

**K-GREEN TRUST
SECOND QUARTER AND HALF YEAR 2012 FINANCIAL STATEMENTS & DISTRIBUTION
ANNOUNCEMENT****TABLE OF CONTENTS**

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INTRODUCTION

K-Green Trust (“KGT” or “Trust”) is a business trust constituted on 23 July 2009 under the laws of Singapore and managed by Keppel Infrastructure Fund Management Pte. Ltd. as Trustee-Manager of KGT.

On 31 August 2009, KGT acquired Senoko Plant when KGT was a private trust.

KGT was registered under the Business Trusts Act with the Monetary Authority of Singapore on 27 May 2010 and listed on the Singapore Exchange Securities Trading Limited on 29 June 2010 (the Listing Date). On the Listing Date, KGT acquired Tuas DBOO Plant and Ulu Pandan Plant.

The investment objective of KGT is to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East.

KGT, being a business trust, is allowed to pay distributions to unitholders out of its residual cash flows, in accordance with the distribution policy as set out on Page 34 of the Introductory Document dated 31 May 2010. This is unlike companies, which are governed by the Companies Act. Companies can only make dividend payments out of accounting profits.

1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2012

The Directors of **Keppel Infrastructure Fund Management Pte. Ltd., as Trustee-Manager of K-Green Trust**, advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2012.

1 (a) GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June

	2Q 2012	2Q 2011	+/-	1H 2012	1H 2011	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Construction revenue	5,619	9,479	-40.7	8,114	11,973	-32.2
Finance income	4,473	4,564	-2.0	8,946	9,124	-2.0
Operation and maintenance income	12,862	11,865	+8.4	24,899	23,012	+8.2
Revenue	22,954	25,908	-11.4	41,959	44,109	-4.9
Construction expense	(5,345)	(9,045)	-40.9	(7,725)	(11,425)	-32.4
Operation and maintenance cost	(8,840)	(8,324)	+6.2	(17,514)	(16,327)	+7.3
Electricity cost	(2,199)	(1,841)	+19.4	(4,319)	(3,440)	+25.6
Depreciation	(59)	(61)	-3.3	(120)	(121)	-0.8
Trustee-Manager's fees	(1,069)	(961)	+11.2	(2,088)	(1,983)	+5.3
Trust expense	(106)	(45)	+>100.0	(296)	(232)	+27.6
Other operating expenses	(988)	(1,187)	-16.8	(2,005)	(2,648)	-24.3
Other income	181	105	+72.4	365	232	+57.3
Operating profit	4,529	4,549	-0.4	8,257	8,165	+1.1
Interest income	24	36	-33.3	48	71	-32.4
Profit before tax	4,553	4,585	-0.7	8,305	8,236	+0.8
Taxation	(235)	(220)	+6.8	(438)	(327)	+33.9
Profit for the period representing total comprehensive income for the period	4,318	4,365	-1.1	7,867	7,909	-0.5

1 (b)(i) **BALANCE SHEETS as at 30 June**

	GROUP		TRUST	
	30 Jun 12	31 Dec 11	30 Jun 12	31 Dec 11
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Plant and equipment	515	635	-	-
Subsidiaries	-	-	351,236	365,736
Service concession receivables	566,173	576,582	-	-
Notes receivable	-	-	290,142	290,142
	<u>566,688</u>	<u>577,217</u>	<u>641,378</u>	<u>655,878</u>
Current Assets				
Inventories	15,391	15,411	-	-
Service concession receivables	54,956	54,956	-	-
Trade and other receivables	19,596	21,988	294	110
Cash, bank and deposit balances	40,551	47,626	27,409	36,965
	<u>130,494</u>	<u>139,981</u>	<u>27,703</u>	<u>37,075</u>
Current Liabilities				
Trade and other payables	20,690	18,751	1,933	2,557
Provision for taxation	881	1,166	3	1
	<u>21,571</u>	<u>19,917</u>	<u>1,936</u>	<u>2,558</u>
Net Current Assets	<u>108,923</u>	<u>120,064</u>	<u>25,767</u>	<u>34,517</u>
Non-Current Liability				
Deferred taxation	107	107	-	-
	<u>107</u>	<u>107</u>	<u>-</u>	<u>-</u>
Net Assets	<u>675,504</u>	<u>697,174</u>	<u>667,145</u>	<u>690,395</u>
Represented by:				
Unitholders' Funds				
Units in issue	719,307	719,307	719,307	719,307
Revenue reserves	(43,803)	(22,133)	(52,162)	(28,912)
	<u>675,504</u>	<u>697,174</u>	<u>667,145</u>	<u>690,395</u>

