

**KEPPEL INFRASTRUCTURE TRUST
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018 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”).

KIT’s portfolio as at 30 June 2018 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 and was liquidated on 8 June 2018.

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 2018

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 2018.

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

(i) Consolidated Income Statement

	2Q FY18 S\$'000	2Q FY17 S\$'000	Change %	Group		Change %
				1H 2018 S\$'000	1H 2017 S\$'000	
Revenue	142,897	158,811	(10.0)	303,157	314,092	(3.5)
Other income	903	896	0.8	1,684	1,777	(5.2)
Other losses - net	(1,016)	(1,625)	(37.5)	(8,411)	(3,732)	>100.0
Expenses						
Fuel and electricity costs	(36,349)	(30,893)	17.7	(70,805)	(62,337)	13.6
Gas transportation costs	(23,439)	(23,100)	1.5	(46,749)	(46,298)	1.0
Depreciation and amortisation	(25,847)	(25,995)	(0.6)	(51,871)	(52,847)	(1.8)
Staff costs	(6,672)	(6,533)	2.1	(13,005)	(12,772)	1.8
Operation and maintenance costs	(19,452)	(20,497)	(5.1)	(38,608)	(40,701)	(5.1)
Finance costs	(31,152)	(31,089)	0.2	(62,482)	(62,197)	0.5
Trustee-Manager's fees	(2,260)	(2,318)	(2.5)	(4,891)	(4,897)	(0.1)
Other operating expenses	(11,318)	(10,407)	8.8	(22,686)	(24,458)	(7.2)
Total expenses	(156,489)	(150,832)	3.8	(311,097)	(306,507)	1.5
(Loss)/Profit before joint venture	(13,705)	7,250	N/M	(14,667)	5,630	N/M
Share of results of joint venture	963	747	28.9	1,824	975	87.1
(Loss)/Profit before tax	(12,742)	7,997	N/M	(12,843)	6,605	N/M
Income tax expense	(1,002)	(1,059)	(5.4)	(1,969)	(1,576)	24.9
Net (loss)/profit after tax	(13,744)	6,938	N/M	(14,812)	5,029	N/M
Profit/(Loss) attributable to:						
Unitholders	(4,040)	15,753	N/M	3,456	22,510	(84.6)
Non-controlling interests	(9,704)	(8,815)	10.1	(18,268)	(17,481)	4.5
	(13,744)	6,938	N/M	(14,812)	5,029	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

	2Q FY18	2Q FY17	Change	1H 2018	1H 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net (loss)/profit after tax	(13,744)	6,938	N/M	(14,812)	5,029	N/M
Other comprehensive income:						
<u>Items that may be reclassified</u>						
<u>subsequently to income statement</u>						
Cash flow hedges:						
- Fair value gain/(losses)	4,801	(39,595)	N/M	11,349	(40,716)	N/M
- Transfer to income statement	3,631	7,245	(49.9)	15,784	14,347	10.0
Share of net change in fair value of cash flow hedges of a joint venture	195	(928)	N/M	850	(1,166)	N/M
Currency translation differences relating to consolidation of foreign subsidiaries	15	(47)	N/M	(163)	(76)	>100.0
Other comprehensive income, net of tax	8,642	(33,325)	N/M	27,820	(27,611)	N/M
Total comprehensive income	(5,102)	(26,387)	(80.7)	13,008	(22,582)	N/M
Attributable to:						
Unitholders	3,220	(13,607)	N/M	27,806	278	>100.0
Non-controlling interests	(8,322)	(12,780)	(34.9)	(14,798)	(22,860)	(35.3)
	(5,102)	(26,387)	(80.7)	13,008	(22,582)	N/M

