

**KEPPEL INFRASTRUCTURE TRUST
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017 FINANCIAL STATEMENTS
TABLE OF CONTENTS**

<u>Paragraph</u>	<u>Description</u>	<u>Page</u>
	INTRODUCTION	1
1(a)	INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME	2-3
1(b)(i)	STATEMENTS OF FINANCIAL POSITION	4
1(b)(ii)	AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	5
1(c)	CONSOLIDATED STATEMENT OF CASH FLOWS	6
1(d)(i)	STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS	7-9
1(d)(ii)	DETAILS OF ANY CHANGE IN THE UNITS	10
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	10
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	10
2	AUDIT	10
3	AUDITORS' REPORT	10
4	ACCOUNTING POLICIES	10
5	CHANGES IN THE ACCOUNTING POLICIES	10
6	EARNINGS PER UNIT	11
7	NET ASSET VALUE PER UNIT	11
8	REVIEW OF PERFORMANCE	11-13
9	VARIANCE FROM FORECAST STATEMENT	13
10	PROSPECTS	14
11	DISTRIBUTIONS	15
12	INTERESTED PERSON TRANSACTIONS	16
-	CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL OF ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720 (1)	16
-	CONFIRMATION BY THE BOARD	17

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”).

KIT’s portfolio as at 30 June 2017 included 100% interest in City Gas, Senoko Waste-to-Energy (WTE) Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, and Basslink; 70% interest in SingSpring Desalination Plant and 51% in Keppel Merlimau Cogen, DataCentre One and City-OG Gas. KIT also has a wholly-owned subsidiary which was appointed as trustee-manager of NetLink Trust. The subsidiary ceased to be the trustee-manager of NetLink Trust on 13 April 2017.

The sponsor of KIT is Keppel Infrastructure Holdings Pte. Ltd., a wholly owned subsidiary of Keppel Corporation Limited (“KCL”). 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 KCL.

KIT is 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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017**

The Directors of **Keppel Infrastructure Fund Management Pte. Ltd., as Trustee-Manager of Keppel Infrastructure Trust**, advises the following unaudited results of the Group for the second quarter and half year ended 30 June 2017.

1(a) **INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME**

(i) **Consolidated Income Statement**

	<u>Group</u>					
	2Q FY17	2Q FY16	Change	1H FY17	1H FY16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	158,811	137,351	15.6	314,092	268,600	16.9
Other income	896	16,331	(94.5)	1,777	18,039	(90.1)
Other losses - net	(1,625)	(1,303)	24.7	(3,732)	(2,654)	40.6
Expenses						
Fuel and electricity costs	(30,893)	(22,128)	39.6	(62,337)	(43,563)	43.1
Gas transportation costs	(23,100)	(22,539)	2.5	(46,298)	(44,212)	4.7
Depreciation and amortisation	(25,995)	(28,729)	(9.5)	(52,847)	(57,408)	(7.9)
Staff costs	(6,533)	(6,007)	8.8	(12,772)	(12,750)	0.2
Operation and maintenance costs	(20,497)	(24,113)	(15.0)	(40,701)	(47,229)	(13.8)
Finance costs	(31,089)	(27,481)	13.1	(62,197)	(53,545)	16.2
Trustee-Manager's fees	(2,318)	(2,315)	0.1	(4,897)	(4,616)	6.1
Other operating expenses	(10,407)	(10,690)	(2.6)	(24,458)	(20,312)	20.4
Total expenses	(150,832)	(144,002)	4.7	(306,507)	(283,635)	8.1
Profit before joint venture	7,250	8,377	(13.5)	5,630	350	>100.0
Share of results of joint venture	747	236	>100.0	975	174	>100.0
Profit before tax	7,997	8,613	(7.2)	6,605	524	>100.0
Income tax expense	(1,059)	(974)	8.7	(1,576)	(2,402)	(34.4)
Net profit/(loss) after tax	6,938	7,639	(9.2)	5,029	(1,878)	N/M
Profit/(Loss) attributable to:						
Unitholders	15,753	16,568	(4.9)	22,510	16,570	35.8
Non-controlling interests	(8,815)	(8,929)	(1.3)	(17,481)	(18,448)	(5.2)
	6,938	7,639	(9.2)	5,029	(1,878)	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)

