

**KEPPEL INFRASTRUCTURE TRUST  
THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2016 FINANCIAL STATEMENTS**

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## INTRODUCTION

Keppel Infrastructure Trust ("KIT" or "Trust"), was originally listed on 12 February 2007 on the Singapore Exchange Securities Trading Limited as CitySpring Infrastructure Trust ("CIT"). The sponsor of the Trust is Keppel Infrastructure Holdings Pte. Ltd., a wholly owned subsidiary of Keppel Corporation Limited.

On 18 May 2015, CIT acquired the business undertakings and assets of Crystal Trust (formerly known as Keppel Infrastructure Trust) in exchange for the issue of approximately 1.33 billion new CIT units to Crystal Trust Unitholders (the "Crystal Acquisition"), and was renamed Keppel Infrastructure Trust.

On 30 June 2015, KIT completed the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd ("KMC") which owns the Keppel Merlimau Cogen Plant (the "KMC Plant"), a 1,300 MW combined cycle gas turbine generation facility on Jurong Island, Singapore (the "KMC Acquisition"). The purchase consideration of S\$510 million was financed by an equity fund raising.

On 19 October 2015, KIT announced the change of its financial year end from 31 March to 31 December. The results for the third quarter and 9 months ended 30 September 2016 are compared to the results for the third quarter and 9 months ended 31 December 2015 of the previous financial period.

For ease of reference, the following abbreviations are used in this announcement:

**"3Q FY16"**: For the 3 months ended 30 September 2016;

**"3Q FY15"**: For the 3 months ended 31 December 2015;

**"9M FY16"**: For the 9 months ended 30 September 2016; and

**"9M FY15"**: For the 9 months ended 31 December 2015;

Keppel Infrastructure Fund Management Pte. Ltd. is the Trustee-Manager of KIT, and wholly-owned by Keppel Capital Holdings Pte. Ltd., which is in turn a wholly-owned subsidiary of Keppel Corporation Limited.

With effect from 21 September 2015, KIT was included in the FTSE ST Large/Mid Cap Index and FTSE ST Mid Cap Index.

KIT, being a business trust, is allowed to pay distributions to Unitholders out of its retained cash and residual cash flows, in accordance with its distribution policy. This is unlike companies, which are governed by the Companies Act, and can only make dividend payments out of accounting profits.

1. **UNAUDITED RESULTS FOR THE THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2016**

The Directors of **Keppel Infrastructure Fund Management Pte. Ltd., as Trustee-Manager of Keppel Infrastructure Trust**, advise the following unaudited results of the Group for the third quarter and 9 months ended 30 September 2016.

1(a) **INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME**  
for the third quarter and 9 months ended 30 September 2016

(i) **Consolidated Income Statement**

	<b>Group</b>					
	<b>3Q FY16</b>	<b>3Q FY15</b>	<b>Change</b>	<b>9M FY16</b>	<b>9M FY15</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>160,276</b>	160,526	(0.2)	<b>428,876</b>	427,852	0.2
<b>Other income</b>	<b>4,255</b>	888	>100.0	<b>22,294</b>	3,002	>100.0
<b>Other (losses)/gains - net</b>	<b>(1,741)</b>	1,679	N/M	<b>(4,395)</b>	2,514	N/M
<b>Expenses</b>						
Fuel and electricity costs	(25,077)	(28,536)	(12.1)	(68,640)	(101,572)	(32.4)
Gas transportation costs	(23,104)	(21,918)	5.4	(67,316)	(65,267)	3.1
Depreciation and amortisation	(28,435)	(29,041)	(2.1)	(85,843)	(67,721)	26.8
Staff costs	(6,044)	(6,016)	0.5	(18,794)	(18,708)	0.5
Operation and maintenance costs	(27,763)	(29,063)	(4.5)	(74,992)	(57,618)	30.2
Finance costs	(32,448)	(32,055)	1.2	(85,993)	(78,832)	9.1
Trustee-Managers' fees	(2,611)	(2,952)	(11.6)	(7,023)	(7,250)	(3.1)
Other operating expenses	(9,045)	(11,690)	(22.6)	(29,561)	(35,066)	(15.7)
<b>Total expenses</b>	<b>(154,527)</b>	(161,271)	(4.2)	<b>(438,162)</b>	(432,034)	1.4
<b>Profit before joint venture</b>	<b>8,263</b>	1,822	>100.0	<b>8,613</b>	1,334	>100.0
Share of results of joint venture	231	(65)	N/M	405	(171)	N/M
<b>Profit before tax</b>	<b>8,494</b>	1,757	>100.0	<b>9,018</b>	1,163	>100.0
Income tax expense	(786)	(1,830)	(57.0)	(3,188)	(2,766)	15.3
<b>Net profit/(loss) after tax</b>	<b>7,708</b>	(73)	N/M	<b>5,830</b>	(1,603)	N/M
<b>Profit/(Loss) attributable to:</b>						
Unitholders	16,955	8,667	95.6	33,525	15,457	>100.0
Non-controlling interests	(9,247)	(8,740)	5.8	(27,695)	(17,060)	62.3
	<b>7,708</b>	(73)	N/M	<b>5,830</b>	(1,603)	N/M

N/M - Not meaningful

Please refer to paragraph 8.2 for further details.