N/M - Not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group			Trust	
	30 Jun 2018	31 Dec 2017 (Restated) ⁽¹⁾	1 Jan 2017 (Restated) ⁽¹⁾	30 Jun 2018	31 Dec 2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets					
Property, plant and equipment	2,204,301	2,255,920	2,379,600	-	-
Intangibles	522,985	527,145	537,165	-	-
Investment in subsidiaries	-	-	-	850,782	851,892
Investment in and advances to joint venture	21,045	20,752	23,432	-	-
Notes receivables	-	-	-	775,712	775,712
Amount receivable from a subsidiary	-	-	-	18,687	20,187
Service concession receivables	355,489	378,758	424,025	-	-
Finance lease receivables	100,146	105,139	114,823	-	-
Derivative financial instruments	1,033	-	-	-	-
Other assets	172,669	180,548	122,874	-	-
Total non-current assets	3,377,668	3,468,262	3,601,919	1,645,181	1,647,791
Current Assets					
Cash and bank deposits	217,185	213,956	266,859	35,698	31,054
Trade and other receivables	146,783	143,266	118,866	1,025	4,979
Service concession receivables	45,926	45,267	44,034	-	-
Finance lease receivables	9,875	9,684	9,319	-	-
Derivative financial instruments	36	-	1,055	-	-
Inventories	57,728	54,174	54,456	-	-
Other current assets	20,157	21,807	22,134	26	47
Total current assets	497,690	488,154	516,723	36,749	36,080
Current Liabilities					
Borrowings	1,040,416	722,377	752,106	145,554	-
Trade and other payables	183,732	174,843	160,193	3,160	3,588
Derivative financial instruments	16,898	18,380	19,571	274	-
Income tax payable	3,518	3,410	5,454	14	10
Total current liabilities	1,244,564	919,010	937,324	149,002	3,598
Net Current (Liabilities)/Assets	(746,874)	(430,856)	(420,601)	(112,253)	32,482
Non-Current Liabilities					
Borrowings	744,369	1,071,904	1,058,576	-	145,500
Notes payable to non-controlling interests	260,000	260,000	260,000	-	-
Derivative financial instruments	82,203	100,551	85,976	-	859
Other payables	238,429	242,012	268,838	-	-
Provisions	33,933	32,886	31,280	-	-
Deferred tax liabilities	19,961	18,159	22,678	-	-
Total non-current liabilities	1,378,895	1,725,512	1,727,348	-	146,359
Net Assets	1,251,899	1,311,894	1,453,970	1,532,928	1,533,914
Represented by:					
Unitholders' Funds					
Units in issue	2,138,066	2,137,538	2,137,389	2,138,066	2,137,538
Hedging reserve	(186,366)	(210,861)	(204,478)	(274)	(859)
Translation reserve	(504)	(359)	-	-	-
Capital reserve	38,710	38,710	38,710	-	-
Accumulated losses	(880,385)	(812,093)	(716,231)	(604,864)	(602,765)
Total Unitholders' funds	1,109,521	1,152,935	1,255,390	1,532,928	1,533,914
Non-controlling interests	142,378	158,959	198,580	-	-
	1,251,899	1,311,894	1,453,970	1,532,928	1,533,914

Note:

⁽¹⁾ The Group has adopted SFRS (I) on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition of 1 January 2017. Please refer to paragraph 4.

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 2018	31 Dec 2017
	S\$'000	S\$'000
Unsecured borrowings		
Amount repayable within one year	145,554	-
Amount repayable after one year	-	145,500
	<u>145,554</u>	<u>145,500</u>
Secured borrowings		
Amount repayable within one year	894,862	722,377
Amount repayable after one year	744,369	926,404
	<u>1,639,231</u>	<u>1,648,781</u>
Total borrowings	<u>1,784,785</u>	<u>1,794,281</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 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 2018. There is no contractual recourse to KIT under the project financing. SFRS(I) 1-1 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 2018. Discussions have been ongoing with the banking syndicate on the subsisting defaults.