(ii) Consolidated Statement of Comprehensive Income

	<u>Group</u>					
	2Q FY17	2Q FY16	Change	1H FY17	1H FY16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit/(loss) after tax	6,938	7,639	(9.2)	5,029	(1,878)	N/M
Other comprehensive income:						
<u>Items that may be reclassified</u>						
<u>subsequently to income statement</u>						
Cash flow hedges:						
- Fair value losses	(39,595)	(33,981)	16.5	(40,716)	(65,013)	(37.4)
- Transfer to income statement	7,245	2,387	>100.0	14,347	3,417	>100.0
Share of net change in fair value of cash flow hedges of a joint venture	(928)	-	N/M	(1,166)	-	N/M
Currency translation differences relating to consolidation of foreign subsidiaries	(47)	1,279	N/M	(76)	405	N/M
Other comprehensive income, net of tax	(33,325)	(30,315)	9.9	(27,611)	(61,191)	(54.9)
Total comprehensive income	(26,387)	(22,676)	16.4	(22,582)	(63,069)	(64.2)
Attributable to:						
Unitholders	(13,607)	(11,312)	20.3	278	(36,795)	N/M
Non-controlling interests	(12,780)	(11,364)	12.5	(22,860)	(26,274)	(13.0)
	(26,387)	(22,676)	16.4	(22,582)	(63,069)	(64.2)

N/M - Not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Trust</u>	
	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000
Non-Current Assets				
Property, plant and equipment	2,317,645	2,379,600	-	-
Intangibles	531,831	537,165	-	-
Investment in subsidiaries	-	-	949,580	951,030
Investment in and advances to joint venture	21,191	23,432	-	-
Notes receivables	-	-	775,712	775,712
Amount receivable from a subsidiary	-	-	21,028	22,028
Service concession receivables	401,393	424,025	-	-
Finance lease receivables	110,020	114,823	-	-
Other assets	173,020	122,874	-	-
Total non-current assets	3,555,100	3,601,919	1,746,320	1,748,770
Current Assets				
Cash and bank deposits	231,962	266,859	36,157	51,969
Trade and other receivables	133,809	118,866	937	4,717
Service concession receivables	44,674	44,034	-	-
Finance lease receivables	9,544	9,319	-	-
Derivative financial instruments	199	1,055	-	-
Inventories	53,857	54,456	-	-
Other current assets	21,773	22,134	27	55
Total current assets	495,818	516,723	37,121	56,741
Current Liabilities				
Borrowings	739,025	752,106	-	-
Loan from a subsidiary	-	-	-	43,335
Trade and other payables	159,914	160,193	4,270	4,122
Derivative financial instruments	19,374	19,571	-	-
Income tax payable	4,896	5,454	15	19
Total current liabilities	923,209	937,324	4,285	47,476
Net Current (Liabilities)/Assets	(427,391)	(420,601)	32,836	9,265
Non-Current Liabilities				
Borrowings	1,076,627	1,058,576	145,445	122,612
Notes payable to non-controlling interests	260,000	260,000	-	-
Derivative financial instruments	115,804	85,976	1,602	986
Other payables	265,378	268,838	-	-
Provisions	31,280	31,280	-	-
Deferred tax liabilities	19,995	22,678	-	-
Total non-current liabilities	1,769,084	1,727,348	147,047	123,598
Net Assets	1,358,625	1,453,970	1,632,109	1,634,437
Represented by:				
Unitholders' Funds				
Units in issue	2,137,538	2,137,389	2,137,538	2,137,389
Hedging reserve	(226,701)	(204,478)	(1,602)	(986)
Translation reserve	(26,596)	(26,587)	-	-
Capital reserve	38,710	38,710	-	-
Accumulated losses	(738,861)	(689,644)	(503,827)	(501,966)
Total Unitholders' funds	1,184,090	1,255,390	1,632,109	1,634,437
Non-controlling interests	174,535	198,580	-	-
	1,358,625	1,453,970	1,632,109	1,634,437

Please refer to paragraphs 8.3 and 8.4 for further details.

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

	<u>Group</u>	
	30 Jun 2017	31 Dec 2016
	S\$'000	S\$'000
Unsecured borrowings		
Amount repayable after one year	145,445	122,612
	<u>145,445</u>	<u>122,612</u>
Secured borrowings		
Amount repayable within one year	739,025	752,106
Amount repayable after one year	931,182	935,964
	<u>1,670,207</u>	<u>1,688,070</u>
Total borrowings	<u>1,815,652</u>	<u>1,810,682</u>

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 Ltd¹, 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 30 June 2017 (31 December 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, Basslink's borrowings were classified as current liabilities as at 30 June 2017 (31 December 2016). Basslink and the banking syndicate are still in discussions to work towards agreeing the LTFP.

