



Keppel Infrastructure Fund Management Pte Ltd

(In its capacity as Trustee-Manager of K-Green Trust)

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PRESS RELEASE

K-GREEN TRUST UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2011

18 July 2011

The Directors of Keppel Infrastructure Fund Management Pte Ltd, as Trustee-Manager of K-Green Trust, advise the following results of K-Green Trust for the second quarter and half year ended 30 June 2011.

These figures have not been audited.

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This press release is also available at www.kepcorp.com and www.kgreentrust.com.

K-GREEN TRUST

1H 2011 REPORT CARD

1. The profit after tax achieved for the first half of 2011 was \$7.9 million, 17% higher than projection.
2. Earnings per unit (EPU) for the 1H of 2011 was 1.26 cents.
3. Distribution per unit (DPU) to be paid will be 3.13 cents, in line with forecast.
4. Net asset value per unit as at 30 June 2011 was \$1.13.
5. Mr Thomas Pang, CEO of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of K-Green Trust, said, “K-Green Trust continues to perform well in this period and remains committed to deliver stable, predictable and reliable distributions to the Unitholders. The full year DPU for 2011 is expected to be on track with the Forecast DPU of 7.82 cents.”

**K-GREEN TRUST
SECOND QUARTER AND HALF YEAR 2011 FINANCIAL STATEMENTS & DISTRIBUTION
ANNOUNCEMENT****TABLE OF CONTENTS**

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The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, was the Issue Manager for the listing of K-Green Trust on the Main Board of SGX-ST. The Issue Manager assumes no responsibility for the contents of this announcement.

INTRODUCTION

K-Green Trust ("KGT" or "Trust") is a business trust constituted on 23 July 2009 under the laws of Singapore and managed by Keppel Infrastructure Fund Management Pte. Ltd. as Trustee-Manager of KGT.

KGT was registered under the Business Trusts Act with the Monetary Authority of Singapore on 27 May 2010 and listed on the Singapore Exchange Securities Trading Limited on 29 June 2010 (the Listing Date).

The investment objective of KGT is to invest in "green" infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other "green" initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East.

On 31 August 2009, KGT completed the acquisition of Senoko Plant, during which KGT was held as a private trust. On the Listing Date, KGT acquired Tuas DBOO Plant and Ulu Pandan Plant. All of the Plants have commenced commercial operations.

KGT, being a business trust, is allowed to pay distributions to unitholders out of its residual cash flows, in accordance with the distribution policy as set out on Page 34 of the Introductory Document dated 31 May 2010 ("Introductory Document"). This is unlike companies, which are governed by the Companies Act. Companies can only make dividend payments out of accounting profits.

Infrastructure assets, such as those held by KGT, are suitable for injection into a business trust as they are able to offer long-term, regular and predictable cash flows.

COMPARATIVE STATEMENTS

We have not presented a comparative statement for the corresponding period of the immediately preceding financial year for the following reasons:

- (a) even though KGT would have been in existence since 23 July 2009, Senoko Plant was only acquired by KGT on 31 August 2009 when it was held as a private trust up to the Listing Date. Both Tuas DBOO Plant and Ulu Pandan Plant were acquired by KGT, through the Tuas DBOO Trustee and the Ulu Pandan Trustee, respectively on the Listing Date;
- (b) while the audited accounts of KGT is available for the financial year ended 31 December 2010, it will not be meaningful to compare the current period results against the results for first six months of FY2010 as the accounts will contain financial information for only one out of three Plants.

However, where appropriate, comparisons are made against the pro-rated projected figures for the period from 1 January 2011 to 30 June 2011 (the "Projection") as disclosed in the Introductory Document.

1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2011

The Directors of **Keppel Infrastructure Fund Management Pte. Ltd., as Trustee-Manager of K-Green Trust**, advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2011.