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 2018 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 FY18	2Q FY17	1H 2018	1H 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
(Loss)/Profit before tax	(12,742)	7,997	(12,843)	6,605
Adjustments for:				
Depreciation and amortisation	25,847	25,995	51,871	52,847
Finance costs	31,152	31,089	62,482	62,197
Interest income	(478)	(445)	(907)	(782)
Fair value loss on derivative financial instruments	978	1,688	8,368	3,748
Allowance for doubtful trade and other receivables (net)	118	39	559	181
Share of results of joint venture	(963)	(747)	(1,824)	(975)
Unrealised foreign exchange loss	(285)	177	(106)	184
Management fees paid in units	77	-	528	149
Operating cash flows before working capital changes	43,704	65,793	108,128	124,154
Changes in working capital :				
Trade and other receivables	22,365	(18,448)	32,846	(38,705)
Trade and other payables	3,677	1,661	4,077	(12,389)
Inventories	(2,281)	(59)	(3,623)	599
Cash generated from operations	67,465	48,947	141,428	73,659
Interest received	559	441	930	966
Interest paid	(28,868)	(25,678)	(58,150)	(50,987)
Income tax paid	(1,027)	(1,187)	(1,904)	(2,487)
Net cash generated from operating activities	38,129	22,523	82,304	21,151
Investing activities				
Dividend received from joint venture	861	223	1,771	600
Repayment of advances from joint venture	362	246	610	1,450
Purchase of property, plant and equipment	(149)	(82)	(190)	(181)
Proceeds from sale of inventories	-	-	69	-
Net cash generated from investing activities	1,074	387	2,260	1,869
Financing activities				
Decrease/(increase) in restricted cash	583	2,439	(1,494)	1,916
Proceeds from borrowings	-	16,938	-	44,807
Repayment of borrowings	(3,908)	(26,477)	(7,774)	(29,885)
Unclaimed distributions written back	-	15	-	15
Distributions paid to Unitholders of the Trust	(35,874)	(35,871)	(71,748)	(71,742)
Distributions paid by subsidiaries to non-controlling interests	(1,197)	(600)	(1,783)	(1,185)
Net cash used in financing activities	(40,396)	(43,556)	(82,799)	(56,074)
Net (decrease)/increase in cash and cash equivalents	(1,193)	(20,646)	1,765	(33,054)
Cash and cash equivalents at beginning of the period	167,093	202,057	164,202	214,513
Effect of currency translation on cash and cash equivalents	38	123	(29)	75
Cash and cash equivalents at end of the period (Note a)	165,938	181,534	165,938	181,534

Note a:

	30 Jun 2018	30 Jun 2017
	S\$'000	S\$'000
Cash and bank deposits	217,185	231,962
Less: Restricted cash	(51,247)	(50,428)
Cash and cash equivalents	165,938	181,534

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							
	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
2018								
At 1 January 2018	2,137,538	(210,861)	(26,946)	38,710	(785,506)	1,152,935	158,959	1,311,894
Reclassification on adoption of SFRS(l)	-	-	26,587	-	(26,587)	-	-	-
At 1 January 2018 (as restated)	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>Transactions with owners, recognised directly in equity</u>								
Units issued	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>Transactions with owners, recognised directly in equity</u>								
Units issued	77	-	-	-	-	77	-	77
Distributions paid	-	-	-	-	(35,874)	(35,874)	(1,197)	(37,071)
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>Group</u>	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
2017								
At 1 January 2017	2,137,389	(204,478)	(26,587)	38,710	(689,644)	1,255,390	198,580	1,453,970
Reclassification on adoption of SFRS(l)	-	-	26,587	-	(26,587)	-	-	-
At 1 January 2017 (as restated)	2,137,389	(204,478)	-	38,710	(716,231)	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)	(12)	38,710	(745,345)	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)	(9)	38,710	(765,448)	1,184,090	174,535	1,358,625

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
2018				
At 1 January 2018	2,137,538	(859)	(602,765)	1,533,914
<u>Total comprehensive income</u>				
Profit for the period	-	-	39,684	39,684
Other comprehensive income for the period	-	319	-	319
Total	-	319	39,684	40,003
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	451	-	-	451
Distributions paid	-	-	(35,874)	(35,874)
Total	451	-	(35,874)	(35,423)
At 31 March 2018	2,137,989	(540)	(598,955)	1,538,494
<u>Total comprehensive income</u>				
Profit for the period	-	-	29,965	29,965
Other comprehensive income for the period	-	266	-	266
Total	-	266	29,965	30,231
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	77	-	-	77
Distributions paid	-	-	(35,874)	(35,874)
Total	77	-	(35,874)	(35,797)
At 30 June 2018	2,138,066	(274)	(604,864)	1,532,928
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>				
Units issue cost	-	-	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

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

	1 Apr 2018 to 30 Jun 2018	1 Apr 2017 to 30 Jun 2017	1 Jan 2018 to 30 Jun 2018	1 Jan 2017 to 30 Jun 2017
GROUP and TRUST				
Issued units at the beginning of the period	3,858,157,565	3,857,378,731	3,857,378,731	3,857,063,631
Issuance of new units ⁽¹⁾	140,500	-	919,334	315,100
Issued units at the end of the period	3,858,298,065	3,857,378,731	3,858,298,065	3,857,378,731

Note:

(1) This relates to the payment of 20.6% of 4Q FY17 (2016: 5.8%) and 3.0% 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 2018 and 31 December 2017.

