub in June 2014 promises to draw more international sporting events here in Singapore and, is expected to generate higher demand for gas.

Additionally, City Gas' targeted efforts to improve the take-up level of gas water heaters among its new as well as existing customers will also remain an important aspect of its strategy in developing sustainable revenue streams in the long-term.

Backed by a 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.

City Gas grows by offering a variety of energy-efficient gas applications to its broad customer base in the Singapore residential, commercial and industrial segments.

OPERATIONS REVIEW

SingSpring

In delivering essential services to our customer, 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.

Business Objectives

SingSpring is committed to make available 100% of the plant's water capacity to PUB for the 20-year period of the WPA which commenced in December 2005.

The 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 required to operate and maintain the 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 FY2014. SingSpring achieved its cash earnings attributable to CitySpring Infrastructure Trust at $14.2 million in both FY2014 and FY2013. 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.

Singapore's second Design, Build, Own and Operate desalination plant at maximum daily water capacity of 70 imperial million gallons or 318,500 cubic metres became fully operational on 18 September 2013. Together with SingSpring, the two plants have the capacity to meet up to 30% of Singapore's water needs.

Operating Review

The SingSpring desalination plant has been operating for more than eight years since Commercial Operation Date in December 2005. For FY2014, SingSpring achieved 99.44% availability, including setting a new operational record for continuous water dispatch at full capacity during the dry season from February to March 2014.

SingSpring receives capacity payments from PUB for making available the full water capacity of the desalination plant upon demand. The capacity payments are paid throughout the term of the 20-year WPA, regardless of whether the 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.

SingSpring

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 was awarded BizSAFE Star accreditation by Workplace Safety and Health Council in January 2014.

SingSpring completed and renewed the Hazard Analysis Critical Control Point ("HACCP") certification audit in March 2014. HACCP is an internationally recognised voluntary food safety management standard that PUB has implemented for many of its water plants.

Business Outlook

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

SingSpring ensures that both the quality and quantity of desalinated water it produces meets all the requirements under the Water Purchase Agreement ("WPA") with Singapore's national water agency, Public Utilities Board ("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.

OPERATIONS REVIEW

Basslink

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

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 the interconnector's availability and payable in full if the cumulative availability, based on a calendar year, is greater than 97%. If the 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 to protect the safety of the public and the environment.

Earnings Review

Basslink reported cash earnings of A$7.9 million (approximately $9.3 million) for FY2014 compared to A$21.9 million (approximately $28.1 million) for the previous financial year. The lower cash earnings was due mainly to higher negative CRSM payments of A$13.4 million (approximately $15.7 million) compared to negative A$11.0 million (approximately $14.0 million) in FY2013, higher legal and professional fees incurred and lower contribution from Basslink Telecoms.

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.

OPERATIONS REVIEW

Basslink

Operating Review

Basslink achieved an availability of 97.53% for the calendar year 2013. This was above the 97% threshold to earn 100% of the facility fee under the BSA. For the first three months ended 31 March 2014, it attained 99.63% cumulative availability.

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

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 telecoms transmission services between Hobart and Melbourne in Australia, has achieved stable performance in the Tasmanian wholesale telecoms market. In the short span of about five 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.

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.

BOARD OF DIRECTORS

From left to right:

Mr Ong Beng Teck *(Non-Executive Director)*, Mr Haresh Jaisinghani *(Independent Director)*,
Mr Daniel Cuthbert Ee Hock Huat *(Chairman, Independent Director)*,
Mr Mark Andrew Yeo Kah Chong *(Independent Director)*, Mr Yeo Wico *(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: 10 July 2012
Length of service (as at 31 March 2014):
3 years 11 months

Mr Ee, 61, serves on the board of Citibank Singapore Limited. He is the Deputy Chairman of the Securities Industry Council and a Fellow and Council Member of Singapore Institute of Directors. Mr Ee had also served as the Chairman of Gas Supply Pte Ltd from 2002 to July 2010.

Mr Ee has more than 14 years of experience in the banking sector, in particular in corporate finance. Prior to that, he had served in various capacities in the public sector from 1975 to 1985. He graduated from the University of Bath, UK with a Bachelor of Science in Systems Engineering (1st Class Honours) and has a Master of Science in Industrial Engineering from the National University of Singapore. He was awarded the Public Service Medal in 2003.

Past directorships in listed companies and other principal commitments held over the preceding 3 years:

- Non-Executive Director of Surface Mount Technology (Holdings) Limited
- Chairman, Board of Advisors of Walton International Group Limited
- Member, Board of Advisors of Walton Global Investments Ltd
- Member of the Corporate Governance Council
- Board member of National Environment Agency

Mr Yeo Wico

Independent Director

Date of Appointment: 26 October 2006
Date Last Re-elected: 28 July 2011
Length of service (as at 31 March 2014):
7 years 5 months

Mr Yeo, 47, 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 Haresh Jaisinghani

Independent Director

Date of Appointment: 15 August 2008
Date Last Re-elected: 19 July 2013
Length of service (as at 31 March 2014):
5 years 7 months

Mr Jaisinghani, 47, is the owner and Managing Director of 3R Capital Private Limited, an 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: 19 July 2013
Length of service (as at 31 March 2014):
7 years 4 months

Mr Yeo, 51, 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

Non-Executive Director

Date of Appointment: 16 July 2010
Date Last Re-elected: 10 July 2012
Length of service (as at 31 March 2014):
3 years 8 months

Mr Ong, 51, is currently Managing Director (Enterprise Development) at Temasek International (Private) Limited ("Temasek"). He has more than 17 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 had 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.

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 Singapore Chartered Accountants.

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

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.

In October 2013, he also became the chairman of City-OG Gas Energy Services Pte. Ltd., a business venture which is 51% owned by City Gas and 49% by Osaka Gas.

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 (Exxon), BASF, Cabot, General Electric and Canada Steamship Lines.

Mr Ng graduated from the National University of Singapore with a Bachelor of Arts degree in Economics & Statistics and also holds a Master of Business and Administration from the Warwick Business School, University of Warwick, UK.

Mr Ng is a board 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 & Director
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 Europe, North America and Asia.

Mr Eccles is a non-executive 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 member of the Institute of Engineering Technology and a senior member of the Institute of Electrical & Electronic Engineers. He is a member of the Australian Institute of Company Directors and is a Fellow of the Chartered Management Institute.

Mr Eccles holds a Master of Science degree (MSc) in Electrical Engineering and Management Studies. He also holds post-graduate qualifications in Project Management and Strategic Management.

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

Susanna Cher Mui Sim

Chief Financial Officer & 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 Singapore Chartered Accountants and CPA Australia.

Ms Cher is responsible for financial reporting, financing and treasury activities, and risk management. She handles the human resources and administration functions and is also the Joint Company Secretary.

Teo Kwan Hai

Senior Vice President (Customer Services)
City Gas Pte Ltd

Mr Teo joined Singapore's PUB in 1976 and was subsequently posted to its successor companies, PowerGas and City Gas. He has, over 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.

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. She is also the Acting CEO of CityNet Infrastructure Management Pte Ltd, wholly-owned subsidiary of CitySpring, that is the Trustee-Manager for NetLink Trust, the SingTel entity holding the Next Generation NBN assets.

CONTRIBUTING TO THE COMMUNITY

Singapore: Contributing to the community

Corporate Social Responsibility has been very much a part of City Gas' success today. Through its long-standing partnership with government agencies like Singapore Civil Defence Force (SCDF) and other non-profit organisations, including schools, Children's Cancer Foundation, NTUC Women's Development Secretariat ("WDS") and Touch Community Services, City Gas undertakes to instill on its employees the responsibility of being an integral part of the social fabric by doing their bit for the community.

City Gas has collaborated with SCDF and National Fire and Civil Emergency Preparedness Council (NFEC) on various fronts in bringing fire safety and prevention messages to the residents in the heartland, educational institutions and the general public. The last financial year saw City Gas participating in a few events organised by the SCDF, including SCDF's launch of Community First Responders (CFRs) in Tampines GRC, which was aimed at mobilising community resources to improve community emergency response. City Gas also presented Civil Defence (CD) Lionhearter Study Bursary Awards to 14 tertiary students who volunteered their services to be engaged in civil defence, emergency preparedness and humanitarian missions.

In addition, City Gas also collaborated with a local theatrical outfit in customising a 30-minute edutainment play themed after 'City Gas is green & safe', and another in the form of an interactive puppet show performed at 50 shortlisted primary schools to bring home the fire and safety message of gas usage to students.

City Gas volunteers warmed many little hearts when they attended a fabric-staining workshop with children from Place for Academic Learning and Support (PALS) organised by the Children's Cancer Foundation. PALS was set up to help children and youths with cancer with their transition back to school.

In another charity event, City Gas was a proud sponsor of the Ultimate Hawker Fest 2013 where signature gourmet local dishes were prepared by celebrity chefs and celebrated hawkers. The event which was held on 19 October 2013 at Millenia Walk was in support of over 28,000 beneficiaries of Touch Community Services.

'Little Ones @ Work' programme, City Gas' collaborative work-life integration initiative with NTUC WDS conducted annually since 2008, is designed to orientate employees' children with their parents' work environment so as to provide them with a better insight of their parent's daily work routine and commitments. It was held for the fifth consecutive year on 24 June 2013 with 24 parents and 37 children taking part. The fun-filled one-day programme for the children included an hour-long light-hearted entertainment, an office tour of parents' workplace and an ice-cream making session with parents at Udders Ice Cream, culminating in a mini-talent interactive segment at the end of the day.

In line with its 'Go Green, Go City Gas' message that promotes eco-friendly gas water heaters with less carbon footprint, City Gas undertakes to demonstrate the 'green' perspective from its very own backyard.

As part of its new initiatives last year, recycling bins have been introduced and 'green' educational posters put up at various locations of the office to spread the message of saving Mother Earth. Other measures include energy-saving processes, such as solar-cum-gas powered water heating system for the shower, gas heat pump air-conditioning equipment for the production office floor, the installation of motion detection lights in lifts and the use of electronic-filing and electronic-storage to cut down on paper-printing and storage space.

City Gas will continue to explore ways in which it can further strengthen and fulfill its Corporate Social Responsibility.

Meanwhile, CitySpring participated in the annual Share-A-Meal fund raising campaign during the financial year. The objective of this charity is to help disadvantaged students, whose families are in crisis, to move beyond their difficulties and provide them opportunities which would otherwise not be available to them.

Australia: Driving a vibrant sports culture and serving community needs

Basslink continued as a solid supporter of the Tasmanian State sport carnivals series for the 11th year running.

The sports carnival series is organised by the Sport Carnivals Association of Tasmania and it attracted professional sports people from around the world. Basslink served as the major sponsor of the carnival.

Apart from sporting events, wholly-owned Basslink Telecoms sponsored a young Tasmania Devil at '*Devils at Cradle*'. '*Devils at Cradle*' ensures that these rare and protected animals continue to be part of Tasmania's rich wildlife.

In Victoria, Basslink continued with its sponsorship of the North Gippsland Netball & Football League, the Buchan junior Cricket Club, the Gormandale Football Club and the Gormandale Cricket Club. It also supported the North Gippsland Junior Football League.

For the young, Basslink sponsored 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 was also a sponsor of the annual *Tarra Easter Festival*, which attracted more than 10,000 participants from community service groups in Gippsland. Basslink was also a minor sponsor of the Lakes Entrance Seafarers Multicultural Festival.

