

**KEPPEL INFRASTRUCTURE TRUST
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019 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	6-7
1(d)(i)	STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS	8-10
1(d)(ii)	DETAILS OF ANY CHANGE IN THE UNITS	11
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	11
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	11
2	AUDIT	11
3	AUDITORS' REPORT	11
4	ACCOUNTING POLICIES	11
5	CHANGES IN THE ACCOUNTING POLICIES	11-12
6	EARNINGS PER UNIT	12
7	NET ASSET VALUE PER UNIT	12
8	REVIEW OF PERFORMANCE	13-14
9	VARIANCE FROM FORECAST STATEMENT	14
10	PROSPECTS	14-15
11	DISTRIBUTIONS	16
12	INTERESTED PERSON TRANSACTIONS	17
-	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)	17
-	CONFIRMATION BY THE BOARD	18

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 2019 included 100% interest in City Gas, Senoko Waste-to-Energy (WTE) Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, Basslink and Ixom; 70% interest in SingSpring Desalination Plant and 51% in Keppel Merlimau Cogen, DataCentre One and City-OG Gas.

On 19 February 2019, KIT completed its acquisition of 100% of the shares in Ixom HoldCo Pty Ltd (“Ixom”), one of the leading industrial infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals which are key to fundamental industries, as well as industrial and specialty chemicals.

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 2019

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 2019.

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

(i) Consolidated Income Statement

	2Q FY19 S\$'000	2Q FY18 S\$'000	Change %	Group		Change %
				1H 2019 S\$'000	1H 2018 S\$'000	
Revenue	418,025	142,897	>100.0	736,487	303,157	>100.0
Other income	1,372	903	51.9	2,452	1,684	45.6
Other losses - net	(4,287)	(1,016)	>100.0	(11,561)	(8,411)	37.5
Expenses						
Fuel and electricity costs	(41,317)	(36,349)	13.7	(77,666)	(70,805)	9.7
Gas transportation and freight costs	(40,249)	(23,439)	71.7	(67,302)	(46,749)	44.0
Depreciation and amortisation	(36,195)	(25,847)	40.0	(67,040)	(51,871)	29.2
Staff costs	(37,414)	(6,672)	>100.0	(58,444)	(13,005)	>100.0
Operation and maintenance costs	(22,522)	(19,452)	15.8	(42,635)	(38,608)	10.4
Chemicals production and distribution costs	(156,309)	-	N/M	(264,208)	-	N/M
Finance costs	(38,799)	(31,152)	24.5	(72,853)	(62,482)	16.6
Trustee-Manager's fees	(3,007)	(2,260)	33.1	(16,300)	(4,891)	>100.0
Other operating expenses	(29,025)	(11,318)	>100.0	(71,773)	(22,686)	>100.0
Total expenses	<u>(404,837)</u>	<u>(156,489)</u>	>100.0	<u>(738,221)</u>	<u>(311,097)</u>	>100.0
Profit/(Loss) before joint venture	10,273	(13,705)	N/M	(10,843)	(14,667)	(26.1)
Share of results of joint venture	<u>1,012</u>	<u>963</u>	5.1	<u>2,030</u>	<u>1,824</u>	11.3
Profit/(Loss) before tax	11,285	(12,742)	N/M	(8,813)	(12,843)	(31.4)
Income tax expense	(2,988)	(1,002)	>100.0	(7,649)	(1,969)	>100.0
Net profit/(loss) after tax	<u>8,297</u>	<u>(13,744)</u>	N/M	<u>(16,462)</u>	<u>(14,812)</u>	11.1
Profit/(Loss) attributable to:						
Unitholders	15,960	(4,040)	N/M	(251)	3,456	N/M
Perpetual securities holders	742	-	N/M	742	-	N/M
Non-controlling interests	<u>(8,405)</u>	<u>(9,704)</u>	(13.4)	<u>(16,953)</u>	<u>(18,268)</u>	(7.2)
	<u>8,297</u>	<u>(13,744)</u>	N/M	<u>(16,462)</u>	<u>(14,812)</u>	11.1

