

**K-GREEN TRUST
THIRD QUARTER AND NINE MONTHS 2012 FINANCIAL STATEMENTS****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 its distribution policy. 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 third quarter and nine months ended 30 September 2012.

**1 (a) GROUP PROFIT AND LOSS ACCOUNT
for the third quarter and nine months ended 30 September**

	3Q 2012	3Q 2011	+/-	9M 2012	9M 2011	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Construction revenue	-	8,481	-100.0	8,114	20,454	-60.3
Finance income	4,473	4,557	-1.8	13,419	13,681	-1.9
Operation and maintenance income	12,560	11,546	+8.8	37,459	34,558	+8.4
Revenue	17,033	24,584	-30.7	58,992	68,693	-14.1
Construction expense	-	(8,092)	-100.0	(7,725)	(19,517)	-60.4
Operation and maintenance cost	(8,762)	(8,219)	+6.6	(26,276)	(24,546)	+7.0
Electricity cost	(2,184)	(1,595)	+36.9	(6,503)	(5,035)	+29.2
Depreciation	(62)	(61)	+1.6	(182)	(182)	-
Trustee-Manager's fees	(1,255)	(1,251)	+0.3	(3,343)	(3,234)	+3.4
Trust expense	(175)	(303)	-42.2	(471)	(535)	-12.0
Other operating expenses	(1,058)	(1,205)	-12.2	(3,063)	(3,853)	-20.5
Other income	151	102	+48.0	516	334	+54.5
Operating profit	3,688	3,960	-6.9	11,945	12,125	-1.5
Interest income	23	31	-25.8	71	102	-30.4
Profit before tax	3,711	3,991	-7.0	12,016	12,227	-1.7
Taxation	(177)	(208)	-14.9	(615)	(535)	+15.0
Profit for the period representing total comprehensive income for the period	3,534	3,783	-6.6	11,401	11,692	-2.5

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

	GROUP		TRUST	
	30 Sep 12	31 Dec 11	30 Sep 12	31 Dec 11
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Plant and equipment	453	635	-	-
Subsidiaries	-	-	351,236	365,736
Service concession receivables	556,896	576,582	-	-
Notes receivable	-	-	290,142	290,142
	<u>557,349</u>	<u>577,217</u>	<u>641,378</u>	<u>655,878</u>
Current Assets				
Inventories	15,369	15,411	-	-
Service concession receivables	54,956	54,956	-	-
Trade and other receivables	19,165	21,988	4,713	110
Cash, bank and deposit balances	28,982	47,626	5,836	36,965
	<u>118,472</u>	<u>139,981</u>	<u>10,549</u>	<u>37,075</u>
Current Liabilities				
Trade and other payables	15,624	18,751	1,535	2,557
Provision for taxation	764	1,166	5	1
	<u>16,388</u>	<u>19,917</u>	<u>1,540</u>	<u>2,558</u>
Net Current Assets	<u>102,084</u>	<u>120,064</u>	<u>9,009</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>659,326</u>	<u>697,174</u>	<u>650,387</u>	<u>690,395</u>
Represented by:				
Unitholders' Funds				
Units in issue	719,307	719,307	719,307	719,307
Revenue reserves	(59,981)	(22,133)	(68,920)	(28,912)
	<u>659,326</u>	<u>697,174</u>	<u>650,387</u>	<u>690,395</u>

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

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

1 (c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the third quarter and nine months ended 30 September

	3Q 2012 \$'000	3Q 2011 \$'000	9M 2012 \$'000	9M 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	3,711	3,991	12,016	12,227
<u>Adjustments for :</u>				
Depreciation	62	61	182	182
Interest income	(23)	(31)	(71)	(102)
Operating profit before working capital changes	<u>3,750</u>	<u>4,021</u>	<u>12,127</u>	<u>12,307</u>
Decrease/(increase) in inventories	22	45	42	(167)
Decrease in service concession receivables	9,277	8,805	27,411	26,585
Decrease/(increase) in trade and other receivables	431	2,439	2,823	(1,756)
Decrease in trade and other creditors	(306)	(436)	(3,712)	(406)
Cash generated from operations	<u>13,174</u>	<u>14,874</u>	<u>38,691</u>	<u>36,563</u>
Tax paid	(294)	(4,683)	(1,017)	(11,282)
Interest received	23	31	71	102
Net cash from operating activities	<u>12,903</u>	<u>10,222</u>	<u>37,745</u>	<u>25,383</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Construction of assets	(4,760)	(8,568)	(7,140)	(20,945)
Net cash used in investing activity	<u>(4,760)</u>	<u>(8,568)</u>	<u>(7,140)</u>	<u>(20,945)</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Distribution paid	(19,712)	(19,712)	(49,249)	(46,856)
Net cash used in financing activity	<u>(19,712)</u>	<u>(19,712)</u>	<u>(49,249)</u>	<u>(46,856)</u>
Net change in cash and cash equivalents	<u>(11,569)</u>	<u>(18,058)</u>	<u>(18,644)</u>	<u>(42,418)</u>
Cash and cash equivalents at beginning of period	<u>40,551</u>	<u>60,670</u>	<u>47,626</u>	<u>85,030</u>
Cash and cash equivalents at end of period	<u>28,982</u>	<u>42,612</u>	<u>28,982</u>	<u>42,612</u>

1 (d)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
for the third quarter and nine months ended 30 September