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 Yeo Wico
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Haresh Jaisinghani
Independent Director

Mr Ong Beng Teck
Non-Executive Director

Audit Committee
Mr Mark Andrew Yeo Kah Chong
(Chairman)
Mr Haresh Jaisinghani
Mr Yeo Wico

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

Management Development and Compensation Committee
Mr Yeo Wico
(Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Ong Beng Teck

Finance and Investment Committee
Mr Haresh Jaisinghani
(Chairman)
Mr Daniel Cuthbert Ee Hock Huat
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 Mui Sim
Ms Lynn Wan Tiew Leng

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

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

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

Principal Bankers
DBS Bank Ltd
RHB Bank Berhad
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Sponsor
Temasek Holdings (Private) Limited

CORPORATE GOVERNANCE REPORT

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 Board sets out in this report, the corporate governance practices and policies in reference to the Business Trusts Act, Chapter 31A (the "BTA"), the Business Trusts Regulations (the "BTR"), the Code of Corporate Governance 2012 (the "Code") and the Listing Manual of Singapore Exchange Securities Trading Limited (the "Listing Manual").

The Group has complied substantially with the requirements of the Code and provided an explanation for any deviation from the Code, where applicable. The Group will continue to review and refine its practices in light of best practices in the market, consistent with the needs and the circumstances of the Group.

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 (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;
- establish the Group's overall risk tolerance and risk management strategy;
- 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.

The Board has established an internal framework to ensure that guidelines for the delegation of authority at various levels are consistently applied throughout the Group. The following require Board's approval:

- Group strategy and annual budget;
- financial strategies at Group level including investments and divestments;
- any new borrowings;
- capital and Group structure related matters (issuance and redemption of units, restructuring of the Group, etc);
- distribution policy;
- risk management practices;
- financial statements and results;

- corporate governance policies and practices;
- transactions exceeding Management's authorised approving limits and the setting of such limits; and
- matters specified as requiring Board approval under CitySpring's approved Interested Person Transactions General Mandate.

To help discharge its responsibilities, the Board (which comprises 5 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	-	Member	Member	Member	Chairman
Yeo Wico	Independent Director	Member	-	Chairman	Chairman	Member
Mark Andrew Yeo Kah Chong	Independent Director	Chairman	-	-	-	Member
Haresh Jaisinghani [1]	Independent Director	Member	Chairman	-	-	Member
Ong Beng Teck	Non-Executive Director	-	Member	Member	Member	-

(1) *Also serves as Chairman of CityLink Investments Pte. Ltd., the holding company of the Basslink Group.*

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, Mr Tan Ek Kia resigned on 28 February 2014 to devote appropriate time to his remaining portfolio of work. Mr Tan will continue with his directorship and chairmanship of City Gas Pte Ltd (as trustee of City Gas Trust).

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	11	-	6	2	6	-
Yeo Wico	10 (1)	4	-	2	6	-
Mark Andrew Yeo Kah Chong	11	4	-	-	-	-
Haresh Jaisinghani	10	4	6	-	-	-
Tan Ek Kia	10 (2)	-	-	-	5 (2)	-
Ong Beng Teck	11	-	6	2	6	-
Number of meetings held	11	4	6	2	6	-

(1) *Mr Yeo Wico recused from attending the Board meeting due to a conflict of interest.*

(2) *Mr Tan Ek Kia ceased to be a Director and member of the MDCC on 28 February 2014.*

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, the converter station located at Loy Yang in Victoria, Australia which is part of the Basslink interconnector system and a Central Office building to view the facilities owned by NetLink Trust of which CityNet was appointed the Trustee-Manager.

During the financial year, some of the Directors attended seminars, talks and courses conducted by Singapore Institute of Directors, The Stewardship and Corporate Governance Centre and other professional agencies to update themselves on corporate governance practices, risk management matters, remuneration matters and other financial and corporate matters. Directors were also provided with updates and briefings from time to time by professional advisors, auditors and Management on relevant practices, new rules and regulations, listing requirements, governance practices, changes in accounting standards and risk management issues applicable to the performance to their duties and responsibilities as Directors.

A formal letter of appointment was provided to the directors setting out the director's duties, responsibilities and disclosure obligations.

2. Board Composition and Guidance

A Director is considered to be independent in accordance with the provisions of the BTR and the Code if he is independent from management, business relationships with the Trustee-Manager, substantial shareholder of the Trustee-Manager and has not served for more than nine years on the Board. The following directors are considered independent:

Mr Daniel Cuthbert Ee Hock Huat
Mr Yeo Wico
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani

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.

Currently, the Board comprises five directors with the majority being independent non-executive directors. The Board considers the present board size to be appropriate for the nature and scope of CitySpring's operations and facilitates effective decision-making. Biographical details of the Directors are set out on pages 22 and 23 of the Annual Report.

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 size and 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.

The Board constructively challenge and help develop proposals on strategy, and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. They meet regularly during the financial year, without the presence of Management, to discuss various matters.

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. Their responsibilities are clearly defined.

The Chairman's duties include:

- leading the Board in ensuring its effectiveness in engaging Management on strategy, business operations, enterprise risk and other issues pertinent to the business;
- managing the Board's business and supervising the Board Committees;
- setting the Board meeting agenda and managing the conduct of the meetings;
- ensuring effective communication with Unitholders;
- encouraging active and constructive discussions between the Board and Management; and
- promoting high standards of corporate governance.

The CEO's principal responsibilities include:

- implementing the Group's strategies and policies;
- managing all aspects of the Group's operations and be accountable to the Board for its corporate and financial performance;
- providing quality leadership and guidance to employees of the Group;
- ensuring effective risk management and internal controls are in place across the entire Group;
- managing and cultivating good relationships and effective communication with regulators, Unitholders, media and the public; and
- ensuring effective and robust succession planning for all key positions in the Group.

4. Board Membership

The GNC comprises three members, majority of whom including its Chairman are independent Directors, namely:

Mr Yeo Wico	-	Chairman, Independent Director
Mr Daniel Cuthbert Ee Hock Huat	-	Independent Director
Mr Ong Beng Teck	-	Non-Executive 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;
- make plans for succession, in particular for the Chairman, Chief Executive Officer and other Board members;
- 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.

During the financial year, GNC met two times to review the annual board performance evaluation report; the policy on external directorships for senior management staff of the Trustee-Manager and subsidiary entities and the actions to be taken to comply with the guidance in the Code.

The GNC also conducted an annual review of the independence of the independent Directors in accordance with the BTR and the Code. The four Independent Directors - Messrs Daniel Ee, Yeo Wico, Mark Yeo and Haresh Jaisinghani are considered to be independent from Temasek Holdings (Private) Limited ("Temasek"), which is the sole 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, Yeo Wico, Mark Yeo and Haresh Jaisinghani 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 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.

The GNC and the Board in principle support limiting the number of directorships that an independent director can effectively serve. However, the GNC and the Board are of the view that the effectiveness of each of the independent directors is best assessed by a qualitative assessment of the director's contributions as well as by taking into account each director's listed company board directorships, and any other relevant time commitments. If a quantitative limit on the number of directorships is imposed, the GNC and the Board may have omitted outstanding individuals who despite the demands on their time, have the capacity to participate and contribute as new members of the Board. All board members have also confirmed that they are able to commit sufficient time for the quarterly scheduled meetings and other ad-hoc meetings, and devote appropriate preparation time ahead of each meeting.

The Board does not encourage the appointment of alternate director. No alternate director is currently being appointed to the Board.

The GNC leads and has put in place a formal and transparent process for the appointment and re-appointment of directors to the Board.

The GNC sources for candidates for the Board or the Boards of subsidiary entities 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. GNC members will meet up with these candidates to assess their suitability. Shortlisted candidates would then meet up with the other members of the Board. Reference checks on the shortlisted candidates would be obtained. Candidates are offered the appointment after the consensus of all board members has been obtained.

One-third of directors who are longest-serving are required to retire from office every year at the annual general meeting of the Trustee-Manager. Based on such a rotation process, each director is required to submit himself for re-election by shareholders of the Trustee-Manager at least once every three years. Where an existing director is required to retire from office, the GNC and Board reviews the composition of the Board and takes into account factors such as that existing director's attendance, participation, contribution and competing time commitments when deciding whether to recommend that director for re-election.

Mr Yeo Wico and Mr Daniel Ee shall be retiring by rotation at the annual general meeting of the Trustee-Manager to be held on 30 July 2014 ("2014 AGM"). At the recommendation of the GNC, they will be seeking re-election at the 2014 AGM.

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 questionnaire through which all the Directors are required to complete and assess the overall effectiveness of the Board. The collated findings and the trend analysis of the evaluation outcomes over the years are reported and recommendations made to the Board for consideration and for future improvements to help the Board discharge its duties more effectively. Feedback is also provided to Management on the areas of improvement.

Chairman of the Board conducts a one-to-one session with each Director to discuss the perception on the Chairman's role, communications amongst the Board members, issues concerning corporate governance, and feedback on other Board members, Management, operations and processes. There is regular feedback and communications between the Board and senior management.

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.

For matters which require the Board's decision outside such meetings, board papers will be circulated through the Company Secretary for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management directly, before approval is granted.

Directors have direct access to senior management and may request from Management such additional information as needed in order to make informed and timely decisions.

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. The appointment and removal of the Company Secretary require the approval of the Board.

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 three non-executive Directors, two of whom (including the Chairman) are independent, namely:

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

The MDCC, guided by the principles of the Code, regularly reviews the recruitment, development and compensation of senior management staff with reference to data provided by market surveys of comparative groups. The MDCC also reviews and recommends the directors' fees payable to Directors serving on the Board and Board Committees of the Trustee-Manager and also the directors' fees payable to the independent directors of the subsidiary entities.

The 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 six times to review the Non-Executive Directors' remuneration; annual increments and bonus awards for the subsidiary entities and also for the senior management staff of the CitySpring Group and the Trustee-Manager; guidelines for key performance indicator settings and linkage to variable bonus for key management staff; succession planning; salary benchmarking exercise; and the follow up actions to be taken to comply with the guidance in the Code.

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 management personnel of the Trustee-Manager and the subsidiaries of CitySpring, the MDCC takes into consideration the pay and employment conditions within the industry and in comparable companies. The MDCC has access to advice from the human resources department and from external sources if required.

The Directors' fees and the remuneration of the key management personnel employed by 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 Directors receive a director's fee. Directors are also paid an attendance fee for all Board and Board Committees meetings. Board members are also paid directors' fees and attendance fees for ad-hoc work that the Board may request them to perform. Payment of the directors' fees is subject to approval by the shareholder of the Trustee-Manager. The directors' fees structure is as follows:

	Role	Fees ($)
Board	Chairman	60,000
	Member	35,000
Audit Committee	Chairman	20,000
	Member	10,000
Other Board Committees	Chairman	10,000
	Member	5,000

The remuneration package of the key management personnel of the Trustee-Manager and the subsidiary entities comprises the base salaries and where applicable the contracted annual wage supplement, short term variable bonuses and long-term incentive award for senior management. From time to time, remuneration consultants are appointed to conduct industry benchmarking exercises to ensure the remuneration packages are competitive.

Base salaries are usually determined based on the responsibilities of the job function. Annually a bonus pool will be determined based on the Group's performance. Individual performance targets for the key management personnel are set at the beginning of each financial year. Short term variable bonuses and long term incentive awards are determined based on the individual's overall work performance and achievement of the agreed performance targets. Long term incentive award vests into cash if certain benchmarks are met over the vesting period of three years.

