Keppel Infrastructure Fund Management Pte. Ltd.
Registration No. 200803959H

Driving Growth

Directors' Statement and Financial Statements
Year ended December 31, 2022

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Keppel Infrastructure Fund Management Pte. Ltd.

Registration No. 200803959H

Directors' Statement

The directors present their statement together with the audited financial statements of the Company for the financial year ended December 31, 2022.

In the opinion of the directors, the financial statements as set out on pages 6 to 20 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2022, and the financial performance, 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 as and when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are:

Daniel Cuthbert Ee Hock Huat
Mark Andrew Yeo Kah Chong
Kunnasagaran Chinniah
Susan Chong Suk Shien
Adrian Chan Pengee (appointed on October 1, 2022)
Christina Tan Hua Mui

2 Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, 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 corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and corporations in which interests are held	Interest held At beginning of year or date of appointment, if later	At end of year
Interest in Keppel Corporation Limited		
Ordinary shares		
Daniel Cuthbert Ee Hock Huat	20,000	20,000
Adrian Chan Pengee	3,000	3,000
Christina Tan Hua Mui	473,160	814,530
Shares under Restricted Share Plan[1]		
Christina Tan Hua Mui	111,915	157,933
Share under Performance Share Plan[1]		
Christina Tan Hua Mui	490,000	520,000
Share under Performance Share Plan – Transformation Incentive[1]		
Christina Tan Hua Mui	690,000	365,000

(1) Details regarding Keppel Corporation Limited's Restricted Share Plan and Performance Share Plan are disclosed in the annual report of Keppel Corporation Limited.

4 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.

5 Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Daniel Ee — Christina Tan

Daniel Cuthbert Ee Hock Huat — **Christina Tan Hua Mui**

February 17, 2023

Independent Auditor's Report to the Member of Keppel Infrastructure Fund Management Pte. Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying financial statements of Keppel Infrastructure Fund Management Pte. Ltd. (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Company as at December 31, 2022 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at December 31, 2022;
- the statement of comprehensive income for the financial year then ended;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act, SFRS(I)s and IFRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, February 17, 2023

Statement of Financial Position
As at December 31, 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash, bank and deposit balances	8	9,564	6,513
Trade and other receivables	9	15,840	2,770
Total current assets		25,404	9,283
Non-current asset			
Deferred income tax	10	-	120
Total assets		25,404	9,403
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	11	5,275	4,064
Income tax payable		3,896	932
Total current liabilities		9,171	4,996
Non-current liability			
Other payables	11	451	20
Equity			
Share capital	12	1,000	1,000
Revenue reserves		14,782	3,387
Total equity		15,782	4,387
Total liabilities and equity		25,404	9,403

See accompanying notes to financial statements.

Statement of Comprehensive Income
Year ended December 31, 2022

	Note	2022 $'000	2021 $'000
Revenue	6	**48,964**	15,454
Interest income	5	**48**	6
Staff costs	13	**(4,668)**	(5,127)
Other operating expenses	14	**(11,575)**	(5,436)
Government grant income		**52**	42
Profit before income tax		**32,821**	4,939
Income tax expense	15	**(3,926)**	(811)
Profit for the year, representing total comprehensive income for the year		**28,895**	4,128

See accompanying notes to financial statements.

Statement of Changes in Equity

Year ended December 31, 2022

	Share capital $'000	Revenue reserves $'000	Total $'000
Balance as at January 1, 2021	1,000	3,459	4,459
Profit for the year, representing total comprehensive income for the year	-	4,128	4,128
Dividends (Note 16)	-	(4,200)	(4,200)
Balance as at December 31, 2021	1,000	3,387	4,387
Balance as at January 1, 2022	**1,000**	**3,387**	**4,387**
Profit for the year, representing total comprehensive income for the year	**-**	**28,895**	**28,895**
Dividends (Note 16)	**-**	**(17,500)**	**(17,500)**
Balance as at December 31, 2022	**1,000**	**14,782**	**15,782**

See accompanying notes to financial statements.

Statement of Cash Flows
Year ended December 31, 2022

	2022 $'000	2021 $'000
Operating activities		
Profit before income tax	32,821	4,939
Adjustments for:		
Interest income	(48)	(6)
Unit and share plans expenses	735	(264)
Operating cash flows before movements in working capital	33,508	4,669
Trade and other receivables	(13,068)	993
Other payables	907	1,365
Cash generated from operations	21,347	7,027
Interest received	46	6
Income tax paid	(842)	(1,418)
Net cash generated from operating activities	20,551	5,615
Financing activity		
Dividends paid, representing cash used in financing activity (Note 16)	(17,500)	(4,200)
Net increase in cash and cash equivalents	3,051	1,415
Cash and cash equivalents at the beginning of the year	6,513	5,098
Cash and cash equivalents at the end of the year (Note 8)	9,564	6,513

See accompanying notes to financial statements.