**1 (a) GROUP PROFIT AND LOSS ACCOUNT
for the second quarter and half year ended 30 June 2011**

	2Q 2011 1 Apr 11 to 30 Jun 11 \$'000	1H 2011 1 Jan 11 to 30 Jun 11 ⁽¹⁾ \$'000
Construction revenue	9,479	11,973
Finance income	4,564	9,124
Operation and maintenance income	11,865	23,012
Revenue	25,908	44,109
Construction expense	(9,045)	(11,425)
Operation and maintenance cost	(8,324)	(16,327)
Electricity cost	(1,841)	(3,440)
Depreciation	(61)	(121)
Trustee-Manager's fees	(961)	(1,983)
Trust expense	(45)	(232)
Other operating expenses	(1,187)	(2,648)
Other income	105	232
Operating profit	4,549	8,165
Net interest income	36	71
Profit before tax	4,585	8,236
Taxation	(220)	(327)
Profit for the period	4,365	7,909

Note:

(1) The results of 1H 2011 will be compared against the pro-rated projected figures for the period from 1 January 2011 to 30 June 2011 (the "Projection") as disclosed in the Introductory Document. Please refer to Paragraph 10.

1 (b)(i) BALANCE SHEETS as at 30 June 2011

	GROUP		TRUST	
	30 Jun 11	31 Dec 10	30 Jun 11	31 Dec 10
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Plant and equipment	755	876	-	-
Subsidiaries	-	-	390,136	403,536
Service concession receivables	580,993	587,348	-	-
Notes receivable	-	-	290,142	290,142
	581,748	588,224	680,278	693,678
Current Assets				
Inventories	15,371	15,159	-	-
Service concession receivables	54,956	54,956	-	-
Trade and other receivables	22,798	18,603	47	266
Cash, bank and deposit balances	60,670	85,030	26,176	31,847
	153,795	173,748	26,223	32,113
Current Liabilities				
Trade and other payables	19,621	22,496	1,915	2,447
Provision for taxation	6,977	13,249	2	-
	26,598	35,745	1,917	2,447
Net Current Assets	127,197	138,003	24,306	29,666
Non-Current Liability				
Deferred taxation	147	147	-	-
	147	147	-	-
Net Assets	708,798	726,080	704,584	723,344
Represented by:				
Unitholders' Funds				
Units in issue	719,307	717,354	719,307	717,354
Accumulated (loss) /profit	(10,509)	8,726	(14,723)	5,990
	708,798	726,080	704,584	723,344

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

As at 30 June 2011, the Group did not have any borrowing (31 December 2010: Nil).

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	2Q 2011 1 Apr 11 to 30 Jun 11 \$'000	1H 2011 1 Jan 11 to 30 Jun 11 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,585	8,236
Adjustments for :		
Depreciation	61	121
Interest income	(36)	(71)
Operating profit before working capital changes	4,610	8,286
Increase in inventories	(47)	(212)
Decrease in service concession receivables	8,737	17,780
Increase in trade debtors and other receivables	(1,059)	(4,195)
(Decrease) /increase in trade creditors and other creditors	(5,379)	30
Cash generated from operations	6,862	21,689
Tax paid	(6,487)	(6,599)
Interest received	36	71
Net cash from operating activities	411	15,161
CASH FLOWS FROM INVESTING ACTIVITY		
Construction of assets	(7,140)	(12,377)
Net cash used in investing activity	(7,140)	(12,377)
CASH FLOWS FROM FINANCING ACTIVITY		
Distribution paid	-	(27,144)
Net cash used in financing activity	-	(27,144)
Net change in cash and cash equivalents	(6,729)	(24,360)
Cash and cash equivalents at beginning of period	67,399	85,030
Cash and cash equivalents at end of period	60,670	60,670
<u>Reconciliation of cash generated from operations to distribution for the period:</u>		
		1H 2011 \$'000
Cash generated from operations		21,689
Interest received		71
Tax paid ⁽¹⁾ and amount set aside for working capital		(2,048)
Amount of distribution payable		19,712
Based on total issued units ('000)		629,781
Distribution per unit (cents)		3.13