The summary remuneration table for the Directors, CEO and top five key management personnel of the Trustee-Manager and the subsidiaries of CitySpring for the financial year ended 31 March 2014 is set out below:

Remuneration of Directors and CEO of the Trustee-Manager

	Remuneration $*	Directors' Fees %	Salary %	Variable Bonus %	Benefits %	Total %
Directors						
Mr Daniel Cuthbert Ee Hock Huat	126,000	100	-	-	-	100
Mr Yeo Wico	102,000	100	-	-	-	100
Mr Mark Andrew Yeo Kah Chong	73,000	100	-	-	-	100
Mr Haresh Jaisinghani (1)	93,000	100	-	-	-	100
Mr Ong Beng Teck	71,000	100	-	-	-	100
Mr Tan Ek Kia (2)	50,000	100	-	-	-	100
CEO						
Mr Tong Yew Heng	1,042,000	NA	52	41	7	100

* *Rounded to the nearest thousand*

(1) *Also receives directors' fee of $45,000 for his appointment as Chairman and Director of CityLink Investments Pte. Ltd.*

(2) *From 1 April 2013 to 28 February 2014. Also receives directors' fee of $45,000 for his appointment as Chairman and Director of City Gas Pte Ltd, the trustee of City Gas Trust.*

Top 5 Key Management Personnel

Key Management Personnel (who are not Director or CEO of the Trustee-Manager)	**Salary %**	**Variable Bonus %**	**Benefits %**	**Total %**
$500,000 to below $750,000				
Mr Ng Yong Hwee President and Chief Executive Officer, City Gas and Chief Executive Officer, SingSpring	50	44	6	100
Mr Malcolm Eccles Chief Executive Officer, Basslink	71	18	11	100
Mr Tan Cheong Hin Chief Investment Officer, Trustee-Manager	61	38	1	100
Ms Susanna Cher Chief Financial Officer and Company Secretary, Trustee-Manager	51	42	7	100
$250,000 to below $500,000				
Mr Teo Kwan Hai Senior Vice President (Customer Service), City Gas	63	36	1	100

The total remuneration paid to the top five key management personnel for the financial year ended 31 March 2014 is $2,851,000.

There are no employees of the Trustee-Manager, CitySpring and its subsidiaries who are immediate family members of the Directors or CEO and whose remuneration exceeds $50,000 during the financial year ended 31 March 2014.

9. Accountability

The Board's 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, namely:

Mr Mark Andrew Yeo Kah Chong	-	Chairman, Independent Director
Mr Haresh Jaisinghani	-	Independent Director
Mr Yeo Wico	-	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 person transactions, including reviewing any interested person 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 and monitor the risk management process 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 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 to ensure compliance with the Listing Manual and the BTA, and review of renewal of general mandate; 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.

Changes to accounting standards and issues which have a direct impact on the financial statements were reported to the AC by the Trustee-Manager and highlighted by the external auditors in their report to the AC.

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 and members of the public 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 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 Group 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. Risk Management, Internal Controls and Internal Audit

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

The Group has engaged BDO LLP as its internal auditor. The internal auditor reports directly to the Chairman of AC on all internal audit matters. The internal auditor plans the internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews the internal audit report and monitor the implementation of the improvements required on internal control weaknesses identified.

The Group had appointed KPMG Services Pte. Ltd. ("KPMG") to assist the Group to develop a framework for Enterprise Risk Management ("ERM") so as to achieve consistency of application and understanding of risk management across the subsidiary entities. Under the guidance of KPMG, the subsidiary entities conducted a comprehensive review to establish the risk parameters and identify the key and significant risks, which affects and impacts the business objectives of the Group. The risk mitigation for the Tier One and Two risks were developed and reviewed. These together with the identified key risk indicators and follow up actions were reported to Audit Committee and Board quarterly. The ERM framework was approved by the AC and the Board. This framework will be reviewed annually to take into account the changing business conditions in the Group.

Each of the subsidiaries has established their risk management committee who will provide quarterly updates to their respective boards. These are then collated and reviewed by the Group Risk Management Committee for reporting to AC and Board.

The various countermeasures addressing the identified key and significant risks are reviewed by: Management during their monthly management meeting or operations review; internal auditors based on the internal audit plan; external auditors during their half year review and annual audits; and the 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 assurance on the financial reporting and internal controls to the Management of the Trustee-Manager. The CEO and CFO of the Trustee-Manager in turn provide a quarterly management assurance to the Board.

The Board has received assurance from the CEO and CFO of the Trustee-Manager that, as at 31 March 2014:

(a) the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate and effective to address significant financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the reviews performed by Management and the various Board Committees and the Board, and assurances received from the CEO and CFO of the Trustee-Manager, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2014 to address financial, operational, compliance and information technology controls risks which the Group considers material and relevant to its operations.

The Board acknowledges that a system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss and therefore no cost effective internal control system will preclude all errors and irregularities.

12. Unitholders' Rights, Communication with Unitholders and Conduct of Unitholders' Meetings

The Trustee-Manager regularly communicates with Unitholders and attends to their queries and concerns.

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. The Group has developed an Investor Relations Policy to guide Management in the delivery of pertinent information to unitholders.

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. Unitholders who are interested to be notified of our SGX announcements, can subscribe for email alerts.

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 SIAS and road shows organised by broking houses.

Unitholders can also send any queries that they may have regarding CitySpring to our investor email account and Management would respond to the queries.

The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meeting. All Unitholders will receive the Annual Report/circulars and notices of general meetings which are also published in the newspapers and announced through the SGXNet. Unitholders are also informed of the rules, including voting procedures, governing the meetings. If any Unitholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Each distinct issue is proposed as a separate resolution at Unitholders' meetings. Commencing from the annual general meeting to be held this July 2014, the Trustee-Manager will subject all resolutions to vote by poll. The details of the voting results are announced after the general meeting through the SGXNet.

The Board and Senior Management of the Trustee-Manager will be in attendance at the CitySpring's annual general meeting to address questions from Unitholders. The external auditors are also present at such meetings to assist the Directors to address Unitholders' queries, if necessary.

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.

The Group has adopted a "Code of Best Practices in Unit dealing" and all Related Staff are briefed on the code and 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 unitholders.

The Group has obtained a general mandate pursuant to Rule 920 for interested person transactions as approved by independent unitholders at the extraordinary general meeting held on 28 July 2011. This mandate was renewed at the annual general meeting held on 19 July 2013.

There are no interested person transactions during the financial year under review not conducted under Unitholders' mandate pursuant to Rule 920.

The interested person transactions transacted for the financial year by the Group were as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000
(a) Sales of Goods and Services	
Temasek Holdings (Private) Limited and its Associates	
- Singapore Power Limited	
- Powergas Limited	1,140
- SATS Catering Pte Ltd	5,925
(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)	2,821
(c) Reimbursement of expenses	
Temasek Holdings (Private) Limited and its Associates	
- Singapore Power Limited	
- Powergas Limited	5,778
- Singapore Telecommunications Limited	
- CityNet Infrastructure Management Pte. Ltd. (as Trustee-Manager of NetLink Trust)	10
- CitySpring Infrastructure Management Pte. Ltd.	13

Name of Interested Person	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000
(d) Purchases	
Temasek Holdings (Private) Limited and its Associates	
- Aetos Security Management Pte Ltd	712
- Certis Cisco Security Pte Ltd	222 [(1),(2)]
- Singapore Power Limited	
- Gas Supply Pte Ltd	151,136
- Powergas Limited	87,731
- SP Services Limited	15,666
- Sembcorp Power Pte Ltd	6,871
- SP Australia Networks	
- SPI PowerNet Pty Ltd	1,311
- SPI Networks Pty Ltd	146
- SPI Electricity Pty Ltd	4
(e) Leasing of Assets (Rental charge)	
Temasek Holdings (Private) Limited and its Associates	
- Singapore Power Limited	
- Powergas Limited	569
- SP Services Limited	268
(f) Management Fee Expense (including Reimbursement of Expenses)	
Temasek Holdings (Private) Limited and its Associates	
- CitySpring Infrastructure Management Pte. Ltd.	7,775

(1) *This relates to security services which a subsidiary has agreed to cost share with its operator and its customer.*

(2) *This includes the security services which a third party has agreed to bear in full.*

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 Haresh Jaisinghani	-	Chairman, Independent Director
Mr Daniel Cuthbert Ee Hock Huat	-	Independent Director
Mr Ong Beng Teck	-	Non-Executive Director

The FIC's terms of reference were to:

- review and recommend to the Board on mergers, acquisitions and divestments;
- review and recommend distribution policy 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 financing arrangements in relation to the Trust and the Group;
- 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 six times to review various investment proposals, refinancing proposals for CitySpring, City Gas and Basslink and the budget of the Trust and the subsidiaries and recommended their approval to the Board. The FIC also approved the Group's three-year growth strategy and reviewed the annual distribution guidance for FY2015.

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 2014.

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

REPORT OF THE TRUSTEE-MANAGER OF CITYSPRING INFRASTRUCTURE TRUST

The directors of CitySpring Infrastructure Management Pte. Ltd., the Trustee-Manager of CitySpring Infrastructure Trust ("CitySpring" or the "Trust"), are pleased to present their report to the unitholders of the Trust, together with the consolidated financial statements of CitySpring and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in unitholders' funds of the Trust for the financial year ended 31 March 2014.

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 Yeo Wico
Mr Mark Andrew Yeo Kah Chong
Mr Haresh Jaisinghani
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 31.3.2014	**At 1.4.2013**	**At 31.3.2014**	**At 1.4.2013**
Number of units				
Mr Yeo Wico	800,000	800,000	–	–
Mr Mark Andrew Yeo Kah Chong	620,000	620,000	–	–
Mr Ong Beng Teck	46,500	46,500	–	–

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 April 2014.

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 ("AC") of the Trustee-Manager during the financial year and as at the date of this report were as follows:

Mr Mark Andrew Yeo Kah Chong (Chairman)
Mr Haresh Jaisinghani
Mr Yeo Wico

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

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

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

- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the scope and results of the internal audit procedures of the Trustee-Manager of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 5 January 2007 constituting the Trust, the 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 financial statements of the Trustee-Manager for the financial year ended 31 March 2014 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.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Internal controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the reviews performed by Management and the various Board Committees and the Board, and assurances received from the Chief Executive Officer and Chief Financial Officer of the Trustee-Manager, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2014 to address financial, operational, compliance and information technology controls risks which the Group considers material and relevant to its operations.

Independent auditor

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

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

Daniel Cuthbert Ee Hock Huat
Chairman

Mark Andrew Yeo Kah Chong
Director

Singapore
6 June 2014

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 59 and 60 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 2014;

(b) the balance sheets set out on page 61 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 2014;

(c) the consolidated cash flow statement set out on page 65 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 2014; 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 2014 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 2014 for issue.