1 General

The Company (Registration No. 200803959H) is incorporated in Singapore. The registered address and principal place of business of the Company is 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" or the "Trust"), which was formerly known as CitySpring Infrastructure Trust, from May 18, 2015 onwards. The Trustee-Manager is responsible for safeguarding the interests of unitholders and for carrying out KIT's investments and financing strategies, asset acquisitions and disposal policies and for the overall management of KIT's assets.

2 Summary of significant accounting policies

BASIS OF PREPARATION - The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

On January 1, 2022, the Company has adopted the new or amended SFRS(I)s and Interpretations of SFRS(I)s ("INT SFRS(I)s") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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.

Financial assets

(a) Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments mainly comprise of amounts due from related companies. Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

(b) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(b)(iii) details how the Company determines whether there has been a significant increase in credit risk.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Offsetting of financial instruments

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.

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.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 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.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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 – Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

TRADE AND OTHER PAYABLES - Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

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 recognised over time at the fair value of the consideration received or receivable.

Previous Fee Structure
A base fee of $2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010.

Performance fee is charged at 4.5% per annum on all the cash inflows received by the Trust from subsidiaries, associates, sub-trusts, and its investments (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts).

New Fee Structure
A base fee at a rate equal to 10% per annum of KIT Group distributable income, before accounting for the base fee and performance fee under the New Fee Structure for the relevant period.

Performance fee is charge at a rate equal to 25% per annum of the increase (if any) in Distribution Per Unit (DPU) as declared by the Trustee-Manager in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of units in issue for such financial year.

The New Fee Structure is effective July 1, 2022 and will be progressively implemented as follows:

I. Base fee

Period	Proportion of Previous Fee Structure	Proportion of New Fee Structure
July 2022 to September 2022	67%	33%
October 2022 to December 2022	33%	67%
FY2023 onwards	0%	100%

II. Performance fee

- For January 2022 to June 2022, performance fee is based on the Existing Fee Structure
- Total performance fee for FY2022 will be calculated on performance fee based on New Fee Structure less performance fee charged for the period January 2022 to June 2022 as above
- Performance fee under the New Fee Structure will take full effect from FY2023 onwards

Other fees
In addition to the Base Fee and the Performance Fee, the Trustee-Manager (in its personal capacity) is also entitled to receive an Acquisition Fee in respect of any investment acquired by the Trust or such other special purpose vehicles holding or constituted to hold the Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or its special purpose vehicles. The Acquisition Fee and Divestment Fee are charged at 1% (or 0.5% for an acquisition from its sponsor group) on the enterprise value of the investment acquired and 0.5% for investment divested respectively.

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

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

DEFINED CONTRIBUTION PLANS – 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.

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.

SHARE-BASED COMPENSATION - The Company has cash-settled share-based and unit-based compensation plans. The fair value of the employee services received in exchange for the grant of share and units is recognised as an expense in the profit and loss account with a corresponding increase in the provision for employee share and unit plan over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the share and units granted on the respective dates of grant.

At each balance sheet date, the Company revises its estimates of the number of share and units that are expected to become exercisable as well as share and unit plan awards that are expected to vest on the vesting dates and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the provision for employee share and unit plan over the remaining vesting period.

No expense is recognised for share and unit plan awards that do not ultimately vest.

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 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 ("functional currency").

Transactions in currencies other than the Company's functional currency ("foreign 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.

GOVERNMENT GRANTS - Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received, and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

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 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:

	2022 $'000	2021 $'000
Financial assets, at amortised cost	25,304	9,269
Financial liabilities, at amortised cost	5,413	3,909

(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 8). Accordingly, no sensitivity analysis is performed and presented.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Company assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets which are mainly trade and other receivables and cash and cash equivalents.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

In calculating the lifetime expected credit loss rates, the company considers historical loss rates of counterparties and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the counterparties to settle the receivables.

Receivables are written off when there is no reasonable expectation of recovery, such as a counterparty failing to engage in repayment plan with the Company. The Company considers a financial asset is in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at December 31, 2022 and December 31, 2021, there is a significant concentration of credit risks with KIT, for the duration of the Trust Deed entered into. The Company has assessed that KIT have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from the obligations.