Notwithstanding the classification, 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 classification has no material financial impact on the distributions per unit of KIT for the year ending 31 December 2017 since KIT does not rely on Basslink's cash flows for its distributions.

¹ 30% unitholder of SingSpring Trust

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	Group			
	2Q FY17 S\$'000	2Q FY16 S\$'000	1H FY17 S\$'000	1H FY16 S\$'000
Operating activities				
Profit before tax	7,997	8,613	6,605	524
Adjustments for:				
Depreciation and amortisation	25,995	28,729	52,847	57,408
Finance costs	31,089	27,481	62,197	53,545
Interest income	(445)	(401)	(782)	(856)
Fair value loss on derivative financial instruments	1,688	897	3,748	2,239
Allowance for/(write-back of) doubtful trade and other receivables (net)	39	(65)	181	30
Loss on disposal of property, plant and equipment	-	237	-	486
Share of results of joint venture	(747)	(236)	(975)	(174)
Unrealised foreign exchange loss	177	89	184	113
Management fees paid in units	-	-	149	67
Operating cash flows before working capital changes	65,793	65,344	124,154	113,382
Changes in working capital :				
Trade and other receivables	(18,448)	5,895	(38,705)	(22,115)
Trade and other payables	1,661	(5,916)	(12,389)	2,456
Inventories	(59)	2,733	599	4,745
Cash generated from operations	48,947	68,056	73,659	98,468
Interest received	441	381	966	795
Interest paid	(25,678)	(21,813)	(50,987)	(50,581)
Income tax paid	(1,187)	(1,936)	(2,487)	(4,890)
Net cash generated from operating activities	22,523	44,688	21,151	43,792
Investing activities				
Dividend received from joint venture	223	-	600	-
Advances to joint venture	-	(2,346)	-	(2,346)
Repayment of advances from joint venture	246	-	1,450	-
Purchase of property, plant and equipment	(82)	(468)	(181)	(581)
Construction of assets	-	-	-	(6,926)
Net cash generated from/(used in) investing activities	387	(2,814)	1,869	(9,853)
Financing activities				
Decrease in restricted cash	2,439	16,490	1,916	24,974
Proceeds from borrowings	16,938	31,930	44,807	57,027
Repayment of related parties' loan	-	(4,541)	-	(4,541)
Repayment of borrowings	(26,477)	(3,163)	(29,885)	(6,317)
Unclaimed distributions written back	15	-	15	-
Payment of loan upfront fees	-	-	-	(315)
Distributions paid to Unitholders of the Trust	(35,871)	(35,872)	(71,742)	(71,741)
Distributions paid by subsidiaries to non-controlling interests	(600)	(630)	(1,185)	(1,230)
Net cash (used in)/generated from financing activities	(43,556)	4,214	(56,074)	(2,143)
Net (decrease)/increase in cash and cash equivalents	(20,646)	46,088	(33,054)	31,796
Cash and cash equivalents at beginning of the period	202,057	185,794	214,513	200,064
Effect of currency translation on cash and cash equivalents	123	(8)	75	14
Cash and cash equivalents at end of the period (Note a)	181,534	231,874	181,534	231,874

Note a:

	30 Jun 2017 S\$'000	30 Jun 2016 S\$'000
Cash and bank deposits	231,962	250,474
Less: Restricted cash	(50,428)	(18,600)
Cash and cash equivalents	181,534	231,874

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. Also included in the Group's restricted cash is the insurance proceeds received in relation to Basslink cable outage, the usage of which is subject to the consent of the lenders.

Refer to paragraph 8.1 for further details.

