Keppel Infrastructure Fund Management Pte. Ltd.

(Registration No. 200803959H)

Report of the Directors and Financial Statements

Year ended December 31, 2014

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Keppel Infrastructure Fund Management Pte. Ltd.

(Registration No. 200803959H)

Contents

The directors present their report together with the audited financial statements of the company for the financial year ended December 31, 2014.

1. Directors
The directors of the company in office at the date of this report are:

Khor Poh Hwa (Chairman)
Alan Ow Soon Sian
Paul Ma Kah Woh
Quek Soo Hoon
Thio Shen Yi
Ong Tiong Guan (Appointed on May 21, 2014)
Tan Boon Leng

2. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures
Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. Directors' interests in shares and debentures
The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and its related companies as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Interest held	
Name of directors and corporations in which interests are held	**At beginning of year, or date of appointment, if later**	**At end of year**
Interest in Keppel Corporation Limited		
(Ordinary shares)		
Paul Ma Kah Woh	55,000	65,000
Quek Soo Hoon	17,665	17,435
Thio Shen Yi	2,200	2,200
Ong Tiong Guan	561,125	561,125
Tan Boon Leng	29,200	53,304
Interest in Keppel REIT (Units)		
Paul Ma Kah Woh	15,400	15,400
Quek Soo Hoon	7,181	4,881
Thio Shen Yi	816	816
Ong Tiong Guan (deemed interest)	141,680	141,680
Tan Boon Leng	8,176	8,176
Interest in Keppel Land Limited		
(Ordinary shares)		
Khor Poh Hwa	-	600
Quek Soo Hoon	580	-

4. Directors' receipt and entitlement to contractual benefits
Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements and that certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

(a) Options to take up unissued shares
During the financial year, no options to take up unissued shares of the company were granted.

(b) Options exercised
During the financial year, there was no share of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued share under options
At the end of the financial year, there was no unissued share of the company under options.

6. Auditors
The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Khor Poh Hwa **Ong Tiong Guan**

January 28, 2015

Statement of Directors

In the opinion of the directors, the financial statements as set out on pages 6 to 18 are drawn up so as to give a true and fair view of the state of affairs of the company as at December 31, 2014 and of the results, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Khor Poh Hwa **Ong Tiong Guan**

January 28, 2015

Report on the Financial Statements
We have audited the accompanying financial statements of Keppel Infrastructure Fund Management Pte Ltd (the "company"), which comprise the statement of financial position as at December 31, 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 18.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at December 31, 2014 and of the results, changes in equity and cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche

DELOITTE & TOUCHE LLP
Public Accountants and
Chartered Accountants

Singapore
January 28, 2015

Statement of Financial Position

December 31, 2014

	Note	2014 $'000	2013 $'000
Assets			
Current assets			
Cash, bank and deposit balances	7	**6,643**	5,196
Trade and other receivables	8	**2,505**	2,226
Total current assets		**9,148**	7,422
Non-current asset			
Plant and equipment	9	**45**	85
Total assets		**9,193**	7,507
Liabilities and equity			
Current liabilities			
Other payables	10	**1,445**	1,449
Income tax payable		**313**	316
Total current liabilities		**1,758**	1,765
Capital and reserves			
Share capital	11	**1,000**	1,000
Revenue reserves		**6,435**	4,742
Total equity		**7,435**	5,742
Total liabilities and equity		**9,193**	7,507

See accompanying notes to financial statements.

Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2014

	Note	2014 $'000	2013 $'000
Revenue	6	**4,769**	4,698
Other income		**-**	15
Staff costs	12	**(2,117)**	(2,331)
Depreciation	9	**(43)**	(46)
Other operating expenses	13	**(653)**	(644)
Interest income	5	**21**	14
Profit before income tax		**1,977**	1,706
Income tax expense	14	**(284)**	(261)
Profit for the year, representing total comprehensive income for the year		**1,693**	1,445

See accompanying notes to financial statements.

Statement of Changes in Equity

Year ended December 31, 2014

	Share capital $'000	Revenue reserves $'000	Total $'000
Balance as at January 1, 2013	1,000	3,297	4,297
Profit for the year, representing total comprehensive income for the year	-	1,445	1,445
Balance as at December 31, 2013	1,000	4,742	5,742
Profit for the year, representing total comprehensive income for the year	**-**	**1,693**	**1,693**
Balance as at December 31, 2014	**1,000**	**6,435**	**7,435**

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2014

	2014 $'000	2013 $'000
Operating activities		
Profit before income tax	**1,977**	1,706
Adjustments for:		
Interest income	**(21)**	(14)
Depreciation	**43**	46
Operating cash flows before movements in working capital	**1,999**	1,738
Trade and other receivables	**(278)**	13
Other payables	**(4)**	(245)
Cash generated from operations	**1,717**	1,506
Income tax paid	**(287)**	(256)
Interest received	**20**	14
Net cash from operating activities	**1,450**	1,264
Investing activity		
Purchase of plant and equipment, representing net cash used in investing activity	**(3)**	(6)
Net increase in cash and cash equivalents	**1,447**	1,258
Cash and cash equivalents at the beginning of the year	**5,196**	3,938
Cash and cash equivalents at the end of the year (Note 7)	**6,643**	5,196

See accompanying notes to financial statements.