⁽¹⁾ Excluding tax liabilities acquired as part of the restructuring exercise

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

GROUP	Attributable to equity holders of the Trust		
	Units in issue \$'000	Accumulated profit/(loss) \$'000	Total unitholders' funds \$'000
2011			
As at 1 January 2011	717,354	8,726	726,080
Total comprehensive income for the period	-	3,544	3,544
Distribution paid	-	(27,144)	(27,144)
Creation of new units			
- payment of Trustee-Manager's fees in units ¹	1,786	-	1,786
As at 31 March 2011	719,140	(14,874)	704,266
Total comprehensive income for the period	-	4,365	4,365
Issue costs	167	-	167
As at 30 June 2011	719,307	(10,509)	708,798
TRUST			
	Units in issue \$'000	Accumulated profit/(loss) \$'000	Total unitholders' funds \$'000
2011			
As at 1 January 2011	717,354	5,990	723,344
Total comprehensive income for the period	-	3,096	3,096
Distribution paid	-	(27,144)	(27,144)
Creation of new units			
- payment of Trustee-Manager's fees in units ¹	1,786	-	1,786
As at 31 March 2011	719,140	(18,058)	701,082
Total comprehensive income for the period	-	3,335	3,335
Issue costs	167	-	167
As at 30 June 2011	719,307	(14,723)	704,584

¹ This represents 1,668,711 units issued in satisfaction of Trustee-Manager's fees paid in units.

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

	GROUP and TRUST Units
Issued units as at 1 January 2011	628,112,568
Payment of Trustee-Manager's fees in units	1,668,711
Issued units as at 30 June 2011	629,781,279

2 **AUDIT**

The figures have not been audited or reviewed by the auditors.

3 **AUDITORS' REPORT**

Not applicable

4 **ACCOUNTING POLICIES**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation in the financial statements for the current financial period are consistent with those of the audited financial statements as at 31 December 2010.

5 **CHANGES IN THE ACCOUNTING POLICIES**

The Group adopted the new/revised FRS that is effective for annual periods beginning on or after 1 January 2011. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following amended FRS is relevant to the Group:

Improvements to Financial Reporting Standards (issued in October 2010)
FRS 24 (Revised) - Related Party Disclosures

Consequential amendments were also made to various standards as a result of these new/revised standards.

The adoption of the above FRS did not have any significant impact on the financial statements of the Group.

6 **EARNINGS PER UNIT ("EPU")**

	2Q 2011	1H 2011
Earnings per unit ⁽¹⁾		
(based on the weighted average number of units as at the end of the period)	0.69 cts	1.26 cts
- Weighted average number of units as at the end of period	629,561,832	629,561,832

Note:

(1) Diluted EPU is the same as basic EPU as there are no dilutive instruments in issue during the period.

7 DISTRIBUTION PER UNIT (“DPU”)

1H 2011

Distribution per unit (payable)

3.13 cents

- based on total issued units

629,781,279

Distributions by KGT will be paid from its residual cash flows. Residual cash flows comprise cash flows from distributions received by KGT from the Sub-Trusts, principal and interest payments received by KGT from the Sub-Trusts pursuant to the Notes and other cash received by KGT from the Sub-Trusts and any other assets, after such cash flows have been applied to:

- (i) Pay or provide for the operating expenses and taxes of KGT, including Trustee-Manager’s fees
- (ii) Pay or provide for repayment of principal amounts under any debt or financing arrangement of KGT; and
- (iii) Pay or provide for interest or any other financing expense on any debt or financing or hedging arrangement of KGT.

8 NET ASSET VALUE (“NAV”) PER UNIT

	GROUP		TRUST	
	30 Jun 11	31 Dec 10	30 Jun 11	31 Dec 10
NAV per unit based on issued units at the end of the period / year (\$)	1.13	1.16	1.12	1.15
Adjusted NAV per unit (\$)	1.09	1.11	1.09	1.11
- based on total issued units at the end of the period / year (excluding distribution payable to unitholders)				

9 REVIEW OF PERFORMANCE

Profit and Loss Analysis

The revenue of KGT was derived mainly from three components: 1) Recognition of construction revenue arising from the flue gas treatment upgrade based on percentage of completion method during the construction phase, this amounted to \$9.5 million for the second quarter, bringing construction revenue to \$12.0 million for the half year period; 2) Finance income was \$9.1 million for half year, which represents the accretion on the service concession receivables in respect of the fixed capital cost and recovery components; 3) Revenue from operation and maintenance (O&M) was \$11.9 million for the second quarter and \$23.0 million for the first half of this year. The service concession agreements allow for annual adjustments to the O&M tariffs to account for changes in consumer price index.