1(a) **INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME (CONT'D)**  
for the third quarter and 9 months ended 30 September 2016

(ii) **Consolidated Statement of Comprehensive Income**

	<u>Group</u>					
	3Q FY16	3Q FY15	Change	9M FY16	9M FY15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Net profit/(loss) after tax</b>	7,708	(73)	N/M	5,830	(1,603)	N/M
<b>Other comprehensive income:</b>						
<u>Items that may be reclassified</u>						
<u>subsequently to income statement</u>						
Cash flow hedges:						
- Fair value (losses)/gains	(21,465)	(3,315)	>100.0	(86,478)	25,881	N/M
- Transfer to income statement	8,467	4,417	91.7	11,884	11,880	0.0
Share of net change in fair value of cash flow hedges of a joint venture	(1,771)	-	>100.0	(1,771)	-	>100.0
Currency translation differences relating to consolidation of foreign subsidiaries	(679)	514	N/M	(274)	45	N/M
<b>Other comprehensive income, net of tax</b>	<u>(15,448)</u>	<u>1,616</u>	<u>N/M</u>	<u>(76,639)</u>	<u>37,806</u>	<u>N/M</u>
<b>Total comprehensive income</b>	<u>(7,740)</u>	<u>1,543</u>	<u>N/M</u>	<u>(70,809)</u>	<u>36,203</u>	<u>N/M</u>
<b>Attributable to:</b>						
Unitholders	2,882	11,419	(74.8)	(33,913)	49,801	N/M
Non-controlling interests	(10,622)	(9,876)	7.6	(36,896)	(13,598)	>100.0
	<u>(7,740)</u>	<u>1,543</u>	<u>N/M</u>	<u>(70,809)</u>	<u>36,203</u>	<u>N/M</u>

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Trust</u>	
	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	2,380,489	2,455,759	-	-
Intangibles	539,673	553,542	-	-
Investment in subsidiaries	-	-	1,032,158	1,029,111
Investment in and advances to joint venture	22,414	21,434	-	-
Long term receivables from subsidiaries	-	-	794,069	775,712
Service concession receivables	435,032	436,232	-	-
Finance lease receivables	117,172	124,142	-	-
Derivative financial instruments	-	12,939	-	-
Other assets	99,283	32,132	-	-
<b>Total non-current assets</b>	<b>3,594,063</b>	<b>3,636,180</b>	<b>1,826,227</b>	<b>1,804,823</b>
<b>Current Assets</b>				
Cash and bank deposits	259,311	243,636	50,538	56,759
Trade and other receivables	104,002	90,462	928	5,594
Service concession receivables	43,833	57,853	-	-
Finance lease receivables	9,231	8,995	-	-
Derivative financial instruments	778	-	-	-
Inventories	53,130	55,990	-	-
Other current assets	21,321	22,362	58	172
<b>Total current assets</b>	<b>491,606</b>	<b>479,298</b>	<b>51,524</b>	<b>62,525</b>
<b>Current Liabilities</b>				
Borrowings	723,568	25,108	-	-
Loan from related party	-	4,541	-	4,541
Loan from subsidiary company	-	-	70,335	99,000
Trade and other payables	145,166	144,279	4,229	4,023
Derivative financial instruments	32,933	20,481	929	-
Current tax liabilities	6,535	9,044	28	52
<b>Total current liabilities</b>	<b>908,202</b>	<b>203,453</b>	<b>75,521</b>	<b>107,616</b>
<b>Net Current (Liabilities)/Assets</b>	<b>(416,596)</b>	<b>275,845</b>	<b>(23,997)</b>	<b>(45,091)</b>
<b>Non-Current Liabilities</b>				
Borrowings	1,029,557	1,644,530	91,203	-
Notes payable to non-controlling interests	260,000	260,000	-	-
Loan from subsidiary company	-	-	-	43,335
Derivative financial instruments	133,211	73,312	735	-
Other payables	271,834	265,658	-	-
Provisions	38,965	38,143	-	-
Deferred tax liabilities	23,695	29,596	-	-
<b>Total non-current liabilities</b>	<b>1,757,262</b>	<b>2,311,239</b>	<b>91,938</b>	<b>43,335</b>
<b>Net Assets</b>	<b>1,420,205</b>	<b>1,600,786</b>	<b>1,710,292</b>	<b>1,716,397</b>
<b>Represented by:</b>				
<b>Unitholders' Funds</b>				
Units in issue	2,137,389	2,137,322	2,137,389	2,137,322
Hedging reserve	(269,013)	(201,772)	(1,663)	-
Translation reserve	(27,319)	(27,122)	-	-
Capital reserve	38,710	38,710	-	-
Accumulated losses	(661,436)	(587,350)	(425,434)	(420,925)
<b>Total Unitholders' funds</b>	<b>1,218,331</b>	<b>1,359,788</b>	<b>1,710,292</b>	<b>1,716,397</b>
Non-controlling interests	201,874	240,998	-	-
	<b>1,420,205</b>	<b>1,600,786</b>	<b>1,710,292</b>	<b>1,716,397</b>

Please refer to paragraphs 8.3 and 8.4 for further details.