1. General

The company (Registration No. 200803959H) is incorporated in Singapore with its principal place of business at 108 Pasir Panjang Road, #03-01 Golden Agri Plaza, Singapore 118535 and registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

The company's principal activity is that of trust management.

The company is the Trustee-Manager of Keppel Infrastructure Trust ("KIT"), which was formerly known as K-Green Trust. The Trustee-Manager is responsible for safeguarding the interests of unitholders and for carrying out KIT's investment and financing strategies, asset acquisition and disposal policies and for the overall management of KIT's assets.

The financial statements of the company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on January 28, 2015.

2. Summary of significant accounting policies

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2014, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Impact of the application of FRS 110 Consolidated Financial Statements

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee.

The powers conferred on the company, as the Trustee-Manager of KIT, is subject to the provisions of the Trust Deed. Specifically, the Trustee-Manager is responsible for safeguarding the interests of unitholders and for carrying out KIT's investment and financing strategies, asset acquisition and disposal policies and for the overall management of KIT's assets. The right of the Trustee-Manager is considered to be protective rather than substantive in nature, and not intended to prevent the Trustee-Manager from using the delegated decision-making authority to manage the relevant activities of KIT. Accordingly, management has determined that the company has no control over KIT.

Management anticipates that the adoption of new FRSs, INT FRSs and amendments to FRS that were issued but not effective until future periods will not have a material impact on the financial statements of the company in the year of its initial adoption except as disclosed below:

FRS 115 Revenue from Contracts with Customers
In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2017. The company is currently evaluating the impact of the changes in the period of initial adoption and does not expect it to be material.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the company’s statement of financial position when the company becomes a party to the contractual provisions of the instruments.

<u>Effective interest method</u>
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments.

Financial assets

<u>Cash and cash equivalents</u>
Cash and cash equivalents comprise cash on hand, bank balances and deposits placed with a related company that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

<u>Trade and other receivables</u>
Trade and other receivables that have fixed or determined payments that are not quoted in an active market are classified and accounted for as “loans and receivables”. These are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

2. Summary of significant accounting policies (continued)

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account. When the amount due from related companies is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity
Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities
Other payables and amounts due to related companies/parties are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities
The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or expired.

Offsetting arrangements
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

The company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Office renovation	-	5 years
Office equipment	-	3 to 5 years
Furniture and fittings	-	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable.

Management and Performance Fee income

Management and Performance Fee income are recognised when service is performed, on a straight-line basis over the period of service.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

RETIREMENT BENEFIT COSTS – Payment to defined contribution retirement benefits plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2. Summary of significant accounting policies (continued)

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

INCOME TAX - Income tax expense represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Current and deferred taxes are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the company are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, cash at banks and deposits placed with a related party that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements.

4. Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	2014 $'000	2013 $'000
Financial assets - loans and receivables (including cash and cash equivalents)	**9,002**	7,195
Financial liabilities - payables, at amortised cost	**1,414**	1,416

(b) Financial risk management policies and objectives

The company's overall financial risk management seeks to minimise potential adverse effects of financial performance of the company. There have been no changes to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The company's exposure to foreign exchange risk is minimal as it does not have any foreign currency denominated balances at the end of the financial year. Accordingly, no sensitivity analysis is performed and presented.

(ii) Interest rate risk management

The company's exposure to interest rate risk is minimal, which is only on the interest-bearing deposits placed with a related party (Note 7). Accordingly, no sensitivity analysis is performed and presented.

(iii) Credit risk management

The company has adopted procedures in extending credit terms to its customer and in monitoring its credit risk. The company only grants credit to creditworthy counterparties. The trade receivables that are neither past due nor impaired relate to related companies that the company has assessed to be creditworthy, based on the credit evaluation process performed by management. Cash is held with creditworthy institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. As at the end of the financial year, there is a significant concentration of credit risks with KIT, for the duration of the Trust Deed entered into.

(iv) Liquidity risk management

In the management of liquidity risk, the company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the company's operations and mitigate the effects of fluctuations in cash flows. The management manages liquidity risk by maintaining adequate reserves and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All financial assets and financial liabilities as at the end of the financial year are payable on demand or due within 1 year from the end of the financial year.