The total number of issued units as at 30 June 2018 and 31 December 2017 were 3,858,298,065 and 3,857,378,731 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

The Accounting Standards Council has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore Business Trusts listed on the Singapore Exchange, for annual periods beginning on or after January 1, 2018. As a first-time adopter, the Group and the Trust are to apply retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's and the Trust's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time, and the election of certain transition options available under SFRS(I) 1.

In adopting SFRS(I), the Group has elected the optional exemption to reset its translation reserve to nil at the date of transition on 1 January 2017. As a result, the Group reclassified cumulative translation losses of S\$26.6 million from translation reserve account to accumulated losses as at January 1, 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

5. CHANGES IN ACCOUNTING POLICIES

Refer to Paragraph 4 – Accounting Policies

6. EARNINGS PER UNIT (“EPU”)

	2Q FY18	2Q FY17	Group			
			%	1H 2018	1H 2017	%
Weighted average number of units	3,858,210,060	3,857,378,731	0.0	3,857,934,386	3,857,277,760	0.0
EPU						
- based on the weighted average number of units in issue (cents)						
- basic and diluted	(0.10)	0.41	N/M	0.09	0.58	(84.5)

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

	Group			Trust		
	30 Jun 2018	31 Dec 2017	%	30 Jun 2018	31 Dec 2017	%
NAV per unit (cents)	28.8	29.9	(3.7)	39.7	39.8	(0.3)
Adjusted NAV per unit (cents)						
- (after distribution payable to unitholders)	27.8	29.0	(4.1)	38.8	38.9	(0.3)

The Group NAV per unit before hedging and translation reserves was 33.6 cents as at 30 June 2018 and 35.4 cents (restated) as at 31 December 2017. The Trust NAV per unit before hedging reserves was 39.7 cents as at 30 June 2018 and 39.8 cents as at 31 December 2017.

The number of units used for computation of NAV per unit and adjusted NAV per unit were 3,858,298,065 and 3,857,378,731 which were the number of units in issue as at 30 June 2018 and 31 December 2017 respectively.

8. REVIEW OF PERFORMANCE

8.1 Cash flow

The Group’s cash and bank deposits net of restricted cash were S\$165.9 million and S\$181.5 million as at 30 June 2018 and 30 June 2017, respectively.

Net cash generated from operating activities in 1H FY18 was S\$82.3 million, S\$61.2 million higher than 1H FY17 mainly because KMC had depleted the prepaid tolling fees in August 2017 and started receiving tolling fees from the Toller since, and timing difference between receipts and payments for the period.

Net cash generated from investing activities of S\$2.3 million in 1H FY18 and S\$1.9 million in 1H FY17 arose mainly from receipt of dividend and repayment of advances from Datacentre One.

Net cash used in financing activities of S\$82.8 million in 1H FY18 was largely due to distributions to unitholders and repayment of loan. In 1H FY17, net cash used in financing activities of S\$56.1 million mainly relates to payment of distributions to unitholders partially offset by net proceeds from borrowings.

8. REVIEW OF PERFORMANCE (CONT'D)

8.2 Income Statement

Revenue

Group revenue for 2Q FY18 was S\$142.9 million, bringing total revenue recognised in 1H FY18 to S\$303.2 million, 3.5% lower than 1H FY17.

At City Gas, revenue of S\$85.7 million in 2Q FY18 and S\$167.8 million in 1H FY18, were higher than the corresponding periods in the previous year, due to higher town gas tariff as a result of higher fuel prices. City Gas achieved 100.0% plant availability during the period.

The Concessions² contributed revenue of S\$22.8 million in 2Q FY18 and S\$46.1 million in 1H FY18 comparable with last year. All 4 plants fulfilled their contractual obligations during the period.

Basslink's revenue for 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) were lower than 2Q FY17 of A\$21.7 million (approximately S\$22.7 million) and 1H FY17 of A\$41.5 million (approximately S\$44.0 million) due to the service outage that occurred from 25 March to 5 June 2018 as a result of an incident caused by a third party contractor, resulting in lower fees earned during that period.

Revenue from KMC was S\$30.6 million and S\$63.1 million for 2Q FY18 and 1H FY18 respectively, lower than last year due to unplanned maintenance works in 2Q FY18, with minimal impact to availability.

CityNet contributed revenue of S\$0.2 million in 2Q FY17 and S\$1.1 million in 1H FY17. There was no contribution this year as CityNet ceased to be the trustee-manager of Netlink Trust with effect from 13 April 2017.