1 (b)(ii) **AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES**

As at 30 June 2012, the Group did not have any borrowing (31 December 2011: Nil).

1 (c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the second quarter and half year ended 30 June

	2Q 2012 \$'000	2Q 2011 \$'000	1H 2012 \$'000	1H 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	4,553	4,585	8,305	8,236
<u>Adjustments for :</u>				
Depreciation	59	61	120	121
Interest income	(24)	(36)	(48)	(71)
Operating profit before working capital changes	<u>4,588</u>	<u>4,610</u>	<u>8,377</u>	<u>8,286</u>
(Increase)/decrease in inventories	(11)	(47)	20	(212)
Decrease in service concession receivables	8,988	8,737	18,134	17,780
(Increase)/decrease in trade and other receivables	(1,354)	(1,059)	2,392	(4,195)
Increase/(decrease) in trade and other creditors	1,597	(5,379)	(3,406)	30
Cash generated from operations	<u>13,808</u>	<u>6,862</u>	<u>25,517</u>	<u>21,689</u>
Tax paid	(549)	(6,487)	(723)	(6,599)
Interest received	24	36	48	71
Net cash from operating activities	<u>13,283</u>	<u>411</u>	<u>24,842</u>	<u>15,161</u>
 CASH FLOWS FROM INVESTING ACTIVITY				
Construction of assets	-	(7,140)	(2,380)	(12,377)
Net cash used in investing activity	<u>-</u>	<u>(7,140)</u>	<u>(2,380)</u>	<u>(12,377)</u>
 CASH FLOWS FROM FINANCING ACTIVITY				
Distribution paid	-	-	(29,537)	(27,144)
Net cash used in financing activity	<u>-</u>	<u>-</u>	<u>(29,537)</u>	<u>(27,144)</u>
Net change in cash and cash equivalents	13,283	(6,729)	(7,075)	(24,360)
Cash and cash equivalents at beginning of period	27,268	67,399	47,626	85,030
Cash and cash equivalents at end of period	<u>40,551</u>	<u>60,670</u>	<u>40,551</u>	<u>60,670</u>

Reconciliation of cash generated from operations to distribution for the period:

	1H 2012 \$'000	1H 2011 \$'000
Cash generated from operations	25,517	21,689
Interest received	48	71
Tax paid ⁽¹⁾ and amount set aside for working capital	(5,853)	(2,048)
Distribution for the period	<u>19,712</u>	<u>19,712</u>
Based on total issued units ('000)	629,781	629,781
Distribution per unit (cents)	<u>3.13</u>	<u>3.13</u>

⁽¹⁾ Excluding tax liabilities acquired as part of the restructuring exercise

1 (d)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
for the second quarter and half year ended 30 June

GROUP	Attributable to equity holders of the Trust		
	Units in issue \$'000	Revenue reserves \$'000	Total unitholders' funds \$'000
As at 1 January 2012	719,307	(22,133)	697,174
Total comprehensive income for the period	-	3,549	3,549
Distribution paid	-	(29,537)	(29,537)
As at 31 March 2012	719,307	(48,121)	671,186
Total comprehensive income for the period	-	4,318	4,318
As at 30 June 2012	719,307	(43,803)	675,504
As at 1 January 2011	717,354	8,726	726,080
Total comprehensive income for the period	-	3,544	3,544
Distribution paid	-	(27,144)	(27,144)
Creation of new units			
- payment of Trustee-Manager's fees in units ¹	1,786	-	1,786
As at 31 March 2011	719,140	(14,874)	704,266
Total comprehensive income for the period	-	4,365	4,365
Issue costs	167	-	167
As at 30 June 2011	719,307	(10,509)	708,798

¹ This represents 1,668,711 units issued in satisfaction of Trustee-Manager's fees paid in units.