The construction expense of \$9.0 million and \$11.4 million relates to the amount of capital expenditure spent on the flue gas treatment upgrade during the second quarter and half year respectively. The main operating expenses are: electricity cost, operation and maintenance cost, property tax, insurance, Trustee-Manager’s fees and other administrative costs. Profit before tax was \$4.6 million for the second quarter and \$8.2 million for half year. After taking into account income tax expenses, net profit was \$4.4 million and \$7.9 million for the second quarter and 1H 2011 respectively.

For a review of the actual performance against the projection period 1 January 2011 to 30 June 2011 as disclosed in the Introductory Document, please refer to Paragraph 10 below.

Balance Sheet and Cash Flow Analysis

Group unitholders' funds decreased from \$726.1 million at 31 December 2010 to \$708.8 million at 30 June 2011. The decrease was mainly attributable to the distribution of \$27.1 million paid to unitholders during the period, partially offset by increase in comprehensive income for the period of \$7.9 million, and the creation of new units for payment of Trustee-Manager's fees of \$1.8 million for FY 2010.

Total assets of the Group amounted to \$735.5 million at 30 June 2011 and was \$26.4 million lower than the previous year end. Service concession receivables, representing the right of KGT to receive fixed and determinable amounts of payment during the concession period, decreased by \$6.4 million for the period, offset by higher debtors of \$4.2 million mainly due to receivables from a government agency in relation to reimbursement of property taxes. Group total liabilities decreased by \$9.2 million to \$26.7 million compared to \$35.9 million in the previous year end mainly due to payment of income tax.

At the trust level, notes receivable of \$290.1 million represents qualifying project debt securities ("QPDS") issued to KGT by Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust ("Sub-Trusts") to fund the acquisition of the businesses in FY2010. These QPDS are eliminated on consolidation.

As at 30 June 2011, the Group had no external borrowing.

Cash generated from operations of \$21.7 million was derived from the Group's pre-tax profit of \$8.2 million, after adjusting for non-cash items and changes in working capital of \$13.4 million for first half year of 2011. Taking into account income taxes paid, cash flow from operating activities was \$15.2 million for the half year. Net cash used in investing activity for the second quarter was \$7.1 million and \$12.4 million for the half year. This was mainly due to payments made for the flue gas treatment upgrading contract. The net decrease in cash and cash equivalents was \$6.7 million for the second quarter. Including the distribution payment of \$27.1 million paid earlier this year, net decrease in cash and cash equivalents for the first half year was \$24.4 million.

KGT, being a business trust, is allowed to pay distributions to unitholders out of its residual cash flows, which was largely derived from the operating cash flow generated from operations of the Sub-Trusts. For 1H 2011, the Group will be distributing 3.13 cents per unit to its unitholders as forecasted in the Introductory Document. Please refer to paragraph 7 for more details.

10 VARIANCE FROM FORECAST STATEMENT

10(i) GROUP PROFIT AND LOSS ACCOUNT for the half year ended 30 June 2011

	Actual 1H 2011 1 Jan 11 to 30 Jun 11 \$'000	Pro-rated projection ¹ 1 Jan 11 to 30 Jun 11 \$'000	+/(-)%
Construction revenue	11,973	7,853	+52.5
Finance income	9,124	9,164	-0.4
Operation and maintenance income	23,012	21,087	+9.1
Revenue	44,109	38,104	+15.8
Construction expense	(11,425)	(7,480)	+52.7
Operation and maintenance cost	(16,327)	(15,449)	+5.7
Electricity cost	(3,440)	(2,709)	+27.0
Depreciation	(121)	(149)	-18.8
Trustee-Manager's fees	(1,983)	(2,242)	-11.6
Trust expense	(232)	(503)	-53.9
Other operating expenses	(2,648)	(2,626)	+0.8
Other income	232	165	+40.6
Operating profit	8,165	7,111	+14.8
Net interest income / (expense)	71	(10)	N.M.
Profit before tax	8,236	7,101	+16.0
Taxation	(327)	(338)	-3.3
Profit for the period	7,909	6,763	+16.9

¹ The projection figures are derived by pro-rating equally the projection year from 1 January 2011 to 31 December 2011 ("Projection Year 2011"). The Projection Year 2011 is extracted from the Introductory Document and is based on the assumptions set out in the document.

