

Keppel Infrastructure Trust

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MEDIA RELEASE

KEPPEL INFRASTRUCTURE TRUST UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

16 October 2014

The Directors of Keppel Infrastructure Fund Management Pte Ltd, as Trustee-Manager of Keppel Infrastructure Trust, advise the following results of Keppel Infrastructure Trust for the third quarter and nine months ended 30 September 2014.

These figures have not been audited.

NINE MONTHS FY2014 RESULTS HIGHLIGHTS

1. Group revenue for 9M 2014 was \$49.3 million. Operation and maintenance income was \$37.2 million, 2.2% lower compared to 9M 2013.
2. Profit after tax for 9M 2014 was \$10.2 million, resulting in earnings per unit (EPU) of 1.61 cents for the period, which was 6.4% lower compared to 9M 2013.
3. Cash generated from operations was \$40.9 million for 9M 2014, 11.3% higher compared to 9M 2013.
4. Net asset value per unit as at 30 September 2014 was \$0.93 compared to \$1.00 as at 31 December 2013, mainly due to the distribution payment of 7.82 cents per unit during the year.
5. On 26 September 2014, KIT entered into an agreement with NEA to provide additional incineration capacity to the Senoko Waste-to-Energy plant. The upgrade is currently planned to take place between 3Q 2015 and 3Q 2016 and will progressively increase the contracted incineration of the plant by up to 10% from 2,100 tonnes per day. This is expected to increase the operating cash flows from the plant.

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This media release is also available at www.kepcorp.com and www.kepinfratrust.com.

**KEPPEL INFRASTRUCTURE TRUST
THIRD QUARTER AND NINE MONTHS 2014 FINANCIAL STATEMENTS**
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INTRODUCTION

Keppel Infrastructure Trust (“KIT” or “Trust”), formerly known as K-Green 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 KIT.

On 31 August 2009, KIT acquired Senoko Plant when KIT was a private trust.

KIT 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). On the Listing Date, KIT acquired Tuas DBOO Plant and Ulu Pandan Plant.

KIT was listed as K-Green Trust with an investment focus on “green” infrastructure assets, which reflected the business focus of its then sponsor, Keppel Integrated Engineering (KIE). On 2 May 2013, KIE was reorganised under Keppel Infrastructure (KI), which assumed the role of the sponsor to KIT.

In line with the wider business scope of KI and to enable KIT to pursue a wider range of opportunities, unitholders on 15 April 2014 approved expanding KIT’s investment mandate to include utilities infrastructure assets, primary and alternative energy assets and other infrastructure assets.

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

1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

The Directors of **Keppel Infrastructure Fund Management Pte. Ltd.**, as **Trustee-Manager of Keppel Infrastructure Trust**, advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2014.

1 (a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the third quarter and nine months ended 30 September

	3Q 2014	3Q 2013	+/-	9M 2014	9M 2013	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Finance income	4,050	4,286	-5.5	12,149	12,857	-5.5
Operation and maintenance income	12,052	12,796	-5.8	37,167	37,992	-2.2
Revenue	16,102	17,082	-5.7	49,316	50,849	-3.0
Operation and maintenance costs	(9,050)	(8,975)	+0.8	(27,523)	(26,737)	+2.9
Electricity costs	(1,238)	(1,872)	-33.9	(4,460)	(5,451)	-18.2
Depreciation	(73)	(97)	-24.7	(257)	(271)	-5.2
Trustee-Manager's fees	(1,274)	(1,246)	+2.2	(3,441)	(3,401)	+1.2
Trust expenses	(208)	(118)	+76.3	(784)	(1,281)	-38.8
Other operating expenses	(1,048)	(1,026)	+2.1	(3,031)	(3,046)	-0.5
Other income	198	190	+4.2	647	658	-1.7
Operating profit	3,409	3,938	-13.4	10,467	11,320	-7.5
Interest income	25	17	+47.1	67	51	+31.4
Profit before income tax	3,434	3,955	-13.2	10,534	11,371	-7.4
Income tax expense	(113)	(159)	-28.9	(370)	(516)	-28.3
Profit for the period, representing total comprehensive income for the period	3,321	3,796	-12.5	10,164	10,855	-6.4