(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 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, except for non-current other payables (Note 11).

(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.

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 Capital Holdings Pte. Ltd. ("KCH"), which is, in turn, a wholly-owned subsidiary of Keppel Corporation Limited ("KCL"). KCL and KCH are 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:

	2022 $'000	2021 $'000
General office support, corporate and outsourcing services	**(10,472)**	(4,333)
Interest income from a related company	**48**	6

6 Revenue

Revenue consists of the following fee income from the Trust and its group of companies:

	2022 $'000	2021 $'000
Trust and its group of companies		
Management fee income	**9,550**	2,284
Performance fee income	**4,819**	9,469
Corporate service fee income	**156**	312
Acquisition fees income	**34,439**	3,389
Total	**48,964**	15,454

7 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.

Compensation of directors and key management personnel

	2022 $'000	2021 $'000
Short-term employee benefits	**(1,954)**	(954)
Employer's contribution to Central Provident Fund	**(52)**	(42)
Share-based payments	**(406)**	(267)
Directors' fees	**(697)**	(723)

During the year, the Company has elected to receive the management and performance fee from KIT by a combination of both cash and issue of units. The units received of 526,430 (2021: 825,566) were used to settle the unit-based compensation plans for employees of 232,030 (2021: 557,666) and 30% (2021: 30%) of the total Directors' fees paid to the independent directors of 294,400 (2021: 267,900).

8 Cash, bank and deposit balance

	2022 $'000	2021 $'000
Target balancing arrangement with a related company	6,024	1,811
Short-term placement with a related company	3,540	4,702
Cash and cash equivalents	9,564	6,513

The short-term placement with a related company bears effective interest at 0.15% to 4.03% (2021: 0.09% to 0.24%) per annum for tenure of less than 4 months (December 31, 2021: 3 months).

9 Trade and other receivables

	2022 $'000	2021 $'000
Trade receivables – from Trust	15,101	2,672
Other receivables:		
Related companies (non-trade)	13	1
Trust and its group of Companies (non-trade)	626	81
Prepayments	100	14
Grant receivable	-	2
	739	98
Total	15,840	2,770

The average credit period is 60 days (December 31, 2021: 60 days). No interest is charged on the outstanding trade receivables.

All trade receivables are neither past due nor impaired.

The Company's other receivables due from related companies and related parties are unsecured, interest-free and repayable on demand.

10 Deferred income taxes

	2022 $'000	2021 $'000
Deferred tax asset	-	120

The movement in the net deferred income tax account is as follows:

Provisions

	2022 $'000	2021 $'000
Beginning of financial year	120	120
Tax credited to		
- profit or loss (Note 15)	(120)	-
End of financial year	-	120

11 Other payables

	2022 $'000	2021 $'000
Current		
Other payables:		
Accrued expenses	**4,354**	3,640
Goods and services tax payable	**313**	175
Provisions for employee unit and share plans	**100**	35
Other creditors	**-**	2
	4,767	3,852
Due to:		
Related companies	**508**	212
	508	212
Total	**5,275**	4,064
Non-current		
Other payables:		
Provisions for employee unit plans and share plans	**451**	20
Total	**451**	20

Average credit period for purchase goods and service is 30 days (2021: 30 days). No interest is charged on overdue balances.

Amounts due to related companies are unsecured, interest-free and repayable on demand.

12 Share capital

	Number of ordinary shares			
	2022 '000	2021 '000	2022 $'000	2021 $'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.

13 Staff costs

	2022 $'000	2021 $'000
Short-term employee benefits	**3,626**	5,056
Employer's contribution to Central Provident Fund	**307**	335
Share-based payments	**735**	(264)
Total	**4,668**	5,127

13 Staff costs (continued)

KIFM Unit Plans

(a) The KIFM RUP and KIFM PUP were approved and administered by the Nominating and Remuneration Committee of the Company.

(b) The Company is the trustee-manager of KIT. The awards granted by the Company will be settled in KIT Units. Details of the KIFM RUP and KIFM PUP are as follows:

	KIFM RUP	KIFM PUP
Plan Description	Award of fully-paid KIT Units, conditional on fulfilment of service requirements	Award of fully-paid KIT Units, conditional on achievement of pre- determined targets over a three-year performance period
Performance Conditions	Nil	(a) Asset under Management Growth (b) Absolute Total Unitholder's Return (c) Distribution per Unit
Final Award	100% of the contingent award granted, subject to fulfilment of service requirements	0% to 150% of the contingent awards granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements

(c) For Year 2021, the Company granted contingent deferred awards of 491,190 KIT Units under KIFM RUP on February 15, 2022, to be vested equally over 3 years from February 15, 2022 onwards provided the employees remain in employment. For Year 2022, the contingent deferred units will be granted in 2023 after taking into consideration KIT's and individual performance. Subject to the fulfilment of service conditions at vesting, the contingent deferred units will vest equally over three years from February 2023 onwards.