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

	<b>Group</b>	
	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	-	4,541
Amount repayable after one year	<b>91,203</b>	-
	<b>91,203</b>	<b>4,541</b>
<b>Secured borrowings</b>		
Amount repayable within one year	<b>723,568</b>	25,108
Amount repayable after one year	<b>938,354</b>	1,644,530
	<b>1,661,922</b>	<b>1,669,638</b>
<b>Total borrowings</b>	<b>1,753,125</b>	<b>1,674,179</b>

### **Details of collaterals**

The bank borrowings are secured over the assets and business undertakings of City Gas, SingSpring and Basslink Group. The bank borrowings granted to SingSpring is also secured by a charge over the units in SingSpring held by the Trustee-Manager and Hyflux Ltd<sup>1</sup>, and a charge over the shares held by the Trustee-Manager in SingSpring Pte Ltd. The bank borrowings granted to KMC is secured mainly by an assignment of KMC's rights under the Capacity Tolling Agreement.

On 20 December 2015, the Basslink interconnector experienced an unplanned outage caused by a cable fault. The interconnector returned to service on 13 June 2016. As announced on 18 July 2016, Basslink was unable to meet the minimum debt service coverage ratio covenant in the project financing. As a condition of waiver of this event of default, Basslink was required to agree with the banking syndicate a Long Term Financing Plan ("LTFP") which has yet to be agreed as at 17 October 2016. There is no contractual recourse to KIT under the project financing. FRS 1 requires the borrowings to be classified as current liability if an entity breaches a provision of a long term loan agreement on or before the end of the reporting period. Accordingly, the Group has reclassified Basslink's borrowings as current liabilities as at 30 September 2016. Basslink and the banking syndicate are still in discussions to work towards agreeing the LTFP.

Notwithstanding the reclassification, Basslink is current on its debt payments under the project financing, subsequent to the return to service of the interconnector on 13 June 2016. The reclassification is also not expected to have any material financial impact on the distributions per unit of KIT for the financial year ending 31 December 2016 since KIT does not rely on Basslink's cash flows for its distributions.

<sup>1</sup> 30% unitholder of SingSpring Trust

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the third quarter and 9 months ended 30 September 2016

	<b>Group</b>			
	<b>3Q FY16</b>	<b>3Q FY15</b>	<b>9M FY16</b>	<b>9M FY15</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>				
Profit before tax	8,494	1,757	9,018	1,163
Adjustments for:				
Depreciation and amortisation	28,435	29,041	85,843	67,721
Finance costs	32,448	32,055	85,993	78,832
Interest income	(441)	(587)	(1,297)	(1,871)
Fair value loss/(gain) on derivative financial instruments	1,896	(1,648)	4,135	(2,697)
Allowance for doubtful trade and other receivables	19	348	49	348
Gain on construction of assets	(773)	-	(773)	-
Property, plant and equipment written off	10	99	496	99
Loss/(gain) on disposal of property, plant and equipment	17	1	17	(12)
Share of results of joint venture	(231)	65	(405)	171
Unrealised translation (gain)/loss	(257)	161	(133)	(22)
Management fees paid in units	-	-	67	-
Operating cash flow before working capital changes	<b>69,617</b>	61,292	<b>183,010</b>	143,732
Changes in working capital :				
Trade and other receivables	(17,198)	407	(39,313)	(14,788)
Trade and other payables	6,375	(10,576)	8,831	(3,322)
Inventories	(2,502)	684	2,243	2,014
<b>Cash generated from operations</b>	<b>56,292</b>	51,807	<b>154,771</b>	127,636
Interest received	426	642	1,221	1,679
Interest paid	(29,233)	(30,148)	(79,814)	(72,635)
Income tax paid	(2,258)	(4,193)	(7,148)	(8,346)
<b>Net cash generated from operating activities</b>	<b>25,227</b>	18,108	<b>69,030</b>	48,334
<b>Investing activities</b>				
Advances to joint venture	-	-	(2,346)	(5,253)
Purchase of property, plant and equipment	(643)	(661)	(1,224)	(2,133)
Construction of assets	(10,561)	-	(17,487)	-
Proceeds from sale of property, plant and equipment	6	-	6	21
Proceeds from sale of inventories	617	-	617	-
Acquisition of subsidiaries, net of cash acquired (Note a)	-	-	-	(13,148)
<b>Net cash used in investing activities</b>	<b>(10,581)</b>	(661)	<b>(20,434)</b>	(20,513)
<b>Financing activities</b>				
(Increase)/decrease in restricted cash	(15,704)	120	9,270	(3,366)
Proceeds from notes issued by subsidiary to non-controlling interest	-	-	-	245,000
Proceeds from borrowings	34,439	-	91,466	-
Repayment of related parties' loans	-	-	(4,541)	(500,000)
Repayment of borrowings	(3,364)	(144,563)	(9,681)	(156,079)
Net proceeds raised from issuance of units (Note b)	-	-	-	521,116
Payment of loan upfront fees	-	-	(326)	(2,100)
Distributions paid to Unitholders of the Trust	(35,870)	(35,870)	(107,611)	(127,478)
Distributions paid by subsidiaries to non-controlling interests	(998)	(575)	(2,228)	(2,259)
<b>Net cash used in financing activities</b>	<b>(21,497)</b>	(180,888)	<b>(23,651)</b>	(25,166)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,851)</b>	(163,441)	<b>24,945</b>	2,655
<b>Cash and cash equivalents at beginning of the period</b>	<b>231,874</b>	363,052	<b>200,064</b>	197,862
Effect of currency translation on cash and cash equivalents	(17)	453	(3)	(453)
<b>Cash and cash equivalents at end of the period (Note c)</b>	<b>225,006</b>	200,064	<b>225,006</b>	200,064

Note a: Acquisition of subsidiaries, net of cash acquired, relates to the Crystal Acquisition and the KMC Acquisition. Cash acquired from the Crystal Acquisition and the KMC Acquisition was S\$11.9 million and S\$230 million, respectively. The cash of S\$230 million from the KMC Acquisition was designated as a prepayment of the capacity tolling fee.