Other losses - net

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

Expenses

Fuel and electricity costs of in 2Q FY18 and 1H FY18 were higher than the corresponding periods in the previous year due to higher fuel prices.

Gas transportation costs for 2Q FY18 and 1H FY18 were comparable to last year.

Depreciation and amortisation decreased from S\$52.8 million in 1H FY17 to S\$51.9 million in 1H FY18 as certain assets and intangible assets were fully depreciated and amortised in 1Q FY17.

Operation and maintenance costs in 2Q FY18 and 1H FY18 were lower than last year mainly due to scheduled maintenance costs incurred last year.

Other operating expenses increased from S\$10.4 million in 2Q FY17 to S\$11.3 million in 2Q FY18 mainly due to higher property tax and professional fees.

Share of results of joint venture relates to KIT's interest in DataCentre One. The higher contribution in 2Q FY18 and 1H FY18 is mainly due to rental step-up from April 2018.

Profit attributable to Unitholders of the Trust

The Group recorded loss attributable to Unitholders of the Trust in 2Q FY18 as compared to profit in 2Q FY17, mainly due to lower revenue at Basslink as a result of the recent service outage, partially offset by higher contributions from City Gas. Similarly, 1H FY18 reported a lower profit attributable to Unitholders of the Trust mainly due to lower revenue at Basslink as a result of the recent service outage, higher fair value loss of financial derivative instruments recognised, partially offset by higher contributions from City Gas.

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

8. REVIEW OF PERFORMANCE (CONT'D)

8.3 Balance Sheet – Group

The Group reported net current liabilities of S\$746.9 million as at 30 June 2018, S\$316.0 million higher than net current liabilities of S\$430.9 million as at 31 December 2017 mainly due to reclassification of borrowings with maturity in 1Q FY19 to current liabilities. The net current liabilities position was also due to a reclassification of S\$699.5 million borrowings for Basslink from non-current liabilities to current liabilities in accordance with SFRS(I) 1-1. Please refer to Paragraph 1(b)(ii) for further details.

Total assets as at 30 June 2018 was S\$3,875.4 million, marginally lower than total assets of S\$3,956.4 million as at 31 December 2017.

As at 30 June 2018, total liabilities of S\$2,623.5 million was slightly lower than S\$2,644.5 million as at 31 December 2017.

Total Unitholders' funds stood at S\$1,109.5 million as at 30 June 2018, lower than S\$1,152.9 million as at 31 December 2017 due to distributions paid, partially offset by marked-to-market movements of derivative financial instruments and profit recognised for the period.

8.4 Balance Sheet – Trust

Net assets as at 30 June 2018 of S\$1,532.9 million was comparable to S\$1,533.9 million as at 31 December 2017.

9. VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2018 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. On 22 May 2018, Hyflux Ltd and some of its subsidiaries ("Hyflux"), including Hyflux Engineering Pte Ltd, the operator of SingSpring desalination plant ("SingSpring"), applied to the Singapore High Court to commence a court supervised process to reorganise their liabilities and business pursuant to Section 211B(1) of the Singapore Companies Act. On 19 June 2018, the Court granted a 6-month moratorium to Hyflux with respect to the application. KIT has been engaging SingSpring's operator and project lenders to ensure continued operations of SingSpring.

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.

10. PROSPECTS (CONT'D)

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.

In December 2016, an independent investigation undertaken by Cable Consulting International ("CCI"), one of the world's leading submarine power cable experts, was completed and CCI concluded that the cause of the Incident is "cause unknown".

On 20 and 22 December 2017, two years after the Incident, Hydro Tasmania ("HT") issued media releases stating that their experts, DNV GL, had completed their investigations and alleged that the probable cause of the Incident was because Basslink operated the cable beyond its design limits. A DNV GL report also alleged that the cable, as designed and constructed, cannot meet the minimum operating requirements under the Basslink Services Agreement ("BSA") (which are also part of the operating requirements in the Basslink Operations Agreement ("BOA")). The media releases also made reference to HT's offer for Basslink to operate the Basslink Interconnector at up to 500MW continuous rating until 31 March 2018 without any impact to the facility fees while Basslink consider the DNV GL reports. Basslink is currently operating the Basslink Interconnector at up to its 500MW continuous rating while the manufacturers of the interconnector and Basslink's experts are considering the DNV GL reports.