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

Daniel Cuthbert Ee Hock Huat
Chairman

Mark Andrew Yeo Kah Chong
Director

Singapore
6 June 2014

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
6 June 2014

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CITYSPRING INFRASTRUCTURE TRUST

For the financial year ended 31 March 2014

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 59 to 139, which comprise the balance sheets of the Group and the Trust as at 31 March 2014, 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, Chapter 31A (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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CITYSPRING INFRASTRUCTURE TRUST

For the financial year ended 31 March 2014

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 2014 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 Chartered Accountants

Singapore
6 June 2014

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2014

	Note	2014 $'000	2013 $'000
Revenue	4	521,052	523,888
Other income	5	2,809	3,352
Other losses - net	6	(1,933)	(7,323)
Expenses			
Fuel and electricity costs		(215,405)	(197,980)
Gas transportation costs		(85,128)	(81,691)
Depreciation and amortisation		(52,294)	(54,813)
Staff costs	7	(25,239)	(23,971)
Operation and maintenance costs		(25,752)	(25,328)
Finance costs	8	(65,272)	(68,864)
Management fees	9	(7,069)	(6,480)
Other operating expenses		(43,878)	(35,140)
Total expenses		(520,037)	(494,267)
Profit before tax	10	1,891	25,650
Income tax expense	11	(1,549)	(6,071)
Net profit after tax		342	19,579
(Loss)/profit attributable to:			
Unitholders of the Trust		(2,103)	18,240
Non-controlling interests		2,445	1,339
		342	19,579
(Loss)/earnings per unit attributable to unitholders of the Trust, expressed in cents per unit			
- basic and diluted	12	(0.14)	1.20

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 2014

	2014 $'000	2013 $'000
Net profit after tax	342	19,579
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to income statement:		
Cash flow hedges:		
- Fair value gains/(losses)	11,740	(43,352)
- Transfer to income statement	11,218	9,181
Currency translation differences relating to consolidation of foreign subsidiaries	(9,744)	(2,411)
Other comprehensive income/(loss), net of tax	13,214	(36,582)
Total comprehensive income/(loss)	13,556	(17,003)
Total comprehensive income/(loss) attributable to:		
Unitholders of the Trust	10,015	(18,588)
Non-controlling interests	3,541	1,585
	13,556	(17,003)

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

BALANCE SHEETS

As at 31 March 2014

	Note	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
ASSETS					
Current assets					
Cash and bank deposits	13	304,327	202,364	93,542	78,556
Trade and other receivables	14	68,554	64,924	7,525	7,163
Finance lease receivables	15	8,382	8,067	–	–
Inventories	16	20,040	18,096	–	–
Other current assets	17	3,878	3,059	24	52
		405,181	296,510	101,091	85,771
Non-current assets					
Derivative financial instruments	18	3,859	–	–	–
Finance lease receivables	15	139,708	148,040	–	–
Long-term receivables	19	–	–	230,570	230,570
Other assets		2,137	2,865	–	–
Subsidiary companies	20	–	–	465,573	606,573
Property, plant and equipment	21	1,008,471	1,160,928	–	–
Intangibles	22	388,486	404,463	–	–
		1,542,661	1,716,296	696,143	837,143
Total assets		1,947,842	2,012,806	797,234	922,914
LIABILITIES					
Current liabilities					
Derivative financial instruments	18	15,039	13,820	13	48
Trade and other payables	23	105,574	99,433	2,166	2,227
Current tax liabilities		9,061	5,189	20	46
Borrowings	24	152,450	137,547	142,041	–
		282,124	255,989	144,240	2,321
Non-current liabilities					
Derivative financial instruments	18	7,169	36,270	–	–
Borrowings	24	1,145,278	1,206,776	–	141,264
Notes payable to non-controlling interest	25	15,000	15,000	–	–
Deferred tax liabilities	26	23,756	24,204	–	–
Provisions	27	24,044	28,541	–	–
Other payables	28	84,137	80,873	–	–
		1,299,384	1,391,664	–	141,264
Total liabilities		1,581,508	1,647,653	144,240	143,585
NET ASSETS		366,334	365,153	652,994	779,329
UNITHOLDERS' FUNDS					
Units in issue	29	886,731	886,731	886,731	886,731
Hedging reserve	30	(121,597)	(143,465)	(13)	(48)
Translation reserve	31	(24,144)	(14,394)	–	–
Capital reserve	32	38,710	–	–	–
Accumulated losses		(424,760)	(372,837)	(233,724)	(107,354)
		354,940	356,035	652,994	779,329
Non-controlling interests		11,394	9,118	–	–
Total unitholders' funds		366,334	365,153	652,994	779,329

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 2014

	Note	Units in issue (Note 29) $'000	Hedging reserve (Note 30) $'000	Translation reserve (Note 31) $'000	Capital reserve (Note 32) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total unitholders' funds $'000
		← Attributable to Unitholders of the Trust →							
Group									
2014									
Beginning of financial year		886,731	(143,465)	(14,394)	–	(372,837)	356,035	9,118	365,153
Total comprehensive income/(loss) for the year		–	21,868	(9,750)	–	(2,103)	10,015	3,541	13,556
Contributions by and distributions to owners									
Distributions paid	33	–	–	–	–	(49,820)	(49,820)	(1,755)	(51,575)
Total transactions with owners in their capacity as owners		–	–	–	–	(49,820)	(49,820)	(1,755)	(51,575)
Changes in ownership interests									
Change in ownership interest in subsidiary with no change in control		–	–	–	38,710	–	38,710	490	39,200
Total changes in ownership interests		–	–	–	38,710	–	38,710	490	39,200
End of financial year		886,731	(121,597)	(24,144)	38,710	(424,760)	354,940	11,394	366,334

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 2014

	Note	Units in issue (Note 29) $'000	Hedging reserve (Note 30) $'000	Translation reserve (Note 31) $'000	Capital reserve (Note 32) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total unitholders' funds $'000
		← Attributable to Unitholders of the Trust →							
Group									
2013									
Beginning of financial year		886,731	(109,048)	(11,983)	–	(341,257)	424,443	9,393	433,836
Total comprehensive (loss)/income for the year		–	(34,417)	(2,411)	–	18,240	(18,588)	1,585	(17,003)
Contributions by and distributions to owners									
Distributions paid	33	–	–	–	–	(49,820)	(49,820)	(1,860)	(51,680)
Total transactions with owners in their capacity as owners		–	–	–	–	(49,820)	(49,820)	(1,860)	(51,680)
End of financial year		886,731	(143,465)	(14,394)	–	(372,837)	356,035	9,118	365,153

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 2014

	Note	Units in issue (Note 29) $'000	Hedging reserve (Note 30) $'000	Accumulated losses $'000	Total unitholders' funds $'000
Trust					
2014					
Beginning of financial year		886,731	(48)	(107,354)	779,329
Total comprehensive income/(loss) for the year		–	35	(76,550)	(76,515)
Contributions by and distributions to owners					
Distributions paid	33	–	–	(49,820)	(49,820)
Total transactions with owners in their capacity as owners		–	–	(49,820)	(49,820)
End of financial year		886,731	(13)	(233,724)	652,994
2013					
Beginning of financial year		886,731	(124)	(92,090)	794,517
Total comprehensive income for the year		–	76	34,556	34,632
Contributions by and distributions to owners					
Distributions paid	33	–	–	(49,820)	(49,820)
Total transactions with owners in their capacity as owners		–	–	(49,820)	(49,820)
End of financial year		886,731	(48)	(107,354)	779,329

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 2014

	Note	2014 $'000	2013 $'000
Operating activities			
Profit before tax		1,891	25,650
Adjustments for:			
- Depreciation and amortisation		52,294	54,813
- Finance costs		65,272	68,864
- Interest income		(1,858)	(2,280)
- Fair value (gain)/loss on derivative financial instruments		(1,722)	5,412
- Property, plant and equipment written off		36	–
- Gain on disposal of property, plant and equipment		(28)	(21)
- Unrealised translation loss/(gain)		136	(30)
Operating cash flows before working capital changes		116,021	152,408
Changes in working capital:			
- Inventories		(1,944)	(2,888)
- Trade and other receivables		4,347	7,234
- Trade and other payables		18,005	5,161
Cash generated from operations		136,429	161,915
Interest received		1,809	2,290
Interest paid		(54,709)	(57,967)
Income tax paid		(278)	(365)
Net cash generated from operating activities		83,251	105,873
Investing activities			
Proceeds from change in ownership interest in subsidiary with no change in control		39,200	–
Purchase of property, plant and equipment		(1,530)	(2,522)
Proceeds from sale of property, plant and equipment		28	25
Net cash from/(used in) investing activities		37,698	(2,497)
Financing activities			
(Increase)/decrease in restricted cash		(9,397)	2,478
Proceeds from borrowings		178,000	–
Repayment of borrowings		(138,443)	(9,479)
Payment of loan upfront fee		(1,915)	–
Distributions paid to unitholders of the Trust	33	(49,820)	(49,820)
Distributions paid by subsidiary to non-controlling interest		(1,755)	(1,860)
Net cash used in financing activities		(23,330)	(58,681)
Net increase in cash and cash equivalents		97,619	44,695
Cash and cash equivalents at beginning of financial year		164,637	120,068
Effects of currency translation on cash and cash equivalents		(2,556)	(126)
Cash and cash equivalents at end of financial year	13	259,700	164,637

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 40.

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 April 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust.

2. Summary of significant accounting policies (cont'd)

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**
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
Amendments to FRS 32 – *Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to the transition guidance of FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements and* FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: *Investment Entities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs	1 July 2014

Except for FRS 112 and Amendments to FRS 36, the Group expects 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 FRS 112 and Amendments to FRS 36 are described below:

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. 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. Summary of significant accounting policies (cont'd)

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

Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*

Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets is effective for financial periods beginning on or after 1 January 2014.

The amendments remove the requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant when compared to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. Instead, the amendments require entities to disclose the recoverable amount of an asset (including goodwill) for which an impairment loss was recognised or reversed during the reporting period. The amendments also require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. As the amendments only clarify the disclosures requirement, the Group does not expect significant financial implications arising from the adoption of this amendments.

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. Summary of significant accounting policies (cont'd)

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**

<u>Business combinations from 1 April 2010</u>

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 remeasured until it is finally settled within equity.

2. Summary of significant accounting policies (cont'd)

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

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

Business combinations prior to 1 April 2010

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

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest 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. Summary of significant accounting policies (cont'd)

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.

Changes in the Trust's 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 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 financial statements are presented in Singapore Dollars, which is also the functional 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 that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

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.

2. Summary of significant accounting policies (cont'd)

2.6 Currency translation (cont'd)

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

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

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

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

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

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

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

2.7 Property, plant and equipment

(a) **Measurement**

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

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

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

(a) **Measurement (cont'd)**

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

(b) **Depreciation**

Freehold land 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 losses - net.

2. Summary of significant accounting policies (cont'd)

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 the Group's cash-generating units ("CGU") 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 CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU 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 CGU and part of the operation within that CGU 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 CGU 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. Summary of significant accounting policies (cont'd)

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 financial year end. 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 CGU's fair value less costs of disposal 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 CGU 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 of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses of continuing operations are recognised in income statement, 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.

2. Summary of significant accounting policies (cont'd)

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

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 CGU'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 instruments

(a) **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.

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. 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.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) **Financial assets (cont'd)**

Subsequent measurement (cont'd)

(i) **Financial assets at fair value through profit or loss (cont'd)**

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.

(ii) **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.

Regular way purchase or sale of a financial asset

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.

(b) **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.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(b) **Financial liabilities (cont'd)**

Subsequent measurement

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

(i) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. 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.

(ii) **Financial liabilities at amortised costs**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest 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.

(c) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets

The Group assesses at each reporting date 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 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 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 been 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. Summary of significant accounting policies (cont'd)

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. Summary of significant accounting policies (cont'd)

2.16 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

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 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.

2. Summary of significant accounting policies (cont'd)

2.17 Derivative financial instruments and hedging activities (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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. Summary of significant accounting policies (cont'd)

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 assets and liabilities for the current and prior periods are measured 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. Summary of significant accounting policies (cont'd)

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. Summary of significant accounting policies (cont'd)

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 is 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. Summary of significant accounting policies (cont'd)

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. Summary of significant accounting policies (cont'd)

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 and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding credit risk and volatility that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For sensitivity analysis on interest rate risk, see Note 37(a)(iii).

(ii) 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 37(e) to the financial statements.

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

(a) **Key sources of estimation uncertainty (cont'd)**

(iii) **Impairment of non-financial assets**

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets.

Determining whether the carrying values of investments in subsidiaries, property, plant and equipment and intangibles are impaired requires an estimation of the value in use of the asset or the CGU. This requires the Group to estimate the future cashflows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cashflows. The carrying amounts of investments in subsidiaries, property, plant and equipment and intangibles at the reporting date are disclosed in Note 20, 21 and 22 respectively.

(iv) **Estimated useful lives of property, plant and equipment**

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment.