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**  
**for the third quarter and 9 months ended 30 September 2016**

Note a: During the financial year ended 31 December 2015, the fair values of the net assets of subsidiaries acquired were as follows:

	<b>Fair value S\$'000</b>
<b>ASSETS</b>	
Property, plant and equipment	1,636,643
Intangible assets	38,234
Cash and bank deposits	241,852
Trade and other receivables	44,043
Service concession receivables	509,468
Inventories	38,950
<b>Total assets</b>	<u>2,509,190</u>
<b>LIABILITIES</b>	
Borrowings	(703,479)
Trade and other payables	(715,011)
Current tax liabilities	(2,275)
Deferred tax liabilities	(6,500)
<b>Total liabilities</b>	<u>(1,427,265)</u>
Net identifiable assets acquired	1,081,925
Non-controlling interest measured at non-controlling interest's proportionate share of the net assets	(245,000)
Goodwill arising from acquisition	153,425
<b>Total purchase consideration</b>	<u>990,350</u>
Less: Purchase consideration via units swap	(729,475)
Less: Cash and cash equivalents in subsidiaries acquired	(241,852)
Less: Transaction cost paid	(5,875)
<b>Acquisition of subsidiaries, net of cash acquired</b>	<u>13,148</u>

Note b: Of the proceeds of approximately S\$525 million raised from the equity fund raising (comprising of a private placement and preferential offering), approximately S\$510 million had been utilised to fund the KMC Acquisition as announced on 30 June 2015. The remaining proceeds of approximately S\$15 million were largely utilised in accordance with the intended uses and allocation of amounts set out in the same announcement of 30 June 2015 in relation to professional and other fees payable in connection with the equity fund raising and the KMC Acquisition.

Note c:

	<b>30 Sep 2016 S\$'000</b>	<b>31 Dec 2015 S\$'000</b>
Cash and bank deposits	259,311	243,636
Less: Restricted cash	(34,305)	(43,572)
Cash and cash equivalents	<u>225,006</u>	<u>200,064</u>

Restricted cash represents the amount of cash and cash equivalents required to be set aside to meet interest and principal repayments for loans extended to, and for secured bank guarantees of, the Group.

Refer to paragraph 8.1 for further details.



1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS  
for the third quarter and 9 months ended 30 September 2016

Group	Attributable to Unitholders of the Trust							
	Units in Issue S\$'000	Hedging Reserve S\$'000	Translation Reserve S\$'000	Capital Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000	Non-controlling Interests S\$'000	Total S\$'000
<b>2016</b>								
Balance as at 1 Jan 2016	2,137,322	(201,772)	(27,122)	38,710	(587,350)	1,359,788	240,998	1,600,786
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	16,570	16,570	(18,448)	(1,878)
Other comprehensive income for the period	-	(53,858)	493	-	-	(53,365)	(7,826)	(61,191)
Total	-	(53,858)	493	-	16,570	(36,795)	(26,274)	(63,069)
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	67	-	-	-	-	67	-	67
Distributions paid	-	-	-	-	(71,741)	(71,741)	(1,230)	(72,971)
<b>Balance as at 30 Jun 2016</b>	<b>2,137,389</b>	<b>(255,630)</b>	<b>(26,629)</b>	<b>38,710</b>	<b>(642,521)</b>	<b>1,251,319</b>	<b>213,494</b>	<b>1,464,813</b>
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	16,955	16,955	(9,247)	7,708
Other comprehensive income for the period	-	(13,383)	(690)	-	-	(14,073)	(1,375)	(15,448)
Total	-	(13,383)	(690)	-	16,955	2,882	(10,622)	(7,740)
<u>Transactions with owners, recognised directly in equity</u>								
Distributions paid	-	-	-	-	(35,870)	(35,870)	(998)	(36,868)
<b>Balance as at 30 Sep 2016</b>	<b>2,137,389</b>	<b>(269,013)</b>	<b>(27,319)</b>	<b>38,710</b>	<b>(661,436)</b>	<b>1,218,331</b>	<b>201,874</b>	<b>1,420,205</b>

1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)  
for the third quarter and 9 months ended 30 September 2016

Group	Attributable to Unitholders of the Trust							
	Units in Issue S\$'000	Hedging Reserve S\$'000	Translation Reserve S\$'000	Capital Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000	Non-controlling Interests S\$'000	Total S\$'000
<b>2015</b>								
Balance as at 1 Apr 2015	886,731	(236,114)	(27,124)	38,710	(475,329)	186,874	11,855	198,729
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	6,790	6,790	(8,320)	(1,530)
Other comprehensive income for the period	-	32,091	(499)	-	-	31,592	4,598	36,190
Total	-	32,091	(499)	-	6,790	38,382	(3,722)	34,660
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	1,249,466	-	-	-	-	1,249,466	-	1,249,466
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	245,000	245,000
Distributions paid	-	-	-	-	(91,608)	(91,608)	(1,684)	(93,292)
Total	1,249,466	-	-	-	(91,608)	1,157,858	243,316	1,401,174
<b>Balance as at 30 Sep 2015</b>	<b>2,136,197</b>	<b>(204,023)</b>	<b>(27,623)</b>	<b>38,710</b>	<b>(560,147)</b>	<b>1,383,114</b>	<b>251,449</b>	<b>1,634,563</b>
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	8,667	8,667	(8,740)	(73)
Other comprehensive income for the period	-	2,251	501	-	-	2,752	(1,136)	1,616
Total	-	2,251	501	-	8,667	11,419	(9,876)	1,543
<u>Transactions with owners, recognised directly in equity</u>								
Units issue cost	1,125	-	-	-	-	1,125	-	1,125
Distributions paid	-	-	-	-	(35,870)	(35,870)	(575)	(36,445)
Total	1,125	-	-	-	(35,870)	(34,745)	(575)	(35,320)
<b>Balance as at 31 Dec 2015</b>	<b>2,137,322</b>	<b>(201,772)</b>	<b>(27,122)</b>	<b>38,710</b>	<b>(587,350)</b>	<b>1,359,788</b>	<b>240,998</b>	<b>1,600,786</b>