TRUST	Units in issue \$'000	Revenue reserves \$'000	Total unitholders' funds \$'000
As at 1 January 2012	719,307	(28,912)	690,395
Total comprehensive income for the period	-	3,130	3,130
Distribution paid	-	(29,537)	(29,537)
As at 31 March 2012	719,307	(55,319)	663,988
Total comprehensive income for the period	-	3,157	3,157
As at 30 June 2012	719,307	(52,162)	667,145
As at 1 January 2011	717,354	5,990	723,344
Total comprehensive income for the period	-	3,096	3,096
Distribution paid	-	(27,144)	(27,144)
Creation of new units			
- payment of Trustee-Manager's fees in units ¹	1,786	-	1,786
As at 31 March 2011	719,140	(18,058)	701,082
Total comprehensive income for the period	-	3,335	3,335
Issue costs	167	-	167
As at 30 June 2011	719,307	(14,723)	704,584

¹ This represents 1,668,711 units issued in satisfaction of Trustee-Manager's fees paid in units.

1 (d)(ii) DETAILS OF ANY CHANGE IN THE UNITS

GROUP and TRUST Units

Issued units as at 1 January, 31 March and 30 June 2012	<u>629,781,279</u>
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2 AUDIT

The figures have not been audited or reviewed by the auditors.

3 AUDITORS' REPORT

Not applicable

4 ACCOUNTING POLICIES

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation in the financial statements for the current financial period are consistent with those of the audited financial statements as at 31 December 2011.

5 CHANGES IN THE ACCOUNTING POLICIES

The Group adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012. The adoption of these new and revised FRSs and INT FRSs does not result in changes to the Group's and Trust's accounting policies.

6 EARNINGS PER UNIT ("EPU")

	2Q 2012	2Q 2011	+/ %	1H 2012	1H 2011	%
Earnings per unit ⁽¹⁾						
(based on the weighted average number of units as at the end of the period)	0.69 cents	0.69 cents	-	1.25 cents	1.26 cents	-0.8
Weighted average number of units as at the end of the period	629,781,279	629,561,832	-	629,781,279	629,561,832	-

(1) Diluted EPU is the same as basic EPU as there is no dilutive instrument in issue during the period.

7 DISTRIBUTION PER UNIT ("DPU")

	1H 2012	1H 2011	+/ %
Distribution per unit (cents)	3.13	3.13	-
- based on total issued units	629,781,279	629,781,279	-

Distributions by KGT will be paid from its residual cash flows. Residual cash flows comprise cash flows from distributions received by KGT from the Sub-Trusts, principal and interest payments received by KGT from the Sub-Trusts pursuant to the Notes and other cash received by KGT from the Sub-Trusts and any other assets, after such cash flows have been applied to:

- (i) Pay or provide for the operating expenses and taxes of KGT, including Trustee-Manager's fees
- (ii) Pay or provide for repayment of principal amounts under any debt or financing arrangement of KGT; and
- (iii) Pay or provide for interest or any other financing expense on any debt or financing or hedging arrangement of KGT.