(v) **Income tax**

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain due to differing interpretations of tax regulations by the taxable entity and the relevant tax authority. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, certain subsidiaries of the Group have potential tax benefits arising from unutilised tax losses, unabsorbed capital allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

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

(b) **Critical judgements made in applying accounting policies**

The Group is of the opinion that the instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving key sources of estimation uncertainty.

4. Revenue

	Group	
	2014	**2013**
	$'000	**$'000**
Sale of goods	390,365	380,685
Service income	122,818	135,688
Finance lease income	5,048	5,379
Management fee income	2,821	2,136
	521,052	523,888

5. Other income

	Group	
	2014	**2013**
	$'000	**$'000**
Interest income	1,858	2,280
Other miscellaneous income	951	1,072
	2,809	3,352

6. Other losses - net

	Group	
	2014	**2013**
	$'000	**$'000**
Fair value gain/(loss) on derivative financial instruments	1,722	(5,412)
Exchange differences	(824)	204
Realised loss on derivative financial instruments	(2,859)	(2,136)
Others	28	21
	(1,933)	(7,323)

7. Staff costs

	Group 2014 $'000	Group 2013 $'000
Salaries and wages	21,197	19,959
Employer's contribution to defined contribution plans including Central Provident Fund	2,306	2,208
Other short-term benefits	1,818	1,895
Less: Government grant		
Enhanced Special Employment Credit Scheme	(82)	(91)
	25,239	23,971

The Special Employment Credit Scheme ("SEC") was a cash grant introduced in 2011 and enhanced in 2012 to provide support for employers to hire older Singaporean workers. Employers who employ Singaporeans aged 50 and earning up to $4,000 a month will be entitled to the enhanced SEC. It will apply for five years from 1 January 2012.

8. Finance costs

	Note	Group 2014 $'000	Group 2013 $'000
Interest expense			
- Bank borrowings		46,274	52,683
- Notes payable to non-controlling interest		975	975
Unwinding of discounts:			
- Provision for decommissioning costs	27	860	942
- Interest-free customer deposits		1,321	1,360
Cash flow hedges, transfer from hedging reserve	30	15,561	12,597
Others		281	307
		65,272	68,864

9. Management fees

	Group	
	2014	**2013**
	$'000	**$'000**
Base fee	7,069	6,480

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.

No performance fee is payable for the financial years ended 31 March 2014 and 31 March 2013. During the financial year, CitySpring Accumulated Return Index was higher by 6.5% (2013: higher by 25.6%) whilst the MSCI index was higher by 1.6% (2013: higher by 19.2%). The accumulated deficit for the purposes of calculating performance fee decreased from $395.9 million at 31 March 2013 to $365 million at 31 March 2014. This deficit must be made up with returns to unitholders before the Trustee-Manager becomes entitled to any performance fees.

10. Profit before tax

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

	Group	
	2014	**2013**
	$'000	**$'000**
Audit fees paid/payable to Ernst and Young, Singapore and Melbourne ("EY") ("Audit fees")	488	421
Non audit fees paid/payable to EY, ("Non audit fees")*:		
- Tax advisory fees for newly incorporated entities and investment related matters	63	193
- Due diligence work in relation to refinancing of Basslink's borrowings	147	–
- Certification work	27	26
	237	219
Tax compliance fee paid/payable to EY,		
- Recurring	90	123
- Non-recurring	–	108
	90	231
Total fees paid/payable to EY, ("Total fees")	815	871
% of Non audit fees to Total fees	*29%*	*25%*
% of Non audit fees to Audit fees	*48%*	*52%*
Audit fees paid/payable to other auditors for audit of certain components of City Gas Trust financials	160	154
Professional fees paid/payable to other auditors	240	199
Allowance for impairment of trade receivables	684	467
Operating lease expense	1,012	983
Property, plant and equipment written off	36	–
Gain on disposal of property, plant and equipment	(28)	(21)

* The Audit Committee ("AC") confirms that it has undertaken a review of all non-audit services provided by external auditors and they would not, in the AC's opinion, affect the independence of the external auditors.

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2014 and 2013 are:

	Note	Group 2014 $'000	Group 2013 $'000
Consolidated income statement:			
Income tax is made up of:			
Current income tax expense			
- Current income taxation		4,210	5,181
- Over provision in respect of previous year		(60)	–
		4,150	5,181
Deferred income tax (credit)/expense			
- Origination and reversal of temporary differences		(2,601)	1,256
- Benefits from previously unrecognised tax losses, tax credit and temporary differences		–	(366)
	26	(2,601)	890
Income tax expense recognised in income statement		1,549	6,071
Consolidated statement of comprehensive income:			
Deferred tax expense related to other comprehensive income:			
- Fair value gain/(losses) and reclassification adjustments on cash flow hedges	26	2,153	(1,148)

11. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Profit before tax	1,891	25,650
Tax calculated at a tax rate of 17%	321	4,361
Effect of:		
- Different tax rates in other countries	(3,972)	(2,859)
- Expenses not deductible for tax purposes	2,199	2,320
- Income not subject to tax	(4,709)	(4,725)
- Deferred tax assets not recognised	7,698	10,935
- Derecognition/(recognition) of future deductible amounts allowable under overseas tax regime	300	(2,729)
- Tax relief	(221)	(814)
- Benefit from previously unrecognised tax losses, tax credit and temporary differences	–	(366)
- Overprovision in respect of previous year	(60)	–
- Others	(7)	(52)
	1,549	6,071

12. (Loss)/earnings per unit

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

	Group	
	2014	**2013**
(Loss)/profit for the financial year attributable to unitholders of the Trust ($'000)	(2,103)	18,240
Weighted average number of units during the financial year	1,518,893,062	1,518,893,062
Basic and diluted (loss)/earnings per unit (in cents per unit)	(0.14)	1.20

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

13. Cash and bank deposits

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash and bank deposits	304,327	202,364	93,542	78,556
Less: Restricted cash	(44,627)	(37,727)	(9,033)	(5,040)
Cash and cash equivalents in cash flow statement	259,700	164,637	84,509	73,516

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

Short-term deposits are made for varying periods of a week to 1 year depending on the cash requirement of the Group and the Trust. The weighted average effective interest rate as at 31 March 2014 for the Group and Trust were 0.61% (2013: 1.13%) and 0.33% (2013: 0.70%) respectively.

14. Trade and other receivables

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties	64,547	58,377	–	–
- Related parties	57	59	–	–
Less: Allowance for impairment	(1,063)	(824)	–	–
Trade receivables - net	63,541	57,612	–	–
Interest receivable	132	82	95	10
Other receivables	4,881	7,230	455	213
Amount due from subsidiaries (non-trade)	–	–	6,975	6,940
	68,554	64,924	7,525	7,163

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

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

15. Finance lease receivables

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

	Group	
	2014	**2013**
	$'000	**$'000**
Minimum finance lease receivables:		
Not later than one year	13,146	13,146
Later than one year but not later than five years	52,622	52,622
Later than five years	88,365	101,461
Total minimum lease receivables	154,133	167,229
Less: Future finance income	(32,305)	(37,384)
Present value of minimum lease receivables	121,828	129,845
Unguaranteed residual value	26,262	26,262
Net investment in finance lease	148,090	156,107
Less: Present value of finance lease receivables not later than one year	(8,382)	(8,067)
Non-current financial lease receivables	139,708	148,040
Present value of the finance lease receivables is analysed as follows:		
Not later than one year	8,382	8,067
Later than one year but not later than five years	36,980	35,588
Later than five years	76,466	86,190
Present value of minimum lease receivables	121,828	129,845

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.

16. Inventories

	Group	
	2014	2013
	$'000	$'000
Fuel (at cost)	11,826	10,537
Spare parts and accessories (net realisable value)	8,122	7,449
Pipes and fittings (at cost)	92	110
	20,040	18,096

The cost of inventories recognised as an expense and included in fuel and electricity costs and operation and maintenance costs amounted to $27,080,000 (2013: $24,186,000). Inventories written-down recognised as an expense and included in other operating expenses amounted to $28,000 (2013: $Nil).

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

17. Other current assets

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deposits	609	276	–	–
Prepayments	3,269	2,783	24	52
	3,878	3,059	24	52

18. Derivative financial instruments

	Group			Trust		
	Contract notional amount $'000	Asset $'000	Liability $'000	Contract notional amount $'000	Asset $'000	Liability $'000
2014						
Cash flow hedges						
- Interest rate swaps	711,498	3,859	16,355	71,000	–	13
Held for trading						
- Interest rate swaps	132,534	–	5,853		–	–
		3,859	22,208		–	13
Less: Current portion		–	(15,039)		–	(13)
Non-Current portion		3,859	7,169		–	–

18. Derivative financial instruments (cont'd)

	Group			Trust		
	Contract notional amount $'000	Asset $'000	Liability $'000	Contract notional amount $'000	Asset $'000	Liability $'000
2013						
Cash flow hedges						
- Interest rate swaps	844,112	–	41,699	71,000	–	48
Held for trading						
- Interest rate swaps	159,278	–	8,391		–	–
		–	50,090		–	48
Less: Current portion		–	(13,820)		–	(48)
Non-Current portion		–	36,270		–	–

The Group and the Trust have entered into interest rate swaps to manage the Group's and the Trust'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. 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 FY2015 to FY2031.

19. Long-term receivables

	Trust	
	2014 $'000	2013 $'000
Notes issued by subsidiaries	230,570	230,570

19. Long-term receivables (cont'd)

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 is 13.0% per annum (2013: 13.0%). The fixed interest rate for SingSpring Trust notes is 6.5% per annum (2013: 6.5%).

The notes are direct, unsecured and subordinated obligations of the subsidiaries.

20. Subsidiary companies

	Trust	
	2014	**2013**
	$'000	**$'000**
Investments, at cost	155,735	155,735
Advances to subsidiary company	450,838	450,838
Less: Allowance for impairment	(141,000)	–
	465,573	606,573
Movement in allowance accounts:		
Beginning of financial year	–	–
Charge for the year	141,000	–
End of financial year	141,000	–

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.

Details of subsidiaries are included in Note 40.

Impairment testing of investment in subsidiaries

The Trustee-Manager performed impairment test for the investment in Basslink Group. An allowance for impairment amounting to $141 million (31 March 2013: $Nil) was recognised for the year ended 31 March 2014 in the carrying value of Basslink Group. The negative outlook for Commercial Risk Sharing Mechanism ("CRSM") payments and less favourable results for Basslink Telecoms revenue were the main reasons for the decrease in the recoverable amount of Basslink Group for the current year.

The recoverable amount was determined based on a value in use calculation using future cash flows forecasted from the business.

The discount rate used was 5.92% (2013: 5.49%) per annum which reflects market assessment of the time value of money and the risks specific to the Basslink Group at that time.

21. Property, plant and equipment

	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
Group									
Cost:									
At 1 April 2012	1,862	3,000	2,155	7,870	1,388,134	1,360	6,817	2,226	1,413,424
Additions [(1)]	–	–	–	–	246	362	1,366	751	2,725
Written off	–	–	–	–	–	–	(126)	–	(126)
Disposal	–	–	–	–	–	(92)	–	–	(92)
Currency translation differences	(17)	–	(20)	–	(12,185)	(4)	(12)	(28)	(12,266)
Reclassification	–	–	–	–	1,935	–	257	(2,192)	–
Other movement [(2)]	–	–	–	–	7,432	–	–	–	7,432
At 31 March 2013 and 1 April 2013	1,845	3,000	2,135	7,870	1,385,562	1,626	8,302	757	1,411,097
Additions [(1)]	–	–	–	–	864	405	327	85	1,681
Written off	–	–	–	–	(69)	–	(79)	–	(148)
Disposal	–	–	–	–	–	(108)	(4)	–	(112)
Currency translation differences	(183)	–	(211)	–	(129,597)	(42)	(137)	(69)	(130,239)
Reclassification	–	–	–	–	629	–	88	(717)	–
Other movement [(2)]	–	–	–	–	(2,606)	–	–	–	(2,606)
At 31 March 2014	1,662	3,000	1,924	7,870	1,254,783	1,881	8,497	56	1,279,673

(1) During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,681,000 (2013: $2,725,000). The cash outflow on acquisition of property, plant and equipment amounted to $1,530,000 (2013: $2,522,000). The remaining amounts remained unpaid as at year end.