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

	2Q FY19	2Q FY18	Group Change	1H 2019	1H 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit/(loss) after tax	8,297	(13,744)	N/M	(16,462)	(14,812)	11.1
Other comprehensive income:						
<u>Items that may be reclassified</u>						
<u>subsequently to income statement</u>						
Cash flow hedges:						
- Fair value (losses)/gain	(27,315)	4,801	N/M	(46,067)	11,349	N/M
- Transfer to income statement	6,560	3,631	80.7	15,341	15,784	(2.8)
Share of net change in fair value of cash flow hedges of a joint venture	(263)	195	N/M	(184)	850	N/M
Currency translation differences relating to consolidation of foreign subsidiaries	(7,652)	15	N/M	(26,592)	(163)	>100.0
Other comprehensive income, net of tax	(28,670)	8,642	N/M	(57,502)	27,820	N/M
Total comprehensive income	(20,373)	(5,102)	>100.0	(73,964)	13,008	N/M
Attributable to:						
Unitholders	(12,875)	3,220	N/M	(58,536)	27,806	N/M
Perpetual securities holders	742	-	N/M	742	-	N/M
Non-controlling interests	(8,240)	(8,322)	(1.0)	(16,170)	(14,798)	9.3
	(20,373)	(5,102)	>100.0	(73,964)	13,008	N/M

N/M - Not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Trust</u>	
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000
Non-Current Assets				
Property, plant and equipment	2,342,181	2,152,479	-	-
Intangibles	1,124,656	518,758	-	-
Investment in subsidiaries	-	-	1,402,296	801,231
Investment in and advances to joint venture	19,154	20,009	-	-
Notes receivables	-	-	775,712	775,712
Amount receivable from a subsidiary	-	-	13,887	15,387
Service concession receivables	308,298	332,221	-	-
Finance lease receivables	89,855	95,070	-	-
Derivative financial instruments	41	69	-	-
Deferred tax assets	20,278	-	-	-
Right-of-use asset	74,887	-	-	-
Other assets	157,162	164,785	-	-
Total non-current assets	4,136,512	3,283,391	2,191,895	1,592,330
Current Assets				
Cash and bank deposits	417,407	231,603	147,670	26,116
Trade and other receivables	319,835	151,787	6,593	13,784
Service concession receivables	47,216	46,537	-	-
Finance lease receivables	10,291	10,069	-	-
Derivative financial instruments	2,901	202	-	31
Inventories	192,782	59,236	-	-
Current tax receivable	5,911	-	-	-
Other current assets	28,295	22,182	28	14
Total current assets	1,024,638	521,616	154,291	39,945
Current Liabilities				
Borrowings	1,371,991	1,034,565	-	147,609
Trade and other payables	322,216	177,905	5,297	3,648
Provisions	25,959	-	-	-
Derivative financial instruments	18,665	16,772	-	-
Finance lease payables	8,020	-	-	-
Income tax payable	6,128	4,356	12	15
Total current liabilities	1,752,979	1,233,598	5,309	151,272
Net Current (Liabilities)/Assets	(728,341)	(711,982)	148,982	(111,327)
Non-Current Liabilities				
Borrowings	810,057	740,383	99,733	-
Notes payable to non-controlling interests	260,000	260,000	-	-
Derivative financial instruments	134,222	99,491	436	-
Other payables	247,477	250,732	-	-
Provisions	48,457	26,935	-	-
Finance lease payables	68,235	-	-	-
Deferred tax liabilities	15,049	15,612	-	-
Total non-current liabilities	1,583,497	1,393,153	100,169	-
Net Assets	1,824,674	1,178,256	2,240,708	1,481,003
Represented by:				
Unitholders' Funds				
Units in issue	2,630,301	2,138,066	2,630,301	2,138,066
Other reserves	(220,293)	(162,008)	(436)	31
Accumulated losses	(996,421)	(923,582)	(688,000)	(657,094)
Total Unitholders' funds	1,413,587	1,052,476	1,941,865	1,481,003
Perpetual securities	298,843	-	298,843	-
Non-controlling interests	112,244	125,780	-	-
	1,824,674	1,178,256	2,240,708	1,481,003