1 (b)(i) STATEMENTS OF FINANCIAL POSITION as at 30 September

	GROUP		TRUST	
	30 Sep 14	31 Dec 13	30 Sep 14	31 Dec 13
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Plant and equipment	1,619	1,876	-	-
Subsidiaries	-	-	276,375	289,836
Service concession receivables	480,750	509,805	-	-
Notes receivable	-	-	290,142	290,142
	<u>482,369</u>	<u>511,681</u>	<u>566,517</u>	<u>579,978</u>
Current Assets				
Inventories	13,491	13,491	-	-
Service concession receivables	54,956	54,956	-	-
Trade and other receivables	18,544	19,258	4,530	92
Cash, bank and deposit balances	34,316	43,143	6,309	37,130
	<u>121,307</u>	<u>130,848</u>	<u>10,839</u>	<u>37,222</u>
Current Liabilities				
Trade and other payables	14,601	14,217	1,777	2,435
Income tax payable	514	666	6	1
	<u>15,115</u>	<u>14,883</u>	<u>1,783</u>	<u>2,436</u>
Net Current Assets	<u>106,192</u>	<u>115,965</u>	<u>9,056</u>	<u>34,786</u>
Non-Current Liability				
Deferred tax liability	10	10	-	-
	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>
Net Assets	<u>588,551</u>	<u>627,636</u>	<u>575,573</u>	<u>614,764</u>
Represented by:				
Unitholders' Funds				
Units in issue	719,307	719,307	719,307	719,307
Revenue reserves	(130,756)	(91,671)	(143,734)	(104,543)
	<u>588,551</u>	<u>627,636</u>	<u>575,573</u>	<u>614,764</u>

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

As at 30 September 2014, the Group did not have any borrowing (31 December 2013: Nil).

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

	3Q 2014	3Q 2013	9M 2014	9M 2013
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	3,434	3,955	10,534	11,371
<u>Adjustments for :</u>				
Depreciation	73	97	257	271
Interest income	(25)	(17)	(67)	(51)
Operating cash flows before movements in working capital	3,482	4,035	10,724	11,591
Decrease in inventories	-	-	-	275
Decrease in service concession receivables	9,701	9,466	29,055	28,347
Decrease/(Increase) in trade and other receivables	820	165	737	(786)
(Decrease)/Increase in trade and other payables	(47)	78	384	(2,685)
Cash generated from operations	13,956	13,744	40,900	36,742
Income tax paid	(194)	(256)	(522)	(681)
Interest received	2	17	44	51
Net cash from operating activities	13,764	13,505	40,422	36,112
CASH FLOWS FROM INVESTING ACTIVITY				
Construction of assets	-	(3)	-	(1,205)
Net cash used in investing activity	-	(3)	-	(1,205)
CASH FLOWS FROM FINANCING ACTIVITY				
Distribution paid	(19,712)	(19,712)	(49,249)	(49,249)
Net cash used in financing activity	(19,712)	(19,712)	(49,249)	(49,249)
Net decrease in cash and cash equivalents	(5,948)	(6,210)	(8,827)	(14,342)
Cash and cash equivalents at beginning of period	40,264	34,663	43,143	42,795
Cash and cash equivalents at end of period	34,316	28,453	34,316	28,453

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

GROUP	Attributable to equity holders of the Trust		
	Units in issue \$'000	Revenue reserves \$'000	Total unitholders' funds \$'000
As at 1 January 2014	719,307	(91,671)	627,636
Total comprehensive income for the period	-	6,843	6,843
Distribution paid	-	(29,537)	(29,537)
As at 30 June 2014	719,307	(114,365)	604,942
Total comprehensive income for the period	-	3,321	3,321
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2014	719,307	(130,756)	588,551
As at 1 January 2013	719,307	(56,605)	662,702
Total comprehensive income for the period	-	7,059	7,059
Distribution paid	-	(29,537)	(29,537)
As at 30 June 2013	719,307	(79,083)	640,224
Total comprehensive income for the period	-	3,796	3,796
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2013	719,307	(94,999)	624,308