On 21 March 2018, Basslink received a letter from the State of Tasmania ("State") alleging that it had breached the BOA. The BOA governs the contractual relationship between the State and Basslink as the operator of the Basslink interconnector asset. Furthermore, the State alleged that it had suffered various losses and that Basslink must indemnify it for those losses (including alleged losses incurred by HT arising from the outage), amounting to over A\$100 million. Subsequent to the aforementioned letter, on 26 March 2018, Basslink received a Notice of Dispute from the State which raises substantially the same issues as set out in the letter which Basslink received on 21 March 2018.

Basslink understands that the State's allegations stem from the DNV GL reports commissioned by the lawyers for HT, which were provided to Basslink in December 2017. DNV GL did not conduct any testing of the Basslink cable and their reports were solely based on complex theoretical modelling. Despite requesting for it, Basslink has not been given access to DNV GL's modelling. As announced in December 2016, CCI's examination noted that the insulation adjacent to the failure site was sound and showed no evidence of thermal ageing. Basslink considers that the analysis in the DNV GL reports is flawed and stands by the independent investigation undertaken by CCI, which concluded the cause of the Incident in December 2015 as "cause unknown".

Basslink also rejects any suggestion by HT that it is entitled to any reduction in the facility fee or associated payments under the BSA as a result of Basslink operating the cable at up to 500MW continuous rating. Contractually, so long as Basslink operates the interconnector in accordance with good electricity industry practice ("GEIP"), HT is obliged to make the facility payments in full. Basslink considers that while the manufacturers and Basslink's experts are reviewing the DNV GL reports, it is GEIP to operate the interconnector at up to 500MW continuous rating.

Basslink strongly denies the allegations made by the State. While reserving its rights in this matter, in good faith, Basslink attended "without prejudice" meetings with the representatives of the State in an attempt to resolve the dispute in accordance with the BOA. Unfortunately, the dispute was not resolved, and on 26 April 2018 Basslink was notified by the State that the dispute is referred to arbitration. Basslink intends to vigorously defend itself in the arbitration.

Discussions have been ongoing with the banking syndicate on the subsisting defaults under the project financing, which arose from the Incident (as previously announced on 18 July 2016 and 14 August 2017), and the arbitration with the State announced on 2 May 2018 and 28 May 2018. HT did not pay Basslink the full facility fees from September 2016 to August 2017 (as HT disagrees that the Incident is a force majeure event), and had instead made so-called "good faith payments" to Basslink from December 2016 to July 2017. Since September 2017, HT had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments) to Basslink and Basslink has subsequently met its debt service coverage ratio covenant for the December 2017 quarter. To-date, Basslink remains current on the debt payments and all outstanding payments under the project financing have been fulfilled.

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\$46 million has been made by the insurer to Basslink, out of which approximately A\$17.5 million was used to pay for part of the repair costs of the interconnector. Usage of the insurance proceeds is subject to the consent of the banking syndicate due to the aforesaid subsisting defaults. Basslink is working with the insurer on the remaining claims under the insurance policy.

10. PROSPECTS (CONT'D)

On 28 March 2018, Basslink announced that a third-party contractor damaged a piece of equipment during routine maintenance works which resulted in a service outage. There is no damage to the cable itself. The repair works have been completed and the interconnector returned to service on 5 June 2018. Basslink is working with the insurers to claim for the physical loss and damage as well as time element loss. This event is unrelated to the Incident and the ongoing dispute with the State.

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 2018, since KIT does not rely on Basslink's cash flows for its distributions.

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 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.

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 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.

11c. Date Payable

17 August 2018

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 2018 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 2018 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 2018 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 17 April 2018. 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 FY18 S\$'000	1H FY17 S\$'000
1. Temasek Holdings (Private) Limited and its Associates		
General Transaction		
(a) Sales of Goods and Services	899	4,927
(b) Management Fee Income	-	1,170
(c) Reimbursement of expenses ¹	-	32,941
(d) Purchases ¹	83,708	185,066
(e) Rental expense	327	1,788
Total	84,934	225,892
2. Keppel Corporation Group		
General Transaction		
(a) Sales of Goods and Services	-	298
(b) Reimbursement of expenses	-	113
(c) Management Fee Expense	5,117	5,119
(d) Purchases	20,804	24,755
Treasury Transactions	76,334	58,117
Total	102,255	88,402

¹ The IPT values for 1H FY17 was disclosed based on total contract value from 2017 to 2021.

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 2018

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 2018 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 2018

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.