1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

<u>Group</u>	Attributable to Unitholders of the Trust							Total S\$'000
	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	
2017								
At 1 January 2017	2,137,389	(204,478)	(26,587)	38,710	(689,644)	1,255,390	198,580	1,453,970
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	6,757	6,757	(8,666)	(1,909)
Other comprehensive income for the period	-	7,140	(12)	-	-	7,128	(1,414)	5,714
Total	-	7,140	(12)	-	6,757	13,885	(10,080)	3,805
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	149	-	-	-	-	149	-	149
Distributions paid	-	-	-	-	(35,871)	(35,871)	(585)	(36,456)
Total	149	-	-	-	(35,871)	(35,722)	(585)	(36,307)
At 31 March 2017	2,137,538	(197,338)	(26,599)	38,710	(718,758)	1,233,553	187,915	1,421,468
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	15,753	15,753	(8,815)	6,938
Other comprehensive income for the period	-	(29,363)	3	-	-	(29,360)	(3,965)	(33,325)
Total	-	(29,363)	3	-	15,753	(13,607)	(12,780)	(26,387)
<u>Transactions with owners, recognised directly in equity</u>								
Unclaimed distributions written back	-	-	-	-	15	15	-	15
Distributions paid	-	-	-	-	(35,871)	(35,871)	(600)	(36,471)
Total	-	-	-	-	(35,856)	(35,856)	(600)	(36,456)
At 30 June 2017	2,137,538	(226,701)	(26,596)	38,710	(738,861)	1,184,090	174,535	1,358,625

1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)

Group	Attributable to Unitholders of the Trust							Non-controlling Interests S\$'000	Total S\$'000
	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			
2016									
At 1 January 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	-	-	-	-	2	2	(9,519)	(9,517)	
Other comprehensive income for the period	-	(24,661)	(824)	-	-	(25,485)	(5,391)	(30,876)	
Total	-	(24,661)	(824)	-	2	(25,483)	(14,910)	(40,393)	
<u>Transactions with owners, recognised directly in equity</u>									
Units issued	67	-	-	-	-	67	-	67	
Distributions paid	-	-	-	-	(35,869)	(35,869)	(600)	(36,469)	
Total	67	-	-	-	(35,869)	(35,802)	(600)	(36,402)	
At 31 March 2016	2,137,389	(226,433)	(27,946)	38,710	(623,217)	1,298,503	225,488	1,523,991	
<u>Total comprehensive income</u>									
Profit/(Loss) for the period	-	-	-	-	16,568	16,568	(8,929)	7,639	
Other comprehensive income for the period	-	(29,197)	1,317	-	-	(27,880)	(2,435)	(30,315)	
Total	-	(29,197)	1,317	-	16,568	(11,312)	(11,364)	(22,676)	
<u>Transactions with owners, recognised directly in equity</u>									
Distributions paid	-	-	-	-	(35,872)	(35,872)	(630)	(36,502)	
At 30 June 2016	2,137,389	(255,630)	(26,629)	38,710	(642,521)	1,251,319	213,494	1,464,813	

1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)

<u>Trust</u>	Units in Issue S\$'000	Hedging Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000
2017				
At 1 January 2017	2,137,389	(986)	(501,966)	1,634,437
<u>Total comprehensive income</u>				
Profit for the period	-	-	37,940	37,940
Other comprehensive income for the period	-	(16)	-	(16)
Total	-	(16)	37,940	37,924
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	149	-	-	149
Distributions paid	-	-	(35,871)	(35,871)
Total	149	-	(35,871)	(35,722)
At 31 March 2017	2,137,538	(1,002)	(499,897)	1,636,639
<u>Total comprehensive income</u>				
Profit for the period	-	-	31,926	31,926
Other comprehensive income for the period	-	(600)	-	(600)
Total	-	(600)	31,926	31,326
<u>Transactions with owners, recognised directly in equity</u>				
Unclaimed distributions written back	-	-	15	15
Distributions paid	-	-	(35,871)	(35,871)
Total	-	-	(35,856)	(35,856)
At 30 June 2017	2,137,538	(1,602)	(503,827)	1,632,109
2016				
At 1 January 2016	2,137,322	-	(420,925)	1,716,397
<u>Total comprehensive income</u>				
Profit for the period	-	-	31,915	31,915
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	67	-	-	67
Distributions paid	-	-	(35,869)	(35,869)
Total	67	-	(35,869)	(35,802)
At 31 March 2016	2,137,389	-	(424,879)	1,712,510
<u>Total comprehensive income</u>				
Profit for the period	-	-	23,979	23,979
<u>Transactions with owners, recognised directly in equity</u>				
Distributions paid	-	-	(35,872)	(35,872)
At 30 June 2016	2,137,389	-	(436,772)	1,700,617

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

	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Jan 2017 to 30 Jun 2017	1 Jan 2016 to 30 Jun 2016
GROUP and TRUST				
Issued units at the beginning of the period	3,857,378,731	3,857,063,631	3,857,063,631	3,856,931,931
Issuance of new units ⁽¹⁾	-	-	315,100	131,700
Issued units at the end of the period	3,857,378,731	3,857,063,631	3,857,378,731	3,857,063,631

Note:

(1) This relates to the payment of 5.8% (2016: 2.4%) of management and performance fees in the form of units to the Trustee-Manager.