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>	
	<u>30 Jun 2019</u>	<u>31 Dec 2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Unsecured borrowings		
Amount repayable within one year	-	147,609
Amount repayable after one year	277,263	-
	277,263	147,609
Secured borrowings		
Amount repayable within one year	1,371,991	886,956
Amount repayable after one year	532,794	740,383
	1,904,785	1,627,339
Total borrowings	2,182,048	1,774,948

Details of collaterals

The bank borrowings are secured over the assets and business undertakings of SingSpring, Basslink Group and Ixom 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 previously announced on 18 July 2016 and 14 August 2017, 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 2019. There is no contractual recourse to KIT under the project financing. Discussions have been ongoing with the banking syndicate on the subsisting defaults.

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 event of default has no material financial impact on the distributions per unit of KIT for the year ending 31 December 2019 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 FY19 S\$'000	2Q FY18 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
Operating activities				
Profit/(loss) before tax	11,285	(12,742)	(8,813)	(12,843)
Adjustments for:				
Depreciation and amortisation	36,195	25,847	67,040	51,871
Finance costs	38,799	31,152	72,853	62,482
Interest income	(646)	(478)	(1,304)	(907)
Fair value loss on derivative financial instruments	2,963	978	10,372	8,368
Impairment loss on trade and other receivables (net)	(257)	118	(35)	559
Transaction cost related to acquisition of Ixom	-	-	35,125	-
Share of results of joint venture	(1,012)	(963)	(2,030)	(1,824)
Unrealised foreign exchange loss	1,569	(285)	1,432	(106)
Management fees paid in units	111	77	239	528
Operating cash flows before working capital changes	89,007	43,704	174,879	108,128
Changes in working capital :				
Trade and other receivables	25,995	22,365	35,718	32,846
Trade and other payables	(28,643)	3,677	(32,384)	4,077
Inventories	27,005	(2,281)	24,332	(3,623)
Cash generated from operations	113,364	67,465	202,545	141,428
Interest received	650	559	1,100	930
Interest paid	(43,703)	(28,868)	(73,050)	(58,150)
Income tax paid	(6,067)	(1,027)	(12,940)	(1,904)
Net cash from operating activities	64,244	38,129	117,655	82,304
Investing activities				
Acquisition of subsidiary, net of cash acquired (Note b)	-	-	(1,096,707)	-
Dividend received from joint venture	1,018	861	2,045	1,771
Repayment of advances from joint venture	360	362	658	610
Purchase of property, plant and equipment and intangible assets	(6,645)	(149)	(10,400)	(190)
Proceeds from sale of inventories	15	-	49	69
Net cash (used in)/from investing activities	(5,252)	1,074	(1,104,355)	2,260
Financing activities				
(Increase)/decrease in restricted cash	(111)	583	2,123	(1,494)
Proceeds from issuance of units (net)	195,717	-	492,235	-
Proceeds from issuance of perpetual securities (net)	298,101	-	298,101	-
Proceeds from borrowings	3,759	-	1,507,924	-
Repayment of borrowings	(406,415)	(3,908)	(1,032,485)	(7,774)
Repayment of obligations under finance leases	(3,521)	-	(4,782)	-
Unclaimed distributions written back	-	6	-	6
Payment of loan upfront fees	-	-	(13,239)	-
Distributions paid to Unitholders of the Trust	(36,706)	(35,880)	(72,588)	(71,754)
Distributions paid by subsidiaries to non-controlling interests	(1,782)	(1,197)	(2,487)	(1,783)
Net cash from/(used in) financing activities	49,042	(40,396)	1,174,802	(82,799)
Net increase/(decrease) in cash and cash equivalents	108,034	(1,193)	188,102	1,765
Cash and cash equivalents at beginning of the period	259,727	167,093	179,705	164,202
Effect of currency translation on cash and cash equivalents	(129)	38	(175)	(29)
Cash and cash equivalents at end of the period (Note a)	367,632	165,938	367,632	165,938