1(d)(i) **STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)**  
for the third quarter and 9 months ended 30 September 2016

<u>Trust</u>	Units in Issue S\$'000	Hedging Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000
<b>2016</b>				
Balance as at 1 Jan 2016	2,137,322	-	(420,925)	1,716,397
<u>Total comprehensive income</u>				
Profit for the period	-	-	55,894	55,894
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	67	-	-	67
Distributions paid	-	-	(71,741)	(71,741)
Total	67	-	(71,741)	(71,674)
<b>Balance as at 30 Jun 2016</b>	<b>2,137,389</b>	<b>-</b>	<b>(436,772)</b>	<b>1,700,617</b>
<u>Total comprehensive income</u>				
Profit for the period	-	-	47,208	47,208
Other comprehensive income for the period	-	(1,663)	-	(1,663)
Total	-	(1,663)	47,208	45,545
<u>Transactions with owners, recognised directly in equity</u>				
Distributions paid	-	-	(35,870)	(35,870)
<b>Balance as at 30 Sep 2016</b>	<b>2,137,389</b>	<b>(1,663)</b>	<b>(425,434)</b>	<b>1,710,292</b>
<b>2015</b>				
Balance as at 1 Apr 2015	886,731	-	(163,201)	723,530
<u>Total comprehensive income</u>				
Profit for the period	-	-	38,106	38,106
Other comprehensive income for the period	-	507	-	507
Total	-	507	38,106	38,613
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	1,249,466	-	-	1,249,466
Distributions paid	-	-	(91,608)	(91,608)
Total	1,249,466	-	(91,608)	1,157,858
<b>Balance as at 30 Sep 2015</b>	<b>2,136,197</b>	<b>507</b>	<b>(216,703)</b>	<b>1,920,001</b>
<u>Total comprehensive income</u>				
Loss for the period	-	-	(168,352)	(168,352)
Other comprehensive income for the period	-	(507)	-	(507)
Total	-	(507)	(168,352)	(168,859)
<u>Contributions by and distributions to owners</u>				
Units issue cost	1,125	-	-	1,125
Distributions paid	-	-	(35,870)	(35,870)
Total	1,125	-	(35,870)	(34,745)
<b>Balance as at 31 Dec 2015</b>	<b>2,137,322</b>	<b>-</b>	<b>(420,925)</b>	<b>1,716,397</b>

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

	<b>1 Jul 2016 to 30 Sep 2016</b>	<b>1 Oct 2015 to 31 Dec 2015</b>	<b>1 Jan 2016 to 30 Sep 2016</b>	<b>1 Apr 2015 to 31 Dec 2015</b>
<b><u>GROUP and TRUST</u></b>				
Issued units at the beginning of the period	<b>3,857,063,631</b>	3,856,931,931	<b>3,856,931,931</b>	1,518,893,062
Issuance of consideration units <sup>(1)</sup>	-	-	-	1,326,319,374
Issuance of placement and preferential units <sup>(2)</sup>	-	-	-	1,011,719,495
Issuance of new units <sup>(3)</sup>	-	-	<b>131,700</b>	-
Issued units at the end of the period	<b>3,857,063,631</b>	3,856,931,931	<b>3,857,063,631</b>	3,856,931,931

## Notes:

- (1) The consideration units were issued on 18 May 2015 pursuant to the Crystal Acquisition.
- (2) This relates to the placement of 792,857,000 units at an issue price of S\$0.52 per unit on 28 May 2015 and issuance of 218,862,495 preferential units at an issue price of S\$0.515 per unit on 19 June 2015 pursuant to the equity fund raising in connection with the KMC Acquisition.
- (3) This relates to the payment of 2.4% of management fee and performance fee in the form of units to the Trustee-Manager on 24 February 2016.

**1(d)(iii) TOTAL NUMBER OF ISSUED UNITS EXCLUDING TREASURY UNITS AS AT THE END OF THE CURRENT FINANCIAL PERIOD, AND AS AT THE END OF THE IMMEDIATELY PRECEDING YEAR**

The Group and Trust does not hold any treasury units as at 30 September 2016 and 31 December 2015.

The total number of issued units as at 30 September 2016 and 31 December 2015 were 3,857,063,631 and 3,856,931,931 respectively.

**1(d)(iv) STATEMENT OF ALL SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON**

Not applicable.

**2. AUDIT**

The figures have not been audited nor 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 2015.