(d) On April 29, 2022, the Company granted contingent awards of 640,000 KIT Units under KIFM PUP. The estimated fair value of the KIT Units granted under KIFM PUP is $0.42. The fair values of the contingent awards are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility. The significant inputs into the model are as follows:

	2022		2021	
	RUP	**PUP**	RUP	PUP
Date of grant	**15.02.22**	**29.04.2022**	15.02.21	30.04.21
Prevailing unit price at date of grant	**$0.545**	**$0.555**	$0.54	$0.55
Expected volatility				
Keppel Infrastructure Trust	**17.194%**	**17.287%**	19.389%	19.031%
Expected term	**0 – 2.00 years**	**2.83 years**	0 – 2.00 years	2.83 years
Risk free rate	**NA – 1.264%**	**2.170%**	NA – 0.336%	0.559%

(e) The expected volatilities are based on the historical volatilities of KIT's unit price and the FSTREI Index price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

As at December 31, 2022, the Company has updated the fair value of the KIT Units for the award granted but not yet vested using the market rate as at December 30, 2022 of $0.54.

(f) The CEO and senior management of the Company, who are eligible for KIFM PUP, are required to hold a portion of the KIT Units released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in KIT thus further aligning their interests with the unitholders.

(g) Movements in the number of KIT Units under KIFM RUP and KIFM PUP are as follows:

	2022		2021	
	RUP	PUP	RUP	PUP
At 1 January	102,672	-	611,417	960,000
Released	491,190	-	542,121	-
Vested	(232,030)	-	(557,666)	-
Contingent awards granted	-	640,000	-	700,000
Cancelled/Forfeited	-	-	(493,200)	(1,660,000)
At 31 December	361,832	640,000	102,672	-

Under KIFM RUP, there were 361,832 (2021: 102,672) restricted KIT Units that were released but not vested as at December 31, 2022.

Under KIFM PUP, there were 640,000 (2021: nil) contingent awards of performance KIT Units that were granted but not released as at December 31, 2022. Depending on the achievement of pre-determined performance targets, the actual number of performance KIT Units to be released can range from 0% to 150% of the contingent awards granted.

KIFM Share Plans

(a) The Company has share plans, which comprise the Restricted Share Plan and Performance Share Plan of its ultimate holding company, KCL. The share plans were approved and administered by KCL board of directors.

Details of the share plans are disclosed in the Annual Report of the ultimate holding company.

14 Other operating expenses

	2022 $'000	2021 $'000
Directors' fees	697	723
Administrative, general office support and corporate services (Note 5)	10,472	4,333
Professional fees	247	294
Others	159	86
Total	11,575	5,436

15 Income taxes

	2022 $'000	2021 $'000
Current year tax	4,030	860
Under/(over) provision of current tax in prior year	16	(49)
Deferred income tax (Note 10)	(120)	-
Income tax expense recognised in profit or loss	3,926	811

The tax on profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2022 $'000	2021 $'000
Profit before income tax	32,821	4,939
Tax at the domestic income tax rate	5,580	840
Non-deductible items	136	38
Income not subject to tax	-	(1)
Under/(over) provision of current tax in prior year	16	(49)
Tax-exempt income	(17)	(17)
Tax incentive	(1,789)	-
Net	3,926	811

The Company received the Financial Sector Incentive Scheme ("FSI") award from January 1, 2022 until December 31, 2032. Under the FSI Scheme, fees derived from fund management or investment advisory services of qualifying funds will be taxed at a concessionary tax rate of 10% whilst fees from non-qualifying funds will be tax at the Singapore income tax rate applicable for the relevant year of assessment.

16 Dividends

During the financial year, the Company declared and paid tax-exempt (1-tier) interim dividends of $17.50 (2021: $4.20) per share amounting to $17,500,000 (2021: $4,200,000).

17 Authorisation of financial statements

The financial statements of the Company for the year ended December 31, 2022 were authorised for issue by the Board of Directors on February 17, 2023.

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