Note a:

	30 Jun 2019 S\$'000	30 Jun 2018 S\$'000
Cash and bank deposits	417,407	217,185
Less: Restricted cash	(49,775)	(51,247)
Cash and cash equivalents	367,632	165,938

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(c) **CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

Note b:

During the year, the acquisition of 100% share in Ixom was completed on 19 February 2019. The fair values of the net assets of the subsidiary acquired were as follows:

	Fair value S\$'000
Property, plant and equipment	326,545
Intangible assets	15,875
Cash and bank deposits	58,964
Trade and other receivables and other assets	180,875
Inventories	164,295
Derivative financial instruments (net)	354
Current tax receivable	1,083
Deferred tax assets	19,856
Trade and other payables and provisions	(226,476)
Finance lease payables	<u>(37,009)</u>
Net identifiable assets acquired	504,362
Non-controlling interest measured at non-controlling interest's proportionate share of net assets	(5,121)
Provisional goodwill arising from acquisition	<u>621,305</u>
Net assets acquired	<u>1,120,546</u>
Total purchase consideration	1,120,546
Add: Transaction cost	35,125
Less: Cash and bank deposits acquired	<u>(58,964)</u>
Cashflow on acquisition	<u>1,096,707</u>

The purchase price allocation of the acquisition of Ixom for the quarter ended 30 June 2019 is provisional and the Group expects to complete the purchase price allocation exercise within 12 months from date of acquisition of Ixom.

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

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	Perpetual Securities S\$'000	Non-controlling Interests S\$'000	Total S\$'000
2019									
At 1 January 2019	2,138,066	(200,226)	(492)	38,710	(923,582)	1,052,476	-	125,780	1,178,256
<u>Total comprehensive income</u>									
Loss for the period	-	-	-	-	(16,211)	(16,211)	-	(8,548)	(24,759)
Other comprehensive income for the period	-	(10,756)	(18,694)	-	-	(29,450)	-	618	(28,832)
Total	-	(10,756)	(18,694)	-	(16,211)	(45,661)	-	(7,930)	(53,591)
<u>Contributions by and distributions to owners</u>									
Issue of units	300,128	-	-	-	-	300,128	-	-	300,128
Issuance cost	(3,610)	-	-	-	-	(3,610)	-	-	(3,610)
Distributions paid	-	-	-	-	(35,882)	(35,882)	-	(705)	(36,587)
Total	296,518	-	-	-	(35,882)	260,636	-	(705)	259,931
<u>Changes in ownership interests in subsidiary</u>									
Acquisition of a subsidiary	-	-	-	-	-	-	-	5,121	5,121
At 31 March 2019	2,434,584	(210,982)	(19,186)	38,710	(975,675)	1,267,451	-	122,266	1,389,717
<u>Total comprehensive income</u>									
Profit/(loss) for the period	-	-	-	-	15,960	15,960	742	(8,405)	8,297
Other comprehensive income for the period	-	(21,258)	(7,577)	-	-	(28,835)	-	165	(28,670)
Total	-	(21,258)	(7,577)	-	15,960	(12,875)	742	(8,240)	(20,373)
<u>Contributions by and distributions to owners</u>									
Issue of units	200,904	-	-	-	-	200,904	-	-	200,904
Issue of perpetual securities	-	-	-	-	-	-	300,000	-	300,000
Issuance cost	(5,187)	-	-	-	-	(5,187)	(1,899)	-	(7,086)
Distributions paid	-	-	-	-	(36,706)	(36,706)	-	(1,782)	(38,488)
Total	195,717	-	-	-	(36,706)	159,011	298,101	(1,782)	455,330
At 30 June 2019	2,630,301	(232,240)	(26,763)	38,710	(996,421)	1,413,587	298,843	112,244	1,824,674