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 June 2017 and 31 December 2016.

The total number of issued units as at 30 June 2017 and 31 December 2016 were 3,857,378,731 and 3,857,063,631 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 2016.

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 2017. 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>					
	2Q FY17	2Q FY16	%	1H FY17	1H FY16	%
Weighted average number of units	3,857,378,731	3,857,063,631	0.0	3,857,277,760	3,857,024,555	0.0
EPU						
- based on the weighted average number of units in issue (cents)						
- basic and diluted	0.41	0.43	(4.7)	0.58	0.43	34.9

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.

7. NET ASSET VALUE (“NAV”) PER UNIT

	<u>Group</u>			<u>Trust</u>		
	30 Jun 2017	31 Dec 2016	%	30 Jun 2017	31 Dec 2016	%
NAV per unit (cents)	30.7	32.5	(5.5)	42.3	42.4	(0.2)
Adjusted NAV per unit (cents)						
- (after distribution payable to unitholders)	29.8	31.6	(5.7)	41.4	41.5	(0.2)

The Group NAV per unit before hedging and translation reserves was 37.3 cents as at 30 June 2017 and 38.5 cents as at 31 December 2016. The Trust NAV per unit before hedging reserves was 42.4 cents as at 30 June 2017 and 31 December 2016.

The number of units used for computation of NAV per unit and adjusted NAV per unit were 3,857,378,731 and 3,857,063,631 which were the number of units in issue as at 30 June 2017 and 31 December 2016 respectively.

8. REVIEW OF PERFORMANCE

8.1 Cash flow

The Group’s cash and bank deposits net of restricted cash were S\$181.5 million and S\$231.9 million as at 30 June 2017 and 30 June 2016, respectively.

Net cash generated from operating activities in 1H FY17 was S\$21.2 million, S\$22.6 million lower than 1H FY16 due to timing difference in receipts and payments.

Net cash generated from investing activities of S\$1.9 million in 1H FY17 arose mainly from receipt of dividend and repayment of advances from Datacentre One. In 1H FY16, net cash used in investing activities relates mainly to advances to Datacentre One and the construction cost of Senoko boiler upgrade.

Net cash used in financing activities of S\$56.1 million and S\$2.1 million in 1H FY17 and 1H FY16 respectively, mainly relate to payment of distributions to unitholders and non-controlling interests of subsidiaries, and repayment of borrowings, partially offset by proceeds from loan drawdowns during the periods. Restricted cash balance decreased by S\$1.9 million in 1H FY17 as compared to S\$25.0 million in 1H FY16.

8. REVIEW OF PERFORMANCE (CONT'D)

8.2 Income Statement

Revenue

Group revenue for 2Q FY17 was S\$158.8 million, bringing total revenue recognised in 1H FY17 to S\$314.1 million, 16.9% higher than that of 1H FY16.

At City Gas, revenue of S\$80.0 million in 2Q FY17 and S\$157.5 million in 1H FY17 respectively, were higher than the corresponding periods in the previous financial year, due to higher town gas tariff and higher volume of town gas sold. City Gas achieved 100.0% plant availability during the period.

The Concessions² contributed revenue of S\$23.3 million in 2Q FY17 and S\$46.5 million in 1H FY17 compared to S\$28.1 million in 2Q FY16 and S\$56.0 million in 1H FY16. Revenue was higher last year due to the construction revenue recognised from the Senoko boiler upgrade which was completed in 3Q FY16. All 4 plants fulfilled their contractual obligations during the period.

Basslink's revenue increased to A\$21.7 million (approximately S\$22.7 million) in 2Q FY17 and A\$41.5 million (approximately S\$44.0 million) in 1H FY17, from A\$5.2 million in 2Q FY16 (approximately S\$5.3 million) and A\$6.4 million (approximately S\$6.5 million) in 1H FY16 as no facility fees were recognised during the cable outage which occurred between 20 December 2015 and 12 June 2016. Revenue resumed thereafter.