TRUST	Units in issue \$'000	Revenue reserves \$'000	Total unitholders' funds \$'000
As at 1 January 2014	719,307	(104,543)	614,764
Total comprehensive income for the period	-	7,143	7,143
Distribution paid	-	(29,537)	(29,537)
As at 30 June 2014	719,307	(126,937)	592,370
Total comprehensive income for the period	-	2,915	2,915
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2014	719,307	(143,734)	575,573
As at 1 January 2013	719,307	(66,619)	652,688
Total comprehensive income for the period	-	5,328	5,328
Distribution paid	-	(29,537)	(29,537)
As at 30 June 2013	719,307	(90,828)	628,479
Total comprehensive income for the period	-	3,031	3,031
Distribution paid	-	(19,712)	(19,712)
As at 30 September 2013	719,307	(107,509)	611,798

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

GROUP and TRUST Units

Issued units as at 1 January, 30 June and 30 September 2014	<u>629,781,279</u>
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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 did not hold any treasury units as at 30 September 2014 and 31 December 2013.

The total number of issued units as at 30 September 2014 and 31 December 2013 is 629,781,279 units.

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 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 2013.

5 CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new and revised FRSs and INT FRSs did not result in changes to the Group's and Trust's accounting policies.

6 EARNINGS PER UNIT ("EPU")

	3Q 2014	3Q 2013	+/- %	9M 2014	9M 2013	+/- %
Earnings per unit ⁽¹⁾						
(based on the weighted average number of units as at the end of the period)	0.53 cents	0.60 cents	-11.7	1.61 cents	1.72 cents	-6.4
Weighted average number of units as at the end of the period	629,781,279	629,781,279	-	629,781,279	629,781,279	-

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

7 NET ASSET VALUE ("NAV") PER UNIT

	GROUP			+/-	TRUST			+/-
	30 Sep 14	31 Dec 13		%	30 Sep 14	31 Dec 13		%
NAV per unit based on issued units at the end of the period / year (\$)	0.93	1.00		-7.0	0.91	0.98		-7.1
Adjusted NAV per unit (\$)	0.93	0.95		-2.1	0.91	0.93		-2.2
- based on total issued units of 629,781,279 (after distribution payable to unitholders)								

8 REVIEW OF PERFORMANCE

Profit and Loss Analysis

Group revenue for 3Q 2014 was \$16.1 million, bringing the total revenue recognised in 9M 2014 to \$49.3 million. Finance income representing the accretion on the service concession receivables in respect of the fixed capital cost and recovery components decreased by 5.5% to \$4.1 million in 3Q 2014 and \$12.1 million in 9M 2014, in line with lower service concession receivables. Revenue from operation and maintenance (O&M) was \$37.2 million for 9M 2014, which was 2.2% lower than the corresponding period last year. This was mainly due to lower production of NEWater and lower power tariff arising from changes in fuel price, partially offset by higher output from the waste-to-energy plants and higher O&M tariffs due to changes in consumer price index (CPI).

The O&M costs for 3Q 2014 and 9M 2014 increased by 0.8% and 2.9% to \$9.1 million and \$27.5 million, respectively as a result of higher output from the waste-to-energy plants and higher O&M tariffs due to changes in CPI, partially offset by lower volume of NEWater produced. Electricity cost of \$1.2 million and \$4.5 million for 3Q 2014 and 9M 2014 respectively, was 33.9% and 18.2% lower than the corresponding period in 2013 as a result of lower electricity prices and lower production of NEWater.

Trustee-Manager's fee for 3Q 2014 and 9M 2014 was \$1.3 million and \$3.4 million, respectively which comprises a fixed management fee and a performance fee of 4.5% per annum of all cash inflows received by KIT from the Sub-Trusts. Trust expenses for 9M 2014 were \$0.5 million lower compared to the corresponding period in prior year as lower project evaluation and due diligence expenses were incurred. Profit before and after income tax was \$10.5 million and \$10.2 million, respectively for 9M 2014.