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

<u>Group</u>	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			
2018									
At 1 January 2018	2,137,538	(210,861)	(359)	38,710	(812,093)	1,152,935	158,959	1,311,894	
<u>Total comprehensive income</u>									
Profit/(Loss) for the period	-	-	-	-	7,496	7,496	(8,564)	(1,068)	
Other comprehensive income for the period	-	17,221	(131)	-	-	17,090	2,088	19,178	
Total	-	17,221	(131)	-	7,496	24,586	(6,476)	18,110	
<u>Contributions by and distributions to owners</u>									
Issue of units	451	-	-	-	-	451	-	451	
Distributions paid	-	-	-	-	(35,874)	(35,874)	(586)	(36,460)	
Total	451	-	-	-	(35,874)	(35,423)	(586)	(36,009)	
At 31 March 2018	2,137,989	(193,640)	(490)	38,710	(840,471)	1,142,098	151,897	1,293,995	
<u>Total comprehensive income</u>									
Loss for the period	-	-	-	-	(4,040)	(4,040)	(9,704)	(13,744)	
Other comprehensive income for the period	-	7,274	(14)	-	-	7,260	1,382	8,642	
Total	-	7,274	(14)	-	(4,040)	3,220	(8,322)	(5,102)	
<u>Contributions by and distributions to owners</u>									
Issue of units	77	-	-	-	-	77	-	77	
Unclaimed distributions written back	-	-	-	-	6	6	-	6	
Distributions paid	-	-	-	-	(35,880)	(35,880)	(1,197)	(37,077)	
Total	77	-	-	-	(35,874)	(35,797)	(1,197)	(36,994)	
At 30 June 2018	2,138,066	(186,366)	(504)	38,710	(880,385)	1,109,521	142,378	1,251,899	

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	Perpetual Securities S\$'000	Total S\$'000
2019						
At 1 January 2019	2,138,066	31	(657,094)	1,481,003	-	1,481,003
<u>Total comprehensive income</u>						
Profit for the period	-	-	18,850	18,850	-	18,850
Other comprehensive income for the period	-	15	-	15	-	15
Total	-	15	18,850	18,865	-	18,865
<u>Contributions by and distributions to owners</u>						
Issue of units	300,128	-	-	300,128	-	300,128
Issuance cost	(3,610)	-	-	(3,610)	-	(3,610)
Distributions paid	-	-	(35,882)	(35,882)	-	(35,882)
Total	296,518	-	(35,882)	260,636	-	260,636
At 31 March 2019	2,434,584	46	(674,126)	1,760,504	-	1,760,504
<u>Total comprehensive income</u>						
Profit for the period	-	-	22,832	22,832	742	23,574
Other comprehensive income for the period	-	(482)	-	(482)	-	(482)
Total	-	(482)	22,832	22,350	742	23,092
<u>Contributions by and distributions to owners</u>						
Issue of units	200,904	-	-	200,904	-	200,904
Issue of perpetual securities	-	-	-	-	300,000	300,000
Issuance cost	(5,187)	-	-	(5,187)	(1,899)	(7,086)
Distributions paid	-	-	(36,706)	(36,706)	-	(36,706)
Total	195,717	-	(36,706)	159,011	298,101	457,112
At 30 June 2019	2,630,301	(436)	(688,000)	1,941,865	298,843	2,240,708
2018						
At 1 January 2018	2,137,538	(859)	(602,765)	1,533,914	-	1,533,914
<u>Total comprehensive income</u>						
Profit for the period	-	-	39,684	39,684	-	39,684
Other comprehensive income for the period	-	319	-	319	-	319
Total	-	319	39,684	40,003	-	40,003
<u>Contributions by and distributions to owners</u>						
Issue of units	451	-	-	451	-	451
Distributions paid	-	-	(35,874)	(35,874)	-	(35,874)
Total	451	-	(35,874)	(35,423)	-	(35,423)
At 31 March 2018	2,137,989	(540)	(598,955)	1,538,494	-	1,538,494
<u>Total comprehensive income</u>						
Profit for the period	-	-	29,965	29,965	-	29,965
Other comprehensive income for the period	-	266	-	266	-	266
Total	-	266	29,965	30,231	-	30,231
<u>Contributions by and distributions to owners</u>						
Issue of units	77	-	-	77	-	77
Unclaimed distributions written back	-	-	6	6	-	6
Distributions paid	-	-	(35,880)	(35,880)	-	(35,880)
Total	77	-	(35,874)	(35,797)	-	(35,797)
At 30 June 2018	2,138,066	(274)	(604,864)	1,532,928	-	1,532,928