**5. CHANGES IN ACCOUNTING POLICIES**

The Group has 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 2016. 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”)

			<u>Group</u>			
	3Q FY16	3Q FY15	%	9M FY16	9M FY15	%
Weighted average number of units	3,857,063,631	3,856,931,931	0.0	3,857,037,676	3,389,268,367	13.8
EPU						
- based on the weighted average number of units in issue (cents)						
- basic and diluted	0.44	0.22	100.0	0.87	0.46	89.1

## 7. NET ASSET VALUE (“NAV”) PER UNIT

	<u>Group</u>			<u>Trust</u>		
	30 Sep 2016	31 Dec 2015	%	30 Sep 2016	31 Dec 2015	%
NAV per unit (cents)	31.6	35.3	(10.5)	44.3	44.5	(0.4)
Adjusted NAV per unit (cents)						
- (after distribution payable to unitholders)	30.7	34.3	(10.5)	43.4	43.6	(0.5)

The Group NAV per unit before hedging and translation reserves was 39.3 cents as at 30 September 2016 and 41.2 cents as at 31 December 2015. The Trust NAV per unit before hedging reserves was 44.4 cents as at 30 September 2016. The Trust did not have any hedging reserve as at 31 December 2015.

The number of units used for computation of NAV per unit and adjusted NAV per unit were 3,857,063,631 and 3,856,931,931 which were the number of units in issue as at 30 September 2016 and 31 December 2015 respectively.

## 8. REVIEW OF PERFORMANCE

### 8.1 Cashflow

9M FY16 net cash generated from operating activities was S\$69.0 million, S\$20.7 million higher than last year. 9M FY16 included contributions from KMC for 9 months versus 6 months in 9M FY15, as the KMC Acquisition was completed on 30 June 2015, and higher cash flows from the progressive boiler upgrade at the Senoko Waste-to-Energy (“WTE”) plant. These were partially offset by higher interest paid (please refer to Section 8.2 for the underlying reasons).

For 9M FY16, net cash used in investing activities of S\$20.4 million relates mainly to the Senoko boiler upgrade. For 9M FY15, funds were used mainly for the Crystal and KMC Acquisitions, and higher advances made to the DataCentre One joint venture. Net cash used in financing activities of S\$25.2 million in 9M FY15 consisted primarily of the financing activities relating to the KMC Acquisition, repayment of the KIT corporate loan, and distributions to unitholders of KIT and non-controlling interests of subsidiaries.

Cash and bank deposits less restricted cash as at 30 September 2016 was S\$225.0 million compared to S\$200.1 million as at 31 December 2015.

## 8. REVIEW OF PERFORMANCE (CONT'D)

### 8.2 Income Statement

#### *Revenue*

Group revenue for 3Q FY16 was S\$160.3 million, bringing the total revenue recognised in 9M FY16 to S\$428.9 million.

At City Gas, revenue of S\$72.1 million in 3Q FY16 and S\$213.0 million in 9M FY16 were lower than that for the corresponding periods in the last financial year as town gas tariff decreased with lower fuel prices. City Gas achieved 100% plant availability throughout 9M FY16.

The Concessions<sup>2</sup> contributed revenue of S\$32.6 million in 3Q FY16 and S\$88.6 million in 9M FY16 compared to S\$34.2 million in 3Q FY15 and S\$74.5 million in 9M FY15. Revenue was lower for 3Q FY16 as a result of lower dispatch at the SingSpring Desalination plant, partly offset by higher revenue from the Senoko boiler upgrade. Revenue was higher in 9M FY16 with the increase in revenue from progressive Senoko boiler upgrade and as the Crystal Assets (comprising Senoko WTE, Tuas WTE and Ulu Pandan NEWater plants which were acquired on 18 May 2015) contributed 9 months of revenue compared to approximately 7.5 months in 9M FY15. All 4 plants fulfilled their contractual obligations during the period.

Basslink's revenue increased to A\$21.7 million (approximately S\$22.1 million) in 3Q FY16 from A\$12.1 million (approximately S\$12.5 million) in 3Q FY15 mainly due to positive CRSM recognised in 3Q FY16 versus negative CRSM in 3Q FY15. However, 9M FY16 revenue was lower at A\$28.0 million (approximately S\$28.5 million) compared to A\$42.7 million (approximately S\$44.2 million) in 9M FY15 due mainly to facility fee not being earned as a result of the outage between 20 December 2015 and 13 June 2016 caused by a cable fault.

CityNet contributed revenue of S\$1.0 million and S\$3.1 million in 3Q FY16 and 9M FY16, respectively, similar to the comparative financial periods.

Contribution from KMC only commenced after its acquisition on 30 June 2015. Accordingly, revenue contribution for 9M FY16 was higher than the comparative prior period at S\$95.6 million and S\$65.1 million for 9M FY15, respectively, although KMC underwent extended maintenance for a turbine in 1Q FY16, which resulted in a slight reduction in capacity fee. Revenue contribution for 3Q FY16 was S\$32.5 million, comparable to 3Q FY15.

#### *Other income*

Other income in 3Q FY16 and 9M FY16 included insurance compensation recognised in connection with Basslink's cable fault.

#### *Other gains/(losses) - net*

Other gains/(losses) comprise mainly the fair value movement on derivative instruments.

#### *Expenses*

Fuel and electricity costs of S\$25.1 million in 3Q FY16 and S\$68.6 million in 9M FY16 were lower than last year due to lower fuel prices.

Gas transportation costs of S\$23.1 million in 3Q FY16 and S\$67.3 million in 9M FY16 were higher than last year mainly due to upward revision of gas transportation fees.