Balance Sheet Analysis

Group unitholders' funds decreased from \$627.6 million at 31 December 2013 to \$588.6 million at 30 September 2014. The decrease was mainly attributable to the distribution of \$49.2 million paid to unitholders, partially offset by increase in comprehensive income of \$10.2 million for the period.

Total assets of the Group decreased by \$38.9 million to \$603.7 million as at 30 September 2014, principally due to the distribution payment to unitholders. Group total liabilities increased by \$0.2 million to \$15.1 million as compared to the previous year end, mainly due to O&M fees payable to O&M operators.

At the trust level, notes receivable of \$290.1 million represents qualifying project debt securities ("QPDS") issued to KIT by the Sub-Trusts to fund the acquisition of the businesses in FY2010. The QPDS are eliminated on consolidation.

As at 30 September 2014, the Group had no external borrowing.

Cash Flow Analysis

Cash generated from operations of \$40.9 million for 9M 2014 was derived from the Group's pre-tax profit of \$10.5 million, after adjusting for non-cash items and changes in working capital of \$30.4 million. Net cash flow from operating activities was \$40.4 million for 9M 2014 as compared to \$36.1 million for the corresponding period in prior year, after taking into account lower income taxes paid.

The net decrease in cash and cash equivalents was \$8.8 million for 9M 2014, after making 2 semi-annual distribution payments totaling \$49.2 million during the period.

9 VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2014 has been previously disclosed.

10 PROSPECTS

The underlying performance of the three assets in KIT'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 approximate equal parts from availability payments and from NEWater output payments (both include power revenue). Production of NEWater is subject to demand from PUB.

Ulu Pandan Trust's cash earnings could fluctuate depending on changes in variable power revenue received from PUB and changes in electricity costs. The Trustee-Manager will continue to take measures, where appropriate, to mitigate the price volatility of electricity by fixing the electricity price. In addition, the 1MWp solar PV installation on the rooftops of Ulu Pandan NEWater Plant, which was completed in 1Q 2013, will also reduce the intake of grid electricity.

On 26 September 2014, KIT entered into an agreement with NEA to provide additional incineration capacity to the Senoko Waste-To-Energy plant. The upgrade is currently planned to take place between 3Q 2015 and 3Q 2016 and will progressively increase the contracted incineration capacity of the plant by up to 10% from 2,100 tonnes per day. This is expected to increase the operating cash flows from the plant.

The Trustee-Manager will continue to evaluate asset enhancement opportunities in all three assets and will continue to work with the Sponsor to identify and evaluate suitable acquisitions under the expanded investment mandate which covers a wider range of infrastructure assets.

11 DISTRIBUTIONS

11a. Current Financial Period Reported On

Any distribution recommended for the current financial period reported on? No

11b. Corresponding Period of the Immediately Preceding Financial Year

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

11c. Date Payable

Not applicable

11d. Books Closure Date

Not applicable

12 INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from unitholders for interested person transactions in the Annual General Meeting held on 15 April 2014. During the financial year, the following interested person transactions were entered into by the Group:

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 Jan 14 to 30 Sep 14 \$'000	1 Jan 13 to 30 Sep 13 \$'000	1 Jan 14 to 30 Sep 14 \$'000	1 Jan 13 to 30 Sep 13 \$'000
Keppel Corporation Group				
- General Transactions	-	-	45,242	-
- Treasury Transactions	-	-	33,606	27,647
Total	-	-	78,848	27,647

BY ORDER OF THE BOARD

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

NG WAI HONG / WINNIE MAK
 Company Secretaries
 16 October 2014

CONFIRMATION BY THE BOARD

We, KHOR POH HWA and ONG TIONG GUAN being two Directors of Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of Keppel Infrastructure 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 third quarter and nine months 2014 financial statements of Keppel Infrastructure Trust to be false or misleading in any material aspect.

On behalf of the Board of Directors



KHOR POH HWA
Chairman



ONG TIONG GUAN
Director

Singapore
16 October 2014