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

GROUP and TRUST	1 Apr 2019 to 30 Jun 2019	1 Apr 2018 to 30 Jun 2018	1 Jan 2019 to 30 Jun 2019	1 Jan 2018 to 30 Jun 2018
Issued units at the beginning of the period	4,538,840,772	3,858,157,565	3,858,298,065	3,857,378,731
Settlement of management fees ⁽¹⁾	239,300	140,500	509,007	919,334
Private placement	–	–	680,273,000	–
Preferential offering	455,310,997	–	455,310,997	–
Issued units at the end of the period	4,994,391,069	3,858,298,065	4,994,391,069	3,858,298,065

Note:

(1) This relates to the payment of 5.9% of 4Q FY18 and 4.4% of 1Q FY19 (20.6% of 4Q FY17 and 3% of 1Q FY18) management 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 2019 and 31 December 2018.

The total number of issued units as at 30 June 2019 and 31 December 2018 were 4,994,391,069 and 3,858,298,065 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 2018.

5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the new and revised SFRS(I) and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's and Trust's accounting policies except for the adoption of SFRS(I) 16 *Leases*.

SFRS(I) 16 *Leases* is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors will not change significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

5. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 *Leases* to all contracts that were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*;
- on a lease-by-lease basis to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

	<u>Group</u>	
	1 Jan 2019 S\$'000	31 Dec 2018 S\$'000
Increase/(Decrease) in:		
<u>Statement of Financial Position</u>		
Right-of-use asset	43,989	-
Finance lease payables	43,989	-

Note:

The variance in right-of-use asset and finance lease payable balances between 1 January 2019 and 30 June 2019 is due to the consolidation of Ixom's leases.

6. EARNINGS PER UNIT ("EPU")

	<u>Group</u>					
	2Q FY19	2Q FY18	%	1H 2019	1H 2018	%
Weighted average number of units	4,918,270,581	3,858,210,060	27.5	4,418,031,214	3,857,934,386	14.5
EPU						
- based on the weighted average number of units in issue (cents)						
- basic and diluted	0.32	(0.10)	N/M	(0.01) ⁽¹⁾	0.09	N/M

⁽¹⁾ The negative EPU for 1H FY19 is mainly due to transaction cost incurred in relation to the Ixom acquisition. Excluding the transaction cost, EPU for 1H FY19 would be 0.78 cents.

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 2019	31 Dec 2018	%	30 Jun 2019	31 Dec 2018	%
NAV per unit (cents)	28.3	27.3	3.7	38.9	38.4	1.3
Adjusted NAV per unit (cents)						
- (after distribution payable to unitholders)	27.4	26.4	3.8	38.0	37.5	1.3

The Group NAV per unit before hedging and translation reserves was 33.5 cents as at 30 June 2019 and 32.5 cents as at 31 December 2018. The Trust NAV per unit before hedging reserves was 38.9 cents as at 30 June 2019 and 38.4 cents as at 31 December 2018.

The Group NAV per unit including perpetual securities was 34.3 cents as at 30 June 2019 and 27.3 cents as at 31 December 2018. The Trust NAV per unit including perpetual securities was 44.9 cents as at 30 June 2019 and 38.4 cents as at 31 December 2018.

The number of units used for computation of NAV per unit and adjusted NAV per unit were 4,994,391,069 and 3,858,298,065 which were the number of units in issue as at 30 June 2019 and 31 December 2018 respectively.

8. REVIEW OF PERFORMANCE

8.1 Cash flow

The Group's cash and bank deposits net of restricted cash were S\$367.6 million and S\$165.9 million as at 30 June 2019 and 30 June 2018, respectively.