Depreciation and amortisation expenses of S\$85.8 million in 9M FY16 were higher compared to 9M FY15 as the depreciation and amortisation expenses of the Crystal Assets and KMC were included after their acquisitions.

Operation and maintenance costs decreased to S\$27.8 million in 3Q FY16 from S\$29.1 million in 3Q FY15 as a result of lower maintenance expenses incurred by City Gas, and lower expenses from SingSpring Desalination plant due to lower dispatch. Operations and maintenance costs increased to S\$75.0 million in 9M FY16 from S\$57.6 million in 9M FY15 due to the inclusion of the costs of the Crystal Assets and KMC after their acquisitions and the progressive completion of the Senoko boiler upgrade.

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<sup>2</sup> Concessions comprise Senoko Waste-to-Energy ("WTE"), Tuas WTE, SingSpring and Ulu Pandan NEWater plants

## 8. REVIEW OF PERFORMANCE (CONT'D)

### 8.2 Income Statement (Cont'd)

#### *Expenses (cont'd)*

Finance costs for 3Q FY16 was comparable to 3Q FY15. Finance costs in 9M FY16 was S\$7.2 million higher than 9M FY15 as finance costs of KMC and interests on notes to its non-controlling interest were included after its acquisition.

Trustee-Managers' fees of S\$2.6 million for 3Q FY16 and S\$7.0 million for 9M FY16 were lower than last year, as a result of a more favourable management fee structure being adopted subsequent to the acquisition of Crystal Assets, despite a larger portfolio.

Other operating expenses fell from S\$11.7 million in 3Q FY16 to S\$9.0 million in 3Q FY15 due mainly to lower expenses incurred by City Gas. The lower operating expenses for 9M FY16 of S\$29.6 million was also attributed to one-off transaction costs which were incurred in connection with the Crystal and KMC Acquisitions last year.

Share of results of joint venture relates to KIT's interest in DataCentre One. The construction of the DataCentre was completed on 12 April 2016 and the lease commenced on the same date. The joint venture started contributing profits to the Group in 2Q FY16.

#### *Profit attributable to Unitholders of the Trust*

Profit attributable to Unitholders of the Trust in 3Q FY16 was higher compared to 3Q FY15 mainly arising from positive CRSM variances and higher other income recognised in Basslink. Profit attributable to Unitholders of the Trust in 9M FY16 was higher than 9M FY15 mainly due to (i) positive CRSM variances in Basslink, partly offset by the impact of insurance deductibles from Basslink's outage, (ii) lower operating expenses incurred by City Gas, (iii) higher profits from Crystal Acquisition, and (iv) absence of one-off transaction costs which were incurred in connection with the Crystal and KMC Acquisitions last year.

### 8.3 Balance Sheet – Group

The Group reported net current liabilities of S\$416.6 million as at 30 September 2016, as compared to net current assets of S\$275.8 million as at 31 December 2015. This was due to a reclassification of S\$688.7 million borrowings from non-current liabilities to current liabilities in accordance with FRS 1. Please refer to Note 1(b)(ii).

Total assets as at 30 September 2016 was S\$4,085.7 million, which was marginally lower than total assets of S\$4,115.5 million as at 31 December 2015.

Total liabilities was S\$2,665.5 million as at 30 September 2016, S\$150.8 million higher than S\$2,514.7 million as at 31 December 2015. This was mainly due to increased borrowings as the Trust drew down its facility to repay one of its subsidiaries and to fund the Senoko boiler upgrade, and higher derivative financial liability from marked-to-market movements.

Total Unitholders' funds stood at S\$1,218.3 million as at 30 September 2016 as compared to S\$1,359.8 million as at 31 December 2015 due to distributions paid and marked-to-market movements of the derivative financial instruments.

### 8.4 Balance Sheet – Trust

Net assets as at 30 September 2016 of S\$1,710.2 million was comparable to S\$1,716.4 million as at 31 December 2015.

## 9. VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2016 has been disclosed.

## 10. PROSPECTS

KIT's assets typically generate stable cash flows, with repairs and maintenance of the plants provided for as scheduled outages.

However, if such an outage lasts longer than anticipated and causes the availabilities of the plants to fall below their respective contracted levels, the plants will not be able to receive full payments due under their contracts. In addition, if the plants incur significant downtime due to extraordinary or extensive repairs, it could also lead to termination of contracts and/or liabilities or compensation arising under such agreements. Similarly, reduced availability due to the foregoing reasons would also affect production levels and revenues at City Gas.

City Gas' performance could fluctuate depending on changes in economic conditions and time lag in the adjustments of gas tariffs in response to changes in fuel costs. The tariff adjustments mechanism is designed to ensure that City Gas fully recovers its fuel costs over the long run.

Waste and water concessions have long-term contracts with Singapore statutory bodies and derive most of their cash flows from capacity and availability payments. As such, the underlying performance of these assets are expected to remain stable.

KIT has entered into an agreement with NEA to provide additional incineration capacity at the Senoko WTE Plant. The boiler upgrade was completed in 3Q 2016 and has increased the contracted incineration capacity of the Plant by 10% to 2,310 tonnes per day which translates to higher operating cash flows.

Under the capacity tolling agreement, KMC will receive a maximum annual capacity fee of S\$108 million as long as it meets the availability and capacity test targets, with most of its operating costs being passed through.