(2) This relates to the movement in the provision for decommissioning costs during the year (Note 27).

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

	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
Group									
Accumulated depreciation:									
At 1 April 2012	–	825	254	2,063	198,851	728	5,612	–	208,333
Depreciation charge	–	161	55	402	41,714	209	733	–	43,274
Written off	–	–	–	–	–	–	(126)	–	(126)
Disposal	–	–	–	–	–	(88)	–	–	(88)
Currency translation differences	–	–	(2)	–	(1,216)	–	(6)	–	(1,224)
At 31 March 2013 and 1 April 2013	–	986	307	2,465	239,349	849	6,213	–	250,169
Depreciation charge	–	161	50	402	39,042	249	966	–	40,870
Written off	–	–	–	–	(34)	–	(78)	–	(112)
Disposal	–	–	–	–	–	(109)	(3)	–	(112)
Currency translation differences	–	–	(30)	–	(19,462)	(20)	(101)	–	(19,613)
At 31 March 2014	–	1,147	327	2,867	258,895	969	6,997	–	271,202
Net carrying amount:									
At 31 March 2013	1,845	2,014	1,828	5,405	1,146,213	777	2,089	757	1,160,928
At 31 March 2014	1,662	1,853	1,597	5,003	995,888	912	1,500	56	1,008,471

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

22. Intangibles

	Group 2014 $'000	Group 2013 $'000
Goodwill arising on consolidation	287,001	287,001
Customer contracts	82,811	92,278
Customer relationship	18,674	25,184
	101,485	117,462
	388,486	404,463

	Goodwill $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
Cost:				
At 1 April 2012	287,001	123,061	65,100	475,162
Currency translation differences	–	(509)	–	(509)
At 31 March 2013 and 1 April 2013	287,001	122,552	65,100	474,653
Currency translation differences	–	(5,335)	–	(5,335)
At 31 March 2014	287,001	117,217	65,100	469,318
Accumulated amortisation:				
At 1 April 2012	–	25,294	33,406	58,700
Amortisation	–	5,029	6,510	11,539
Currency translation differences	–	(49)	–	(49)
At 31 March 2013 and 1 April 2013	–	30,274	39,916	70,190
Amortisation	–	4,914	6,510	11,424
Currency translation differences	–	(782)	–	(782)
At 31 March 2014	–	34,406	46,426	80,832
Net carrying amount:				
At 31 March 2013	287,001	92,278	25,184	404,463
At 31 March 2014	287,001	82,811	18,674	388,486

22. Intangibles (cont'd)

(a) *Goodwill arising on consolidation*

Goodwill is allocated to a CGU identified according to its business segment. Goodwill allocated to the Gas segment amounted to $287 million (2013: $287 million). The recoverable amount as at 31 March 2014 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% (2013: 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 2014 and 31 March 2013.

(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 11.83 to 32.17 years (2013: 12.83 to 33.17 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 3 years (2013: 4 years).

23. Trade and other payables

		Group		Trust	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables:					
- Third parties		10,342	10,161	–	–
- Related parties		1,906	2,340	–	–
Other payables:					
- Third parties		2,012	3,640	70	62
- Trustee-Manager		1,819	1,914	1,788	1,882
- Subsidiary company		–	–	190	100
Accruals:					
- Property, plant and equipment		354	203	–	–
- Operating expenses		5,648	5,768	85	149
Accrued purchases		25,922	20,767	–	–
Interest payable		6,842	7,128	33	34
Deferred income	28(b)	1,781	1,977	–	–
Advance payments received		11,717	10,686	–	–
Deposits received		37,231	34,849	–	–
		105,574	99,433	2,166	2,227

23. Trade and other payables (cont'd)

Trade payables

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

Other payables

Other payables are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

24. Borrowings

	Group		Trust	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current	152,450	137,547	142,041	–
Non-current	1,145,278	1,206,776	–	141,264
	1,297,728	1,344,323	142,041	141,264
Analysed as follows:				
Bank borrowings				
- Current	152,450	137,547	142,041	–
- Non-current	265,260	240,802	–	141,264
	417,710	378,349	142,041	141,264
Bonds - Non-current	880,018	965,974	–	–
	1,297,728	1,344,323	142,041	141,264

The weighted average effective interest rates at the end of the reporting period were as follows:

	Group		Trust	
	2014	**2013**	**2014**	**2013**
	%	**%**	**%**	**%**
Bank borrowings	2.84	3.05	2.72	2.77
Bonds	5.72	5.55	–	–

24. Borrowings (cont'd)

(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.

Under the CitySpring corporate loan:

(i) if Temasek Holdings (Private) Limited ("Temasek") ceases to own, free from encumbrances, all the issued shares in the Trustee-Manager; 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.

(iii) The repayment of the CitySpring credit facility upon the occurrence of a change in control of CitySpring or the Trustee-Manager could also cause a default at CitySpring, even if the change in control itself does not, as the financial effect of such repayment could constitute a material adverse effect affecting CitySpring, taken as a whole.

(iv) The Trustee-Manager has entered into various interest rate swaps to hedge the exposure of CitySpring to interest rate volatilities under the facility agreement to which it is a party.

If the underlying 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.

The corporate loan of $142 million had been classified as current liabilities as at 31 March 2014 as it matures in August 2014. The Group is in the documentation stage for the refinancing of the corporate loan.

(b) The Group secured a new City Gas loan of $178 million, of which $128 million was used to refinance the existing City Gas loan. The additional loan amount of $50 million will be used at the Group level.

(c) 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.

(d) 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.

24. Borrowings (cont'd)

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. Certain variable interest rate loans are swapped into fixed interest rate loans through interest rate swaps. Included in the total borrowings are capital indexed bonds of principal amount of A$230 million (2013: A$230 million). This principal amount accretes with inflation. See Note 18 for further details.

Total assets of the Group with carrying amount of $1,948 million (2013: $2,013 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 the non-controlling interest of the Trust. 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	
	Note	**2014**	**2013**
		$'000	**$'000**
Movement in deferred tax account is as follows:			
Beginning of financial year		24,204	24,462
(Credited)/charged to			
- income statement	11	(2,601)	890
- equity	11	2,153	(1,148)
End of the financial year		23,756	24,204

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 $'000	Fair value of intangible assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
2014					
Beginning of financial year	17,668	25,958	–	11,158	54,784
Currency translation differences	(1,190)	(1,366)	(10)	(281)	(2,847)
(Credited)/charged to					
- income statement	(2,307)	(2,107)	–	939	(3,475)
- equity	–	–	1,168	–	1,168
End of financial year	14,171	22,485	1,158	11,816	49,630
2013					
Beginning of financial year	13,642	28,237	2,621	8,972	53,472
Currency translation differences	(30)	(138)	(45)	(15)	(228)
Charged/(credited) to					
- income statement	4,056	(2,141)	–	2,201	4,116
- equity	–	–	(2,576)	–	(2,576)
End of financial year	17,668	25,958	–	11,158	54,784

26. Deferred tax liabilities (cont'd)

Deferred tax assets

	Allowances against assets $'000	Derivative financial instruments $'000	Future deductible amounts under overseas tax regime $'000	Others $'000	Total $'000
2014					
Beginning of financial year	(84)	(1,694)	(18,302)	(10,500)	(30,580)
Currency translation differences	–	–	1,811	1,036	2,847
Charged to					
- income statement	6	–	300	568	874
- equity	–	985	–	–	985
End of financial year	(78)	(709)	(16,191)	(8,896)	(25,874)
Net deferred tax liabilities					23,756
2013					
Beginning of financial year	(78)	(4,028)	(15,720)	(9,184)	(29,010)
Currency translation differences	–	32	147	49	228
(Credited)/charged to					
- income statement	(6)	874	(2,729)	(1,365)	(3,226)
- equity	–	1,428	–	–	1,428
End of financial year	(84)	(1,694)	(18,302)	(10,500)	(30,580)
Net deferred tax liabilities					24,204

Unrecognised tax losses

The Group has unrecognised tax losses of $365,674,000 (2013: $366,181,000) (including pre-acquisition losses of a subsidiary) which can be carried forward to offset against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

Tax consequences of proposed distributions

There are no income tax consequences (2013: Nil) attached to the distributions to the unitholders proposed by the Trust but not recognised as a liability in the financial statements (Note 33).

27. Provisions

	Group 2014 $'000	Group 2013 $'000
Provision for decommissioning costs	23,161	27,655
Provision for long-term incentive awards	883	886
	24,044	28,541

Movements in the provision are as follows:

	Note	Group Decommissioning costs $'000	Group Long-term incentive awards $'000
Beginning of financial year		27,655	886
Arose during the financial year		–	322
Reversal during the financial year		(2,606)	(301)
Unwinding of discounts	8	860	–
Currency translation differences		(2,748)	(24)
End of financial year		23,161	883

(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 site 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:

	2015 $'000	2016 $'000	Later $'000
Decrease in depreciation charge	(81)	(81)	(2,443)
Increase in finance costs	65	74	10,403
Total	(16)	(7)	7,960

(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	
	2014	2013
	$'000	$'000
Accrual for debt transaction costs	5,175	7,667
Other payable	23,128	24,219
Deferred income	28,568	33,687
Advance payments received	27,266	15,300
	84,137	80,873

(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***

Other payable represents the A$50 million deposit equivalent to $58.2 million (2013: $64.6 million) placed by a customer 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.

(c) ***Advance payments received***

This relates to amounts that have been received but services not yet rendered.

29. Units in issue

	Group and Trust	
	2014	2013
	Units	Units
At 31 March 2014 and 31 March 2013	1,518,893,062	1,518,893,062

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.

	Note	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Beginning of financial year		(143,465)	(109,048)	(48)	(124)
Fair value gain/(loss)		9,550	(47,916)	(183)	(100)
Tax on fair value loss		2,190	4,564	–	–
		11,740	(43,352)	(183)	(100)
Reclassification to income statement					
Finance cost	8	15,561	12,597	218	176
Tax on transfers		(4,343)	(3,416)	–	–
		11,218	9,181	218	176
Non-controlling interest (net of tax)		(1,090)	(246)	–	–
		(121,597)	(143,465)	(13)	(48)

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. Capital reserve

On 1 August 2013, the Group's subsidiary entity, City Gas Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of $39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of $38.7 million.

The following summarises the effect of the change in the Group's ownership interest in City-OG Gas on the equity attributable to unitholders of the Trust:

	$'000
Consideration received for disposal of subsidiary with no change in control	39,200
Increase in equity attributable to non-controlling interest	(490)
Increase in equity attributable to unitholders of the Trust	38,710

33. Distributions paid to the unitholders of the Trust

Tax exempt distributions paid are as follows:

	Group and Trust	
	2014	**2013**
	$'000	**$'000**
For the period from 1 January to 31 March		
- 0.82 cents per unit (2013: 0.82 cents per unit)	12,455	12,455
For the period from 1 April to 30 June		
- 0.82 cents per unit (2013: 0.82 cents per unit)	12,455	12,455
For the period from 1 July to 30 September		
- 0.82 cents per unit (2013: 0.82 cents per unit)	12,455	12,455
For the period from 1 October to 31 December		
- 0.82 cents per unit (2013: 0.82 cents per unit)	12,455	12,455
	49,820	49,820

For the period from 1 January 2014 to 31 March 2014, the Trustee-Manager of the Trust declared a distribution per unit of 0.82 Singapore cents totalling $12,454,923 (2013: 0.82 Singapore cents totalling $12,454,923) to the unitholders of the Trust, payable on 27 May 2014. 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 2015.