Revenue from KMC for 2Q FY17 and 2Q FY16 were comparable at S\$32.5 million and S\$32.6 million respectively. 1H FY17 revenue of S\$65.0 million was S\$1.8 million higher than 1H FY16 of S\$63.2 million due to an extended maintenance for one of its four turbines in 1Q FY16 which resulted in a slight reduction in capacity fee.

CityNet contributed revenue of S\$1.1 million in 1H FY17, \$1.0 million lower than 1H FY16 of S\$2.1 million due to the cessation as trustee-manager of Netlink Trust with effect from 13 April 2017.

Other income

Other income in 2Q FY16 and 1H FY16 included insurance compensation recognised in connection with Basslink's cable fault.

Other losses - net

Other losses comprised mainly the fair value movement on financial derivative instruments.

Expenses

Fuel and electricity costs of S\$30.9 million in 2Q FY17 and S\$62.3 million in 1H FY17 were higher than 2Q FY16 and 1H FY16 due to higher fuel prices and higher volume of natural gas consumed.

Gas transportation costs of S\$23.1 million in 2Q FY17 and S\$46.3 million in 1H FY17 were slightly higher than last year with the upward revision of gas transportation fees and higher volume of town gas transported.

Depreciation and amortisation decreased from S\$28.7 million in 2Q FY16 to S\$26.0 million in 2Q FY17 and S\$57.4 million in 1H FY16 to S\$52.8 million in 1H FY17 as certain assets and intangible assets were fully depreciated and amortised in FY16.

Operation and maintenance costs were lower by S\$3.6 million in 2Q FY17 and S\$6.5 million in 1H FY17 as compared to 2Q FY16 and 1H FY16 respectively, mainly due to the construction expenses in relation to the Senoko boiler upgrade in 2Q FY16. The boiler upgrade was completed in 3Q FY16.

Finance costs were higher by S\$3.6 million in 2Q FY17 and S\$8.7 million in 1H FY17 as compared to 2Q FY16 and 1H FY16 respectively, as certain financing costs was not payable by Basslink during the cable outage last year.

² Concessions comprise Senoko WTE, Tuas WTE, SingSpring Desalination and Ulu Pandan NEWater plants

8. REVIEW OF PERFORMANCE (CONT'D)

8.2 Income Statement (cont'd)

Expenses (cont'd)

Trustee-Managers' fees for 2Q FY17 was comparable to 2Q FY16. It was higher by S\$0.3 million for 1H FY17 as compared to 1H FY16, as a result of difference in timing of receipt of distributions from the respective entities.

Other operating expenses for 2Q FY17 of S\$10.4 million was comparable to 2Q FY16. It increased from S\$20.3 million in 1H FY16 to S\$24.5 million in 1H FY17 due mainly to abortive expenses incurred in connection with a potential acquisition and professional fees incurred for the Basslink outage.

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. On 7 February 2017, the DataCentre obtained its Certificate of Statutory Completion ("CSC").

Profit attributable to Unitholders of the Trust

Profit attributable to Unitholders of the Trust in 2Q FY17 was marginally lower than 2Q FY16.

The higher profit attributable to Unitholders in 1H FY17 as compared to 1H FY16 mainly arose from higher contributions from Basslink and KMC. These were partially offset by lower contribution from City Gas due to the time lag in the adjustment of gas tariffs to reflect actual fuel cost, abortive expenses incurred in connection with a potential acquisition and professional fees incurred for the Basslink outage.

8.3 Balance Sheet – Group

The Group reported net current liabilities of S\$427.4 million as at 30 June 2017, which was marginally higher than net current liabilities of S\$420.6 million as at 31 December 2016. The net current liabilities position was due to a reclassification of S\$713.8 million borrowings from non-current liabilities to current liabilities in accordance with FRS 1. Please refer to Paragraph 1(b)(ii) for further details.

Total assets as at 30 June 2017 was S\$4,050.9 million, marginally lower than total assets of S\$4,118.6 million as at 31 December 2016.

As at 30 June 2017, total liabilities of S\$2,692.3 million was slightly higher than S\$2,664.7 million as at 31 December 2016 as the Trust drew on its facility to repay one of its subsidiaries as well as higher marked-to-market movements of the derivatives financial instruments recognised.