While intended to be neutral over the long-term, the CRSM in Basslink may fluctuate in the short-term and such fluctuations will affect the revenues of Basslink. Following a review in April 2016, the CRSM has been adjusted from a band of +25%/-20% to +12.5%/-12.5%, thus reducing the volatility in the facility fees to be received.

DataCentre One has been completed and handed over on 12 April 2016 and has commenced generating cash flows.

On 20 December 2015, Basslink was taken out of service due to a cable fault incident, the cause of which is still being investigated. Based on current circumstances and subject to further professional advice and investigation, Basslink believes that the outage is a force majeure event. The cable has since returned to service on 13 June 2016 and Basslink has ongoing discussions with Hydro Tasmania and the banking syndicate on matters arising from the outage, including the subsisting default under the project financing which was already announced on 18 July 2016. Hydro Tasmania has not paid Basslink facility fees since September 2016 (for which Basslink did not receive prior notification) as Hydro Tasmania disagrees that the outage is a force majeure event. Since then, Basslink has been engaging with Hydro Tasmania to resolve this issue.

The insurer has confirmed that the physical loss and damage to the cable as well as time element loss (such as business interruption loss) arising from the incident are insurable (subject to the relevant terms of the insurance policy). An advance payment of A\$40 million has been made by the insurer to Basslink, out of which A\$11 million was used to pay for part of the repair costs of the interconnector. While the remaining advance payment received is sufficient to cover Basslink's operating needs, its usage is subject to the consent of the banking syndicate due to the aforesaid subsisting default. Basslink is in discussions with the banking syndicate for release of part of the insurance proceeds for Basslink to meet its immediate operating needs as a result of the payment issue with Hydro Tasmania. Basslink is also working with the insurer on the remaining claims under the insurance policy. The foregoing is also not expected to have any material financial impact on the distributions per Unit of KIT for the financial year ending 31 December 2016 since KIT does not rely on Basslink's cash flows for its distributions. Unitholders will be updated as more information becomes available.

The Trustee-Manager will evaluate asset enhancement opportunities in its enlarged portfolio, and will continue to identify and evaluate suitable acquisitions, including those from the Sponsor, under its investment mandate to further grow the Trust.



## **11. DISTRIBUTIONS**

### **11a. Current financial period reported on**

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

Amount	:	S\$35.9 million
Distribution period	:	1 July 2016 to 30 September 2016
Distribution rate	:	0.93 Singapore cents per unit
Distribution type	:	Cash, Tax-exempt Distribution
Tax rate	:	Distributions to Unitholders are exempt from Singapore income tax, regardless of their nationality, corporate identity or tax residence status. No credit is allowed to Unitholders for the tax paid by the Trustee-Manager.

### **11b. Corresponding Period of the Immediately Preceding Financial Year**

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

Amount	:	S\$35.9 million
Distribution period	:	1 October 2015 to 31 December 2015
Distribution rate	:	0.93 Singapore cents per unit
Distribution type	:	Cash, Tax-exempt Distribution
Tax rate	:	Distributions to Unitholders are exempt from Singapore income tax, regardless of their nationality, corporate identity or tax residence status. No credit is allowed to Unitholders for the tax paid by the Trustee-Manager.

### **11c. Date Payable**

18 November 2016

### **11d. Books Closure Date**

Notice is hereby given that, the Unit Transfer Books and Register of Unitholders of KIT will be closed at 5.00 p.m. on 25 October 2016 for the purposes of determining each Unitholder's entitlement to the Distribution. Duly completed transfers in respect of Units in the capital of KIT 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 25 October 2016 will be registered to determine Unitholders' entitlement to the Distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 p.m. on 25 October 2016 will be entitled to the Distribution.

## 12. INTERESTED PERSON TRANSACTIONS

The Group had 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 2015. The figures below are calculated based on the effective interest held by the Trust in each subsidiary. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person / Nature of Transaction	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial period under review under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	9M FY16 S\$'000	9M FY15 S\$'000	9M FY16 S\$'000	9M FY15 S\$'000
<b>1. Temasek Holdings (Private) Limited and its Associates</b>				
General Transaction				
(a) Sales of Goods and Services	-	-	2,010	8,244
(b) Management Fee Income	-	-	3,102	3,102
(c) Reimbursement of expenses	-	-	4,910	4,787
(d) Purchases	-	-	117,707	145,848
(e) Rental expense	-	-	3,109	872
(f) Management Fee Expense	-	-	-	1,204
Total	-	-	130,838	164,057
<b>2. Keppel Corporation Group</b>				
General Transaction				
(a) Sales of Goods and Services	-	1,052,456 <sup>#</sup>	-	-
(b) Management Fee Expense	-	-	6,999	6,493
(c) Purchases	-	194,213 <sup>#</sup>	58,994	30,288
(d) Acquisition of subsidiary	-	510,000 <sup>#</sup>	-	-
(e) Acquisition fee	-	4,335 <sup>#</sup>	-	-
Treasury Transactions	-	-	50,612	145,299
Total	-	1,761,004 <sup>#</sup>	116,605	182,080

<sup>#</sup> These transactions were approved during the Crystal Acquisition and KMC Acquisition, prior to the approval of the IPT mandate.

**CONFIRMATION BY THE BOARD**

Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we 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 and 9 months ended 30 September 2016 financial statements of Keppel Infrastructure Trust to be false or misleading, in any material aspect.

**CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)**

The Trust confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors



KOH BAN HENG  
Chairman

Singapore  
17 October 2016



ONG TIONG GUAN  
Director