34. Commitments and contingencies

(a) *Operating lease commitments*

The Group leases office premises under non-cancellable operating lease agreements. Minimum lease payments recognised as an expense in income statement for the financial year ended 31 March 2014 amounted to $1,012,000 (2013: $983,000). 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	
	2014	**2013**
	$'000	**$'000**
Not later than one year	1,019	908
Later than one year but not later than five years	1,956	1,713
	2,975	2,621

Included in the future minimum lease payments under non-cancellable operating leases comprise future minimum lease payments with related parties which amounted to $2,313,000 (2013: $1,709,000).

34. 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	
	2014	**2013**
	$'000	**$'000**
Property, plant and equipment	1,185	243

(c) ***Commercial risk sharing mechanism ("CRSM") and alleged breaches of Basslink Services Agreement ("BSA")***

Interpretation of the Basslink Services Agreement ("BSA") had given rise to certain disputes between Basslink Pty Ltd ("BPL") and Hydro Tasmania ("HT"). These disputes were referred to arbitration. The outcome of the arbitration and legal costs awards were announced on 15 January 2014 and 5 February 2014 respectively.

As previously announced by CitySpring, BPL obtained an injunction in the Supreme Court of Victoria restraining HT from issuing a Performance Default notice under the BSA regarding the Dynamic Protocol. The Dynamic Protocol refers, generally, to the arrangements put in place by BPL to enable Basslink to be available to transmit electricity at certain elevated levels as described more particularly in CitySpring's announcements of 2 January and 5 March 2013. Given the Dynamic Protocol was held to be a breach of the BSA in the recent Arbitrations, HT has notified BPL that it will seek its legal costs in respect of the injunction proceeding and damages in respect of the loss suffered by HT by reason of the orders made in the injunction proceeding. These claims will be vigorously defended by BPL. Disclosure of further details of these matters would prejudice BPL's position and, accordingly, these have not been provided.

35. Related party transactions

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related parties took place at terms agreed between the parties during the financial year:

		Group	
	Note	**2014 $'000**	**2013 $'000**
Sale of goods and services	(i)	(3,961)	(3,222)
Purchases of goods and services	(i)	263,745	266,118
Operating lease expense	(i)	837	776
Legal fees	(ii)	286	956
Professional fees	(iii)	312	312
Management fees	(iv)	7,069	6,480

(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).

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

(iv) 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 disclosed 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 shown below:

	2014 $'000	**2013 $'000**
Wages and salaries	3,573	2,869
Employer's contribution to defined contribution plans including Central Provident Fund	95	96
Other benefits	225	243
	3,893	3,208

36. 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 2014 is as follows:

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2014					
Revenue	394,921	42,424	80,886	2,821	521,052
Cash earnings [1]	45,653	14,237	9,277	(9,144)	60,023
Other segment items:					
Depreciation and amortisation	14,650	3,649	33,995	–	52,294
Fair value gain on derivative financial instruments	–	–	1,722	–	1,722
Finance costs [2]	2,320	5,646	53,438	3,868	65,272

36. Segment information (cont'd)

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

	2014 $'000
Cash earnings	60,023
Depreciation and amortisation	(52,294)
Cash flow adjustments [(3)]	(6,507)
Non-cash adjustments [(4)]	(10,644)
Fair value gain on derivative financial instruments	1,722
Payment of loan upfront fees	1,915
Maintenance capital expenditure	1,562
Non-controlling interests	6,114
Profit before tax	1,891
Income tax expense	(1,549)
Net profit after tax	342

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
Segment and consolidated total assets	549,830	209,507	1,085,320	103,185	1,947,842
Segment liabilities	273,082	125,572	1,005,804	144,233	1,548,691
Unallocated liabilities:					
Current tax liabilities					9,061
Deferred tax liabilities					23,756
Consolidated total liabilities					1,581,508
Other segment items					
Capital expenditure					
- property, plant and equipment	1,331	48	302	–	1,681

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

[(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.*

36. Segment information (cont'd)

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2013					
Revenue	384,248	42,997	94,507	2,136	523,888
Cash earnings (1)	62,716	14,153	28,068	(9,876)	95,061
Other segment items:					
Depreciation and amortisation	14,408	3,648	36,757	–	54,813
Fair value loss on derivative financial instruments	–	–	(5,412)	–	(5,412)
Finance costs (2)	2,401	6,374	56,149	3,940	68,864

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

	2013 $'000
Cash earnings	95,061
Depreciation and amortisation	(54,813)
Cash flow adjustments (3)	(12,455)
Non-cash adjustments (4)	(3,484)
Fair value loss on derivative financial instruments	(5,412)
Maintenance capital expenditure	2,080
Non-controlling interests	4,673
Profit before tax	25,650
Income tax expense	(6,071)
Net profit after tax	19,579

36. Segment information (cont'd)

	Gas (Singapore) $'000	Water (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
2013 (cont'd)					
Segment and consolidated total assets	473,192	219,011	1,232,994	87,609	2,012,806
Segment liabilities	202,116	138,937	1,133,577	143,630	1,618,260
Unallocated liabilities:					
Current tax liabilities					5,189
Deferred tax liabilities					24,204
Consolidated total liabilities					1,647,653
Other segment items					
Capital expenditure					
- property, plant and equipment	1,706	–	1,019	–	2,725

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*	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	440,166	429,381	382,848	399,805
Australia	80,886	94,507	1,014,109	1,165,586
	521,052	523,888	1,396,957	1,565,391

* *Comprise property, plant and equipment and intangibles.*

Revenue from Water segment of $42,424,000 (2013: $42,997,000) was derived from its only customer. For Electricity segment, revenue from its major customers were $76,157,000 (2013: $87,310,000). See note 37(b) for further details.

37. 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 two subsidiaries.

One subsidiary, whose functional currency is in Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD. See paragraph (ii) Commodity price risk.

Another subsidiary, whose functional currency is in USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalent denominated in SGD for working capital purposes.

The Group reviews these 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.

37. Financial risk management (cont'd)

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

(i) *Currency risk (cont'd)*

CitySpring pays quarterly distribution to its unitholders in SGD whilst its Australian subsidiaries make 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 an exchange rate band approved by the Finance and Investment Board Committee annually.

The Group's foreign currency exposure is as follows:

	SGD $'000	AUD $'000	USD $'000	Others $'000	Total $'000
2014					
Financial assets					
Cash and bank deposits	242,755	60,965	607	–	304,327
Trade and other receivables	53,364	11,773	3,417	–	68,554
Derivative financial instruments	–	3,859	–	–	3,859
Finance lease receivables	148,090	–	–	–	148,090
Other financial assets	167	466	–	–	633
	444,376	77,063	4,024	–	525,463
Financial liabilities					
Trade and other payables	62,247	11,775	18,033	21	92,076
Borrowings	417,710	880,018	–	–	1,297,728
Derivative financial instruments	4,182	18,026	–	–	22,208
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Other financial liabilities	–	28,303	–	–	28,303
	499,139	938,122	18,033	21	1,455,315
Net financial liabilities	(54,763)	(861,059)	(14,009)	(21)	(929,852)
Less: Net financial liabilities denominated in the respective entities functional currencies	63,768	870,998	5,215	–	939,981
Currency exposure on financial assets and liabilities	9,005	9,939	(8,794)	(21)	10,129

37. Financial risk management (cont'd)

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

(i) *Currency risk (cont'd)*

	SGD $'000	AUD $'000	USD $'000	Others $'000	Total $'000
2013					
Financial assets					
Cash and bank deposits	140,349	61,301	714	–	202,364
Trade and other receivables	51,471	12,628	825	–	64,924
Finance lease receivables	156,107	–	–	–	156,107
Other financial assets	173	129	–	–	302
	348,100	74,058	1,539	–	423,697
Financial liabilities					
Trade and other payables	55,785	15,348	15,384	253	86,770
Borrowings	378,349	965,974	–	–	1,344,323
Derivative financial instruments	10,014	40,076	–	–	50,090
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Other financial liabilities	–	31,886	–	–	31,886
	459,148	1,053,284	15,384	253	1,528,069
Net financial liabilities	(111,048)	(979,226)	(13,845)	(253)	(1,104,372)
Less: Net financial liabilities denominated in the respective entities functional currencies	111,048	989,958	–	–	1,101,006
Currency exposure on financial assets and liabilities	–	10,732	(13,845)	(253)	(3,366)

37. Financial risk management (cont'd)

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

(i) *Currency risk (cont'd)*

Sensitivity analysis

A 5% (2013: 5%) strengthening of the following currencies against the respective functional currencies at the reporting date would have the impact as shown below. This analysis assumes that all other variables, in particular interest rates and tax rates remain constant.

	Increase/(decrease) Profit after tax	
	2014	**2013**
	$'000	**$'000**
Group		
USD	137 *	(85) *
AUD	412	445
SGD	376	–

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

A 5% (2013: 5%) weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal but opposite effect.

(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.

37. Financial risk management (cont'd)

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

(iii) *Cash flow and fair value interest rate risks (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 18. Assuming all other variables including tax rate are held constant, a 50 basis points change in Singapore or Australia interest rate has the following impact on profit after tax as a result of higher/lower finance cost or fair value changes to derivative financial instruments.

Sensitivity analysis

	Decrease of 50 basis points Increase/(decrease)		Increase of 50 basis points Increase/(decrease)	
	Profit after tax $'000	**Equity $'000**	**Profit after tax $'000**	**Equity $'000**
2014				
Cash and bank deposits	(1,211)	–	1,211	–
Borrowings at floating interest rate	1,139	–	(1,139)	–
Interest rate swaps accounted for under cash flow hedge	–	(35,166)	(2,372)	35,163
Interest rate swaps accounted for as held for trading	(2,973)	–	2,885	–

	Decrease of 50 basis points Increase/(decrease)		Increase of 50 basis points Increase/(decrease)	
	Profit after tax $'000	**Equity $'000**	**Profit after tax $'000**	**Equity $'000**
2013				
Cash and bank deposits	(818)	–	818	–
Borrowings at floating interest rate	682	–	(682)	–
Interest rate swaps accounted for under cash flow hedge	–	(41,852)	–	38,864
Interest rate swaps accounted for as held for trading	(3,939)	–	3,811	–

37. Financial risk management (cont'd)

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

(iii) *Cash flow and fair value interest rate risks (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 $669,000 (2013: $790,000). 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 $669,000 (2013: $790,000).

(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	
	2014	**2013**
	$'000	**$'000**
By geographical areas		
Singapore	52,504	47,582
Australia	11,037	10,030
	63,541	57,612

37. 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 is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Past due but not impaired		
Past due 0 to 3 months	9,617	6,170
Past due 3 to 6 months	359	235
Past due over 6 months	37	101
	10,013	6,506

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	
	2014	**2013**
	$'000	**$'000**
Beginning of financial year	824	977
Allowance made	684	467
Allowance utilised	(445)	(620)
End of financial year	1,063	824

The allowance for impairment of $684,000 (2013: $467,000) 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 $37,231,000 as at 31 March 2014 (2013: $34,849,000), which can be used to offset the impaired receivables when the circumstances warrant.