8 NET ASSET VALUE (“NAV”) PER UNIT

	GROUP			+/-	TRUST			+/-
	30 Jun 12	31 Dec 11	%		30 Jun 12	31 Dec 11	%	
NAV per unit based on issued units at the end of the period / year (\$)	1.07	1.11	-3.6		1.06	1.10	-3.6	
Adjusted NAV per unit (\$)	1.04	1.06	-1.9		1.03	1.05	-1.9	
- based on total issued units of 629,781,279 (and excluding distribution payable to unitholders)								

9 REVIEW OF PERFORMANCE

Profit and Loss Analysis

The flue gas treatment upgrade project marked its completion in June 2012. Construction revenue that has been recognised during 2Q 2012 amounted to \$5.6 million, bringing the total revenue recognised in 1H 2012 to \$8.1 million. Finance income was \$4.5 million for 2Q 2012 and \$8.9 million for 1H 2012, this represents the accretion on the service concession receivables in respect of the fixed capital cost and recovery components. Revenue from operation and maintenance (O&M) was \$12.9 million for 2Q 2012 and \$24.9 million for 1H 2012, representing an 8.4% and 8.2% increase over the corresponding periods of 2011. This was mainly attributable to the annual adjustments of O&M tariffs to account for changes in consumer price index (CPI), as well as slightly higher output from the plants.

The construction expense of \$5.3 million relates to the amount of capital expenditure spent on the flue gas treatment upgrade during 2Q 2012, total capital expenditure for 1H 2012 amounted to \$7.7 million. For the same reasons stated on the O&M revenue above, the O&M costs of \$8.8 million for 2Q 2012 was 6.2% higher than the corresponding period last year, O&M costs for 1H 2012 was \$17.5 million which represents a 7.3% increase as compared to 1H 2011. Electricity cost of \$2.2 million and \$4.3 million for 2Q 2012 and 1H 2012 respectively also increased as compared to the corresponding periods in 2011, largely due to higher electricity price since the beginning of the year. Trustee-Manager's fee for 2Q 2012 was \$1.1 million and \$2.1 million for 1H 2012 comprising a fixed management fee and performance fee of 4.5% per annum of all cash inflow received by KGT from the sub trusts. Other operating expense was lower, as compared to the corresponding periods last year mainly due to higher property tax accrued on the plants in 2011, which was subsequently reversed in the later part of the year upon revision by the tax authorities.

Profit before tax was \$4.6 million and \$8.3 million for 2Q 2012 and 1H 2012 respectively. After taking into account higher income tax expenses, net profit was \$4.3 million for 2Q 2012 and \$7.9 million for 1H 2012, and both were at about the same level as the corresponding period last year.

Balance Sheet Analysis

Group unitholders' funds decreased from \$697.2 million at 31 December 2011 to \$675.5 million at 30 June 2012. The decrease was mainly attributable to the distribution of \$29.5 million paid to unitholders during the first quarter, partially offset by increase in comprehensive income of \$7.9 million for the half year period.

Total assets of the Group amounted to \$697.2 million as at 30 June 2012. This was \$20.0 million lower than the previous year end. Service concession receivables, representing the right of KGT to receive fixed and determinable amounts of payment during the concession period, decreased by \$10.4 million during the half year period. Debtors of \$19.6 million were \$2.4 million lower mainly due to property tax refunds received in relation to the plants. Group total liabilities increased by \$1.7 million to \$21.7 million as compared to \$20.0 million in the previous year end, mainly due to increase in payables for flue gas treatment upgrade project, offset by payments to O&M operators.

At the trust level, notes receivable of \$290.1 million represents qualifying project debt securities (“QPDS”) issued to KGT by Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust (“Sub-Trusts”) to fund the acquisition of the businesses in FY2010. These QPDS are eliminated on consolidation.

As at 30 June 2012, the Group had no external borrowing.

Cash Flow Analysis

Cash generated from operations of \$13.8 million for 2Q 2012 was derived from the Group’s pre-tax profit of \$4.6 million, after adjusting for non-cash items and changes in working capital of \$9.2 million. Cash inflow from working capital changes was lower at \$2.3 million in 2Q 2011 due to payment of property tax installments. Tax paid for the quarter amounted to \$0.5 million was significantly lower as compared to \$6.5 million paid for the corresponding period in 2011 as taxes paid in 2011 includes tax liabilities acquired during the restructuring exercise in 2010. Taking into account income taxes paid, cash flow from operating activities was \$13.3 million for the quarter as compared to \$0.4 million in the same quarter last year.