Total Unitholders' funds stood at S\$1,184.1 million as at 30 June 2017, lower than S\$1,255.4 million as at 31 December 2016 due to distributions paid and marked-to-market movements of derivative financial instruments, partially offset by profit recognised for the period.

8.4 Balance Sheet – Trust

Net assets as at 30 June 2017 was S\$1,632.1 million compared to S\$1,634.4 million as at 31 December 2016 due to distributions paid, partially offset by profits for the period.

9. VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2017 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. Maintenance costs may fluctuate during the year depending on timing of the maintenance schedule.

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.

Under the capacity tolling agreement, KMC will receive a maximum annual capacity fee of S\$108 million (S\$55.1 million based on KIT's 51% interest in KMC) 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 was handed over on 12 April 2016 and has commenced generating cash flows. The DataCentre obtained its CSC on 7 February 2017.

On 20 December 2015, Basslink was taken out of service due to a cable fault incident. The cable returned to service on 13 June 2016. The independent international cable expert charged with investigating the cable fault completed the investigations in December 2016 and concluded that the cause of the cable fault is "cause unknown". Based on current circumstances and professional advice, Basslink maintains that the outage is a force majeure event.

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 announced on 18 July 2016. While Hydro Tasmania has not paid Basslink facility fees since September 2016 (as Hydro Tasmania disagrees that the outage is a force majeure event), Basslink has received good faith payments from Hydro Tasmania since December 2016, whilst the outstanding matters are being resolved. As the good faith payments received are lower than the facility fees, Basslink may be unable to meet the minimum debt service coverage ratio (DSCR) under the project financing. However, after the resumption of the full facility fees for a 12-month period, Basslink expects to meet the minimum DSCR as the DSCR is computed on a trailing 12-month basis. To-date, Basslink remains current on the debt and all outstanding payments under the project financing have been fulfilled. Based on current understanding, assuming that the commercial risk sharing mechanism (CRSM) remains at current levels, the amount Hydro Tasmania has purported to claim from Basslink would be fully recovered by Hydro Tasmania by September 2017. Basslink continues to work closely and engage with Hydro Tasmania and the banking syndicate towards achieving a satisfactory outcome.

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 approximately A\$14.1 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 not expected to have any material financial impact on the distributions per Unit of KIT for the financial year ending 31 December 2017, 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 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 April 2017 to 30 June 2017

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 April 2016 to 30 June 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.

11c. Date Payable

18 August 2017

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 July 2017 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 July 2017 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 July 2017 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 annual general meeting held on 18 April 2017. 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 conducted during the financial period under review under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	1H FY17 S\$'000	1H FY16 S\$'000
1. Temasek Holdings (Private) Limited and its Associates		
General Transaction		
(a) Sales of Goods and Services	4,927	1,595
(b) Management Fee Income	1,170	2,068
(c) Reimbursement of expenses	32,941	3,260
(d) Purchases	185,066	76,750
(e) Rental expense	1,788	2,820
Total	225,892	86,493
2. Keppel Corporation Group		
General Transaction		
(a) Sales of Goods and Services	298	-
(b) Reimbursement of expenses	113	-
(c) Management Fee Expense	5,119	4,803
(d) Purchases	24,755	49,473
Treasury Transactions	58,117	33,447
Total	88,402	87,723

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 Trustee-Manager 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.

By Order of the Board
Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration Number: 200803959H)
As Trustee-Manager of Keppel Infrastructure Trust

WINNIE MAK/JOYCE NG
Company Secretaries
17 July 2017

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 second quarter and half year ended 30 June 2017 financial statements of Keppel Infrastructure Trust to be false or misleading, in any material aspect.

On behalf of the Board of Directors



KOH BAN HENG
Chairman



CHRISTINA TAN HUA MUI
Director

Singapore
17 July 2017

IMPORTANT NOTICE

The past performance of KIT is not necessarily indicative of its future performance. Certain statements made in this announcement may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar businesses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business. Such forward-looking statements speak only as of the date on which they are made and KIT does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking statements.

Prospective investors and unitholders of KIT ("Unitholders") are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel Infrastructure Fund Management Pte. Ltd. (as trustee-manager of KIT) (the "Trustee-Manager") on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this announcement. The information is subject to change without notice, its accuracy is not guaranteed, has not been independently verified and may not contain all material information concerning KIT. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, KIT, the Trustee-Manager or any of its affiliates and/or subsidiaries. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.