Net cash generated from operating activities in 1H FY19 was S\$117.7 million, S\$35.4 million higher than 1H FY18, largely due to consolidation of Ixom from 19 February 2019 and timing difference in working capital.

Net cash used in investing activities of S\$1,104.4 million in 1H FY19 relates mainly to the acquisition of Ixom and capital expenditure. In 1H FY18 net cash from investing activities of S\$2.3 million arose mainly from receipt of dividend and repayment of advances from DataCentre One.

Net cash from financing activities of S\$1,174.8 million in 1H FY19 mainly pertains to equity raised, issuance of perpetual securities and asset level loan taken to fund the acquisition of Ixom and repay certain facilities of the Group. These were partially offset by payment of distributions to unitholders. In 1H FY18, net cash used in financing activities of S\$82.8 million mainly relates to payment of distributions to unitholders.

8.2 Income Statement

Revenue

Group revenue for 2Q FY19 and 1H FY19 was S\$418.0 million and S\$736.5 million, respectively. These were higher than 2Q FY18 and 1H FY18, largely driven by the consolidation of Ixom from 19 February 2019, which contributed revenue of S\$249.2 million and S\$401.6 million in 2Q FY19 and 1H FY19, respectively.

At City Gas, revenue of S\$87.7 million in 2Q FY19 and S\$175.1 million in 1H FY19 were higher than last year, largely due to higher town gas tariff. City Gas achieved 100% plant availability during the period.

The Concessions² contributed revenue of S\$25.0 million in 2Q FY19 and S\$49.3 million in 1H FY19 comparable to last year. All 4 plants fulfilled their contractual obligations during the period.

Basslink's revenue for 2Q FY19 of A\$24.5 million (approximately S\$23.4 million) and 1H FY19 of A\$47.0 million (approximately S\$45.2 million) were higher than 2Q FY18 of A\$4.1 million (approximately S\$3.8 million) and 1H FY18 of A\$25.4 million (approximately S\$26.0 million), as there was a service outage from 25 March to 5 June 2018, resulting in lower fees earned during that period.

Revenue from KMC for 2Q FY19 was comparable to 2Q FY18. The power plant fulfilled its contractual obligations during the period.

Other losses - net

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

Expenses

Fuel and electricity costs for 2Q FY19 and 1H FY19 were higher than last year due to higher fuel prices.

Higher gas transportation and freight costs, depreciation and amortisation, staff costs, operation and maintenance, chemicals production and distribution costs, finance costs and other operating expenses in 2Q FY19 and 1H FY19 as compared to last year is mainly due to the consolidation of Ixom's expenses from 19 February 2019.

Other operating expenses and trustee-manager's fees in 1H FY19 comprise transaction cost and acquisition fee paid to the Trustee-Manager in relation to the acquisition of Ixom.

Share of results of joint venture relates to KIT's interest in DataCentre One.

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)

Profit attributable to Unitholders of the Trust

The Group recorded profit attributable to Unitholders of the Trust in 2Q FY19 as compared to loss last year mainly arising from consolidation of Ixom's results and higher contribution from Basslink due to the outage during 2Q FY18.

Profit attributable to Unitholders in 1H FY19 was lower compared to 1H FY18 mainly due to transaction cost incurred during the period in relation to Ixom acquisition. Excluding the transaction cost, profit attributable to Unitholders of the Trust would be higher than last year by S\$31.4 million mainly arising from higher contributions from Basslink and the consolidation of Ixom's results from 19 February 2019.

8.3 Balance Sheet – Group

The Group reported net current liabilities of S\$728.3 million as at 30 June 2019 comparable to that as at 31 December 2018. The net current liabilities position as at 30 June 2019 was largely due to classification of S\$661.4 million and S\$700.0 million borrowings as current liability as they mature in November 2019 and June 2020, respectively. S\$661.4 million borrowings is also classified as current liability due to an event of default subsisting. Please refer to Paragraph 1(b)(ii) for further details.