(v) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of the financial assets and financial liabilities at the end of the financial year to approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of equity attributable to equity holders of the company, comprising issued capital and revenue reserves.

4. Financial instruments, financial risks and capital risks management (continued)

Management reviews the capital structure on an annual basis. The company will balance its overall capital, payment of dividends, new share issues, obtain new borrowings or sell assets to reduce borrowings.

The company's overall strategy remains unchanged from prior year.

5. Holding company and related companies transactions

The company is a wholly-owned subsidiary of Keppel Integrated Engineering Limited, incorporated in Singapore, which is, in turn, a wholly-owned subsidiary of Keppel Infrastructure Holdings Pte Ltd, incorporated in Singapore. The ultimate holding company is Keppel Corporation Limited, incorporated in Singapore. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the company's transactions and arrangements were between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

Significant intercompany transactions are as follows:

	2014 $'000	2013 $'000
General office support and corporate services	**(310)**	(165)
Interest income	**21**	14

6. Other related party transactions

Some of the company's transactions and arrangements were with related parties and the effect of these, on the basis determined between the parties, is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

(i) Significant related party transactions are as follows:

	2014 $'000	2013 $'000
An associate of immediate holding company		
Management fee income	**2,253**	2,200
Performance fee income	**2,516**	2,498

(ii) Compensation of directors and key management personnel

	2014 $'000	2013 $'000
Short-term employee benefits	**(1,426)**	(1,491)
Employer's contribution to Central Provident Fund	**(77)**	(71)
Share-based payment	**(269)**	(392)
Directors' fees	**(266)**	(266)

7. Cash, bank and deposit balances

	2014 $'000	2013 $'000
Cash at bank	**13**	131
Cash on hand	**1**	2
Deposit placed with a related company (Note 5)	**6,629**	5,063
Cash and cash equivalents	**6,643**	5,196

The deposit placed with a related company bears effective interest at 0.30% to 0.33% (2013: 0.17% to 0.36%) per annum for tenure of less than 3 months (2013: 3 months).

8. Trade and other receivables

	2014 $'000	2013 $'000
Trade receivables (Note 6):		
Related party (trade)	**2,034**	1,989
Other receivables:		
Related party (non trade) (Note 6)	**325**	10
Prepayments	**146**	227
	471	237
Total	**2,505**	2,226

The average credit period is 60 days (2013: 60 days). No interest is charged on the outstanding trade receivables.

9. Plant and equipment

	Office renovation $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Cost:				
At January 1, 2013	181	39	2	222
Additions	-	6	-	6
At December 31, 2013	181	45	2	228
Additions	2	-	1	3
At December 31, 2014	**183**	**45**	**3**	**231**
Accumulated depreciation:				
At January 1, 2013	70	25	2	97
Depreciation	36	10	-	46
At December 31, 2013	106	35	2	143
Depreciation	37	6	*	43
At December 31, 2014	**143**	**41**	**2**	**186**
Carrying amount:				
At December 31, 2014	**40**	**4**	**1**	**45**
At December 31, 2013	75	10	-	85

* Less than $1,000

10. Other payables

	2014 $'000	2013 $'000
Other payables:		
Accrued expenses	**1,276**	1,280
Goods and services tax payable	**31**	33
	1,307	1,313
Due to:		
Ultimate holding company (Note 5)	**44**	38
Related companies (Note 5)	**94**	98
	138	136
Total	**1,445**	1,449

Average credit period for purchase goods and services is 30 days (2013: 30 days). No interest is charged on overdue balances.

11. Share capital

	Number of ordinary shares 2014 '000	2013 '000	2014 $'000	2013 $'000
Issued and paid up:				
At beginning and end of year	**1,000**	1,000	**1,000**	1,000

The ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

12. Staff costs

	2014 $'000	2013 $'000
Short-term employee benefits	**1,705**	1,860
Employer's contribution to Central Provident Fund	**147**	121
Share-based payment	**265**	350
Total	**2,117**	2,331

13. Other operating expenses

	2014 $'000	2013 $'000
Directors' fees	**266**	266
Administrative, general office support and corporate services (Note 5)	**310**	206
Professional fees	**45**	46
Others	**32**	126
Total	**653**	644

14. Income tax expense

	2014 $'000	2013 $'000
Current year tax	**313**	261
Overprovision of current tax in prior year	**(29)**	-
	284	261

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the year.

The total income tax expense for the year can be reconciled to the profit before income tax as follows:

	2014 $'000	2013 $'000
Profit before income tax	**1,977**	1,706
Tax at the domestic income tax rate	**336**	290
Non deductible items	**33**	27
Overprovision of current tax in prior year	**(29)**	-
Tax-exempt income	**(26)**	(26)
Tax rebate	**(30)**	(30)
	284	261