Review of Performance for the half year ended 30 June 2011 (actual vs projection)

Revenue of \$44.1 million was 15.8% higher than the projection of \$38.1 million. This was mainly due to higher recognition of construction revenue by \$4.1 million following a shift in schedule of the flue gas upgrading works for Senoko Plant from FY2010 to FY2011. The flue gas upgrade project is in progress and the Engineering, Procurement and Construction (EPC) contractor will continue to accelerate the construction progress in FY2011. The upgrade is scheduled to be completed by June 2012. Operation and maintenance income was \$23.0 million which is 9.1% higher than projection mainly contributed by Ulu Pandan due to higher tariffs (as a result of higher CPI indexation than projected) in the new contract year.

For the same reason above, construction expense incurred on the EPC contract was above projection by \$3.9 million. The O&M cost was slightly higher than projection by 5.7% on account of higher output from the three plants. Electricity cost was 27.0% higher due to increase in electricity consumption on the higher volume of NEWater delivered as well as higher electricity prices than projected. Trust expense was 53.9% lower as actual expenses were less than projected.

Operating profit was \$1.1 million better than expected. Overall, profit for the period of \$7.9 million exceeded projection by 16.9%.

11 PROSPECTS

The underlying performance of the three assets in KGT's portfolio is expected to remain stable. All three assets have long-term concession agreements with Singapore statutory bodies (namely NEA and PUB). Senoko Trust and Tuas DBOO Trust derive most of their income from capacity payments, which offer a stable source of income with little correlation to economic or demographic fluctuations. Ulu Pandan Trust's income is derived in equal parts from availability payments and from NEWater output payments. Demand for NEWater is subject to PUB's availability of other sources of water supply. Cleaning and maintenance activities during the year may reduce revenue and costs but are not expected to have a material impact on the profitability of the plants.

Ulu Pandan Trust's cash earnings is dependent on changes in power revenue received from PUB and changes in electricity price. The Trustee-Manager has taken measures to fix the price of electricity up to the end of FY2011 after monitoring the fluctuations in electricity price for the past year.

The flue gas treatment upgrade project for Senoko Plant is in progress and the EPC contractor will continue to accelerate the construction progress in FY2011. The upgrade is scheduled to be completed by June 2012.

The DPU for FY2011 is expected to be on track with the Forecast DPU disclosed in the Introductory Document.

In line with KGT's growth strategy, the Trustee-Manager will continue to review acquisition opportunities during the year, including assets which were identified under the Rights of First Refusal (ROFR).

12 DISTRIBUTIONS

12a. Current Financial Period Reported On

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

Amount : \$19.7 million

Distribution Period : 1 January 2011 to 30 June 2011

Distribution Rate : 3.13 cents per unit

Distribution Type : Cash, Tax-exempt Distribution

Distribution received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credit for any taxes paid by the Trustee-Manager.

12b. Corresponding Period of the Immediately Preceding Financial Year

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

12c. Date Payable

19th August 2011

12d. Books Closure Date

Notice is hereby given that, the Unit Transfer Books and Register of Members of KGT will be closed on 5th August 2011 for purposes of determining each Unitholder's entitlement to the Distribution. Duly completed transfers in respect of units in the capital of KGT 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 4th August 2011 will be registered to determine unitholders' entitlement to the distribution. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 pm on 4th August 2011 will be entitled to the distribution.

13 INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a unitholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	1 January 2011 to 30 June 2011 \$'000	1 January 2011 to 30 June 2011 \$'000
Keppel Corporation Group		
- General Transactions	-	869
- Treasury Transactions	-	57,006
Total	-	57,875

BY ORDER OF THE BOARD
Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration Number: 200803959H)
As Trustee-Manager of K-Green Trust

NG WAI HONG / WINNIE MAK
Company Secretaries
18 July 2011

CONFIRMATION BY THE BOARD

We, KHOR POH HWA and TAY LIM HENG being two Directors of Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of K-Green Trust), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter and half year 2011 financial statements of K-Green Trust to be false or misleading in any material aspect.

On behalf of the Board of Directors



KHOR POH HWA
Chairman



TAY LIM HENG
Director

Singapore
18 July 2011