Total assets as at 30 June 2019 of S\$5,161.2 million, higher than total assets of S\$3,805.0 million as at 31 December 2018 due to consolidation of Ixom.

Similarly, total liabilities as at 30 June 2019 of S\$3,336.5 million was higher than S\$2,626.8 million as at 31 December 2018 due to consolidation of Ixom.

Total Unitholders' funds stood at S\$1,413.6 million as at 30 June 2019, higher than S\$1,052.5 million as at 31 December 2018 arising from an equity fund raising exercise partially offset by distributions paid, hedging reserve and foreign currency translation loss.

8.4 Balance Sheet – Trust

Net assets as at 30 June 2019 of S\$2,240.7 million was higher compared to S\$1,481.0 million as at 31 December 2018 arising from an equity fund raising exercise and perpetual securities issued.

9. VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2019 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 and Ixom.

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.

Keppel Merlimau Cogen

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.

10. PROSPECTS (CONT'D)

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.

Basslink

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.

On 20 December 2015, the Basslink interconnector asset was taken out of service due to a cable failure (the "Incident"). The cable returned to service on 13 June 2016.

Following updates in the 1Q FY19 results announcement under the Prospect segment, Basslink continues to maintain its position that the Incident was a Force Majeure Event under the Basslink Operations Agreement and Basslink Service Agreement and strongly denies the allegations made by the State of Tasmania (the "State") and Hydro Tasmania ("HT"). Basslink is vigorously defending itself in the arbitration.

Discussions have been ongoing with the banking syndicate on the refinancing and the subsisting defaults under the project financing, which arose from the Incident, the arbitration with the State, and the arbitrations with HT. To-date, Basslink remains current on the debt payments and all outstanding payments under the project financing have been fulfilled. There is no contractual recourse to KIT under the project financing.

The foregoing does not have any material financial impact on the distributions per Unit of KIT for the financial year ending 31 December 2019, since KIT does not rely on Basslink's cash flows for its distributions.

DataCentre One

DataCentre One was handed over on 12 April 2016 and has commenced generating cash flows. The data centre obtained its Certificate of Statutory Completion on 7 February 2017.

Ixom

Ixom, which started contributing to KIT from 19 February 2019, has delivered S\$16.0 million of distributable cashflows to date. It is on track in delivering according to projected targets. Ixom continues to strengthen its cash position, ensuring stable cash distributions to KIT.

Waste and water plants

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. In view of developments at Hyflux, KIT has increased its monitoring of operational performance at SingSpring Desalination Plant to ensure that its obligations under the Water Purchase Agreement are satisfactorily discharged. There has been no impact to operations at the SingSpring Desalination Plant, KIT continues to work to ensure operational continuity. KIT will make the necessary announcements, if and when, there are material developments.

11. DISTRIBUTIONS

11a. Current financial period reported on

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

Amount	:	S\$46.4 million
Distribution period	:	1 April 2019 to 30 June 2019
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 2018 to 30 June 2018
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

16 August 2019

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 23 July 2019 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 23 July 2019 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 23 July 2019 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 16 April 2019. 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 unitholder's 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)	
	1H FY19 S\$'000	1H FY18 S\$'000	1H FY19 S\$'000	1H FY18 S\$'000
1. Temasek Holdings (Private) Limited and its Associates				
General Transaction				
(a) Sales of Goods and Services	-	-	1,882	899
(b) Purchases	1,044	-	94,236	83,708
(c) Rental expense	-	-	208	327
Total	1,044	-	96,326	84,934
2. Keppel Corporation Group				
General Transaction				
(a) Management Fee Expense	-	-	16,531	5,117
(b) Purchases	-	-	19,181	20,804
(c) Reimbursement of expenses	-	-	136	-
Treasury Transactions	-	-	334,615	76,334
Total	-	-	370,463	102,255

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/ESTHER CHUA
Company Secretaries
15 July 2019

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 2019 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

Singapore
15 July 2019



CHRISTINA TAN HUA MUI
Director

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.