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	-	7,867	7,867
Distribution paid	-	(29,537)	(29,537)
As at 30 June 2012	719,307	(43,803)	675,504
Total comprehensive income for the period	-	3,534	3,534
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2012	719,307	(59,981)	659,326
As at 1 January 2011	717,354	8,726	726,080
Total comprehensive income for the period	-	7,909	7,909
Distribution paid	-	(27,144)	(27,144)
Creation of new units			
- payment of Trustee-Manager's fees in units ¹	1,786	-	1,786
Issue costs	167	-	167
As at 30 June 2011	719,307	(10,509)	708,798
Total comprehensive income for the period	-	3,783	3,783
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2011	719,307	(26,438)	692,869

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	-	6,287	6,287
Distribution paid	-	(29,537)	(29,537)
As at 30 June 2012	719,307	(52,162)	667,145
Total comprehensive income for the period	-	2,954	2,954
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2012	719,307	(68,920)	650,387
As at 1 January 2011	717,354	5,990	723,344
Total comprehensive income for the period	-	6,431	6,431
Distribution paid	-	(27,144)	(27,144)
Creation of new units			
- payment of Trustee-Manager's fees in units ¹	1,786	-	1,786
Issue costs	167	-	167
As at 30 June 2011	719,307	(14,723)	704,584
Total comprehensive income for the period	-	2,843	2,843
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2011	719,307	(31,592)	687,715

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, 30 June and 30 September 2012	629,781,279
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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 did not result in changes to the Group's and Trust's accounting policies.

6 EARNINGS PER UNIT ("EPU")

	3Q 2012	3Q 2011	+/- %	9M 2012	9M 2011	+/- %
Earnings per unit ⁽¹⁾						
(based on the weighted average number of units as at the end of the period)	0.56 cents	0.60 cents	-6.7	1.81 cents	1.86 cents	-2.7
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 NET ASSET VALUE ("NAV") PER UNIT

	GROUP			TRUST		
	30 Sep 12	31 Dec 11	+/- %	30 Sep 12	31 Dec 11	+/- %
NAV per unit based on issued units at the end of the period / year (\$)	1.05	1.11	-5.4	1.03	1.10	-6.4

8 REVIEW OF PERFORMANCE

Profit and Loss Analysis

The flue gas treatment upgrade was completed earlier this year and the total construction revenue recognised to-date for 9M 2012 was \$8.1 million. Finance income was \$4.5 million for 3Q 2012 and \$13.4 million for 9M 2012, which 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 \$12.6 million for 3Q 2012 and \$37.5 million for 9M 2012, representing an 8.8% and 8.4% 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 higher output from the plants.

The construction expense of \$7.7 million relates to the amount of capital expenditure spent on the flue gas treatment upgrade for 9M 2012. For the same reasons stated for the O&M revenue above, the O&M costs of \$8.8 million for 3Q 2012 was 6.6% higher than the corresponding period last year, O&M costs for 9M 2012 was \$26.3 million which represents a 7.0% increase as compared to 9M 2011. Electricity cost of \$2.2 million and \$6.5 million for 3Q 2012 and 9M 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 3Q 2012 was \$1.3 million and \$3.3 million for 9M 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 \$3.7 million and \$12.0 million for 3Q 2012 and 9M 2012 respectively. After taking into account income tax expenses, net profit was \$3.5 million for 3Q 2012 and \$11.4 million for 9M 2012.

Balance Sheet Analysis

Group unitholders' funds decreased from \$697.2 million at 31 December 2011 to \$659.3 million at 30 September 2012. The decrease was mainly attributable to the distribution of \$49.2 million paid to unitholders during the period, partially offset by increase in comprehensive income of \$11.4 million.

Total assets of the Group amounted to \$675.8 million as at 30 September 2012. This was \$41.4 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 \$19.7 million during the nine months period. Debtors of \$19.2 million were \$2.8 million lower mainly due to property tax refunds received in relation to the plants. Group total liabilities decreased by \$3.5 million to \$16.5 million as compared to \$20.0 million in the previous year end, mainly due to payments made 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 September 2012, the Group had no external borrowing.

Cash Flow Analysis

Cash generated from operations of \$13.2 million for 3Q 2012 was derived from the Group's pre-tax profit of \$3.7 million, after adjusting for non-cash items and changes in working capital of \$9.5 million. Tax paid for the quarter of \$0.3 million was significantly lower compared to \$4.7 million paid for the corresponding period in 2011, as the 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 \$12.9 million for the quarter as compared to \$10.2 million in the same quarter last year.

Cash generated from operations for the nine months period was \$38.7 million after adjusting for non-cash items and changes in working capital of \$26.7 million. Cash flow from operating activities was \$37.7 million after taking into account the income taxes paid in the period. Net cash used in investing activity of \$7.1 million was for the payment of the flue gas treatment upgrading contract. During the period, the Group made 2 semi-annual distribution payments totaling \$49.2 million.

9 VARIANCE FROM FORECAST STATEMENT

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

10 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 mitigate the price volatility of electricity by 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 rising 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.

In the quarter, the Trustee-Manager has awarded a turn-key Engineering, Procurement, Construction and Commissioning (EPCC) contract to install a 1 MWp solar photovoltaic (PV) system on the rooftops of Ulu Pandan NEWater Plant to supplement and reduce the intake of grid electricity. 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.

11 DISTRIBUTIONS

11a. Current Financial Period Reported On

Any distribution recommended for the current financial period reported on? No

11b. Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? No

11c. Date Payable

Not applicable

11d. Books Closure Date

Not applicable

12 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 Sep 12 \$'000	1 Jan 11 to 30 Sep 11 \$'000	1 Jan 12 to 30 Sep 12 \$'000	1 Jan 11 to 30 Sep 11 \$'000
Keppel Corporation Group				
- General Transactions	-	-	-	869
- Treasury Transactions	-	-	28,345	42,146
Total	-	-	28,345	43,015

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
 15 October 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 third quarter 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
15 October 2012



TEO SOON HOE
Director