37. Financial risk management (cont'd)

(c) *Liquidity risk*

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

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

	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2014				
Group				
Borrowings	186,846	916,521	350,474	1,453,841
Notes payable to non-controlling interest	975	3,900	21,542	26,417
Trade and other payables	85,474	–	–	85,474
Other financial liabilities	2,187	3,504	58,563	64,254
Interest rate swaps - net settled	17,219	30,922	–	48,141
	292,701	954,847	430,579	1,678,127
Trust				
Borrowings	143,471	–	–	143,471
Trade and other payables	2,133	–	–	2,133
Interest rate swaps - net settled	14	–	–	14
	145,618	–	–	145,618
2013				
Group				
Borrowings	177,920	971,059	407,088	1,556,067
Notes payable to non-controlling interest	975	3,900	22,517	27,392
Trade and other payables	83,247	–	–	83,247
Other financial liabilities	2,403	5,904	65,811	74,118
Interest rate swaps - net settled	19,246	45,192	927	65,365
	283,791	1,026,055	496,343	1,806,189
Trust				
Borrowings	2,978	143,433	–	146,411
Trade and other payables	2,193	–	–	2,193
Interest rate swaps - net settled	46	–	–	46
	5,217	143,433	–	148,650

37. 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 2014, the Group maintains the following undrawn facilities:

– A$31 million (2013: A$31 million); and
– $6 million (2013: $14 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.

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 bank deposits 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.

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Net borrowings	1,002,452	1,154,116	48,794	63,779
Total assets	1,947,842	2,012,806	797,234	922,914
Ratio	51%	57%	6%	7%

There are no externally imposed capital requirements for the financial years ended 31 March 2014 and 31 March 2013.

37. Financial risk management (cont'd)

(e) ***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	Non-financial assets $'000	Total $'000
2014			
Group			
Assets			
Current			
Cash and bank deposits	304,327	–	304,327
Trade and other receivables	68,554	–	68,554
Finance lease receivables	8,382	–	8,382
Inventories	–	20,040	20,040
Deposits	609	–	609
Prepayments	–	3,269	3,269
Non-current			
Derivative financial instruments	3,859	–	3,859
Finance lease receivables	139,708	–	139,708
Other assets	24	2,113	2,137
Property, plant and equipment	–	1,008,471	1,008,471
Intangibles	–	388,486	388,486
	525,463	1,422,379	1,947,842

37. Financial risk management (cont'd)

(e) ***Classification of financial instruments (cont'd)***

	Financial liabilities carried at amortised cost $'000	Derivatives used for hedging $'000	Fair value through profit or loss $'000	Non-financial liabilities $'000	Total $'000
2014					
Group					
Liabilities					
Current					
Derivative financial instruments	–	12,187	2,852	–	15,039
Trade and other payables	92,076	–	–	13,498	105,574
Current tax liabilities	–	–	–	9,061	9,061
Borrowings	152,450	–	–	–	152,450
Non-current					
Derivative financial instruments	–	4,168	3,001	–	7,169
Borrowings	1,145,278	–	–	–	1,145,278
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Deferred tax liabilities	–	–	–	23,756	23,756
Provisions	–	–	–	24,044	24,044
Other payables	28,303	–	–	55,834	84,137
	1,433,107	16,355	5,853	126,193	1,581,508

37. Financial risk management (cont'd)

(e) ***Classification of financial instruments (cont'd)***

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
2014			
Trust			
Assets			
Current			
Cash and bank deposits	93,542	–	93,542
Trade and other receivables	7,525	–	7,525
Prepayments	–	24	24
Non-current			
Long-term receivables	230,570	–	230,570
Subsidiary companies	309,838	155,735	465,573
	641,475	155,759	797,234

	Financial liabilities carried at amortised cost $'000	Derivatives used for hedging $'000	Non-financial liabilities $'000	Total $'000
2014				
Trust				
Liabilities				
Current				
Derivative financial instruments	–	13	–	13
Trade and other payables	2,166	–	–	2,166
Current tax liabilities	–	–	20	20
Borrowings	142,041	–	–	142,041
	144,207	13	20	144,240

37. Financial risk management (cont'd)

(e) *Classification of financial instruments (cont'd)*

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
2013			
Group			
Assets			
Current			
Cash and bank deposits	202,364	–	202,364
Trade and other receivables	64,924	–	64,924
Finance lease receivables	8,067	–	8,067
Inventories	–	18,096	18,096
Deposits	276	–	276
Prepayments	–	2,783	2,783
Non-current			
Finance lease receivables	148,040	–	148,040
Other assets	26	2,839	2,865
Property, plant and equipment	–	1,160,928	1,160,928
Intangibles	–	404,463	404,463
	423,697	1,589,109	2,012,806

37. Financial risk management (cont'd)

(e) ***Classification of financial instruments (cont'd)***

	Financial liabilities carried at amortised cost $'000	Derivatives used for hedging $'000	Fair value through profit or loss $'000	Non-financial liabilities $'000	Total $'000
2013					
Group					
Liabilities					
Current					
Derivative financial instruments	–	11,044	2,776	–	13,820
Trade and other payables	86,770	–	–	12,663	99,433
Current tax liabilities	–	–	–	5,189	5,189
Borrowings	137,547	–	–	–	137,547
Non-current					
Derivative financial instruments	–	30,655	5,615	–	36,270
Borrowings	1,206,776	–	–	–	1,206,776
Notes payable to non-controlling interest	15,000	–	–	–	15,000
Deferred tax liabilities	–	–	–	24,204	24,204
Provisions	–	–	–	28,541	28,541
Other payables	31,886	–	–	48,987	80,873
	1,477,979	41,699	8,391	119,584	1,647,653

37. Financial risk management (cont'd)

(e) ***Classification of financial instruments (cont'd)***

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
2013			
Trust			
Assets			
Current			
Cash and bank deposits	78,556	–	78,556
Trade and other receivables	7,163	–	7,163
Prepayments	–	52	52
Non-current			
Long-term receivables	230,570	–	230,570
Subsidiary companies	450,838	155,735	606,573
	767,127	155,787	922,914

	Financial liabilities carried at amortised cost $'000	Derivatives used for hedging $'000	Non-financial liabilities $'000	Total $'000
2013				
Trust				
Liabilities				
Current				
Derivative financial instruments	–	48	–	48
Trade and other payables	2,227	–	–	2,227
Current tax liabilities	–	–	46	46
Non-current				
Borrowings	141,264	–	–	141,264
	143,491	48	46	143,585

38. Fair value of assets and liabilities

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

(iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) ***Assets and liabilities measured at fair value***

The Group's derivative financial instruments (Note 18) as at 31 March 2014 and 31 March 2013 are measured at fair value 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 with market observable inputs. 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 models incorporate various inputs including the credit quality of counterparties and interest rate curves. 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 2014.

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

Cash and bank deposits (Note 13), current trade and other receivables (Note 14), current trade and other payables (excluding deferred income and advance payment received) (Note 23), finance lease receivables (Note 15), deposits (Note 17), long-term receivables (Note 19), borrowings (Note 24), notes payable to non-controlling interest (Note 25), accrual for debt transaction costs (Note 28) and non-current other payables (Note 28)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

38. Fair value of assets and liabilities (cont'd)

(iii) ***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.

39. Authorisation of financial statements for issue

These financial statements for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 6 June 2014.

40. Listing of subsidiaries in the Group

	Name of company/entity	Principal activities (Country of incorporation)	Percentage (%) owned 2014	Percentage (%) owned 2013
(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)	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	100
(a)	CitySpring Capital Pte Ltd - Held by CitySpring Infrastructure Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Provision of financial and treasury services (Singapore)	100	100
(a)	City-OG Gas Energy Services Pte Ltd - Held by City Gas Pte Ltd, in its capacity as Trustee of, and for the benefit of City Gas Trust	Retailing of natural gas and related activities (Singapore)	51	100

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

Name of company/entity	Principal activities (Country of incorporation)	Percentage (%) owned 2014	Percentage (%) owned 2013
(b) * Premier Finance Trust Australia - Held by Nexus Australia Management Pty Ltd in its capacity as Trustee of, and for the benefit of CityLink Investments Pte Ltd	Finance trust (Australia)	100	100
(b) * Nexus Australia Management Pty Ltd - Held by CityLink Investments Pte Ltd	Trustee (Australia)	100	100
(b) Basslink Consulting Pty Ltd - Held by CityLink Investments Pte Ltd	Provision of consulting services (Australia)	100	100
(b) * Coral Holdings Australia Pty Ltd - Held by CityLink Investments Pte Ltd	Investment holding (Australia)	100	100
(c) * Nexus Investments Australia Pty Ltd - Held by Coral Holdings Australia Pty Ltd	Investment holding (Australia)	100	100
(c) * Basslink Australia GP Pty Ltd - Held by Nexus Investments Australia Pty Ltd	Investment holding (Australia)	100	100
(c) * Basslink Australia LLP - 99% (2013: 99%) held by Nexus Investments Australia Pty Ltd and 1% (2013: 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, Australia.
(c) Not required to be audited under the laws of the country of incorporation.

STATISTICS OF UNITHOLDINGS

As at 16 June 2014

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	269	1.34	30,248	0.00
1,000 - 10,000	10,847	54.12	48,316,611	3.18
10,001 - 1,000,000	8,858	44.20	543,852,899	35.81
1,000,001 and above	67	0.34	926,693,304	61.01
TOTAL	20,041	100.00	1,518,893,062	100.00

LOCATION OF UNITHOLDERS

Country	Number of Unitholders	%	Number of Units	%
Singapore	19,762	98.61	1,506,439,252	99.18
Malaysia	160	0.80	7,904,260	0.52
Others	119	0.59	4,549,550	0.30
TOTAL	20,041	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.*

STATISTICS OF UNITHOLDINGS

As at 16 June 2014

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 (Private) Limited	60,220,634	3.96
5.	Citibank Nominees Singapore Pte Ltd	58,834,070	3.87
6.	HSBC (Singapore) Nominees Pte Ltd	46,804,726	3.08
7.	CitySpring Infrastructure Management Pte. Ltd.	39,965,504	2.63
8.	Raffles Nominees (Pte) Limited	34,305,843	2.26
9.	DBSN Services Pte. Ltd.	18,407,842	1.21
10.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	10,715,174	0.71
11.	United Overseas Bank Nominees (Private) Limited	8,136,342	0.54
12.	UOB Kay Hian Private Limited	7,945,550	0.52
13.	Bank of Singapore Nominees Pte. Ltd.	6,125,800	0.40
14.	Yap Mui Cheng, Angela	6,029,500	0.40
15.	Tay Siew Choon	6,000,000	0.40
16.	Teh Lip Bin	6,000,000	0.40
17.	Phillip Securities Pte Ltd	5,130,834	0.34
18.	DBS Vickers Securities (Singapore) Pte Ltd	4,019,000	0.26
19.	OCBC Nominees Singapore Private Limited	3,854,120	0.25
20.	BMT A/C Estate of MSE Angullia (Wakaff) Clause 7 Trust	2,971,350	0.20
	TOTAL	853,734,897	56.21

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

As at 16 June 2014, approximately, 62.41% 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	785,889	0.505	0.455

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

CITYSPRING INFRASTRUCTURE TRUST

(a business trust constituted in Singapore 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, One Marina Boulevard, Level 7, Singapore 018989 on Wednesday, 30 July 2014 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 2014 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 2014 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
12 July 2014

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 28 July 2014). 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.

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 28 July 2014). 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
(a business trust constituted in Singapore 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, One Marina Boulevard, Level 7, Singapore 018989 on Wednesday, 30 July 2014 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 2014		
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 ____________ 2014

Total number of Units held

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

"Glue all sides firmly." Stapling & spot sealing is disallowed.

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

fold along this line (1)

CitySpring Infrastructure Management Pte. Ltd.

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

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