Cash generated from operations for the half year period was \$25.5 million after adjusting for non-cash items and changes in working capital of \$17.2 million. Cash flow from operating activities was \$24.8 million after taking into account the income taxes paid in the period. Net cash used in investing activity of \$2.4 million was for the payment of the flue gas treatment upgrading contract. The net decrease in cash and cash equivalents was \$7.1 million for 1H 2012, after making the distribution payment of \$29.5 million during the first quarter of this year.

10 VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2012 has been previously disclosed.

11 PROSPECTS

The underlying performance of the three assets in KGT’s portfolio is expected to remain stable. All three assets have long-term concession agreements with Singapore statutory bodies (namely NEA and PUB). Senoko Trust and Tuas DBOO Trust derive most of their income from capacity payments, which offer a stable source of income with little correlation to economic or demographic fluctuations. Ulu Pandan Trust’s income is derived in equal parts from availability payments and from NEWater output payments (both include power revenue). Demand for NEWater is subject to demand from PUB.

Ulu Pandan Trust’s cash earnings could fluctuate depending on changes in variable power revenue received from PUB and changes in electricity price. The Trustee-Manager has taken measures to manage costs, including fixing the electricity price. The total electricity cost, which is pegged to fuel price, is expected to be higher than the previous year due to the escalating fuel price. The variable power revenue received, based on the monthly average of the previous 12 months fuel price adjustable at end of each contract year, is only sufficient to partially cover the higher power costs to be incurred by Ulu Pandan Trust.

The Trustee-Manager will continue to evaluate asset enhancement opportunities in all three assets and will remain focused on acquisitions in areas of waste management, water treatment, renewable energy and energy efficiency. Key geographies for potential acquisitions remain Europe and Asia Pacific.

12 DISTRIBUTIONS

12a. Current Financial Period Reported On

Any distribution recommended for the current financial period reported on? Yes

Amount: S\$19.7 million

Distribution Period: 1 January 2012 to 30 June 2012

Distribution Type: Cash, Tax-exempt Distribution

Distribution Rate: 3.13 cents per unit

Tax Rate: Distribution received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credit for any taxes paid by the Trustee-Manager.

12b. Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

Amount: \$19.7 million

Distribution Period: 1 January 2011 to 30 June 2011

Distribution Rate: 3.13 cents per unit

Distribution Type: Cash, Tax-exempt Distribution

Tax Rate: Distribution received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credit for any taxes paid by the Trustee-Manager.

12c. Date Payable

16 August 2012

12d. Books Closure Date

Notice is hereby given that, the Unit Transfer Books and Register of Members of KGT will be closed on 2 August 2012 for purposes of determining each Unitholder's entitlement to the Distribution. Duly completed transfers in respect of units in the capital of KGT received by the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00 p.m. on 1 August 2012 will be registered to determine unitholders' entitlement to the distribution. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 pm on 1 August 2012 will be entitled to the distribution.

13 INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from unitholders for interested person transactions in the Annual General Meeting held on 17 April 2012. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a unitholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	1 Jan 12 to 30 Jun 12 \$'000	1 Jan 11 to 30 Jun 11 \$'000	1 Jan 12 to 30 Jun 12 \$'000	1 Jan 11 to 30 Jun 11 \$'000
Keppel Corporation Group				
- General Transactions	-	-	-	869
- Treasury Transactions	-	-	39,836	57,006
Total	-	-	39,836	57,875

BY ORDER OF THE BOARD
Keppel Infrastructure Fund Management Pte. Ltd.
 (Company Registration Number: 200803959H)
 As Trustee-Manager of K-Green Trust

NG WAI HONG / WINNIE MAK
 Company Secretaries
 16 July 2012

CONFIRMATION BY THE BOARD

We, KHOR POH HWA and TEO SOON HOE being two Directors of Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of K-Green Trust), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter and half year 2012 financial statements of K-Green Trust to be false or misleading in any material aspect.

On behalf of the Board of Directors



KHOR POH HWA
Chairman

Singapore
16 July 2012



TEO SOON HOE
Director