Keppel Infrastructure Trust

Harnessing Strengths

Report to Unitholders 2015

Harnessing Strengths

The Keppel Group harnesses and synergises the distinctive strengths of its multi businesses to capture opportunities arising from the global demand for energy, sustainable urbanisation and connectivity. Our strong culture and enduring values drive our people to strive for execution excellence and operational efficiency. With financial discipline and sharp focus on optimising returns, we will seize opportunities as well as innovate solutions and services to build a long-term and competitive position and capture sustainable returns for our stakeholders.

Overview

Operations & Sustainability

Statutory Reports & Financial Statements

Governance

Other Information

Financial Highlights

Financial Summary
(for the financial year from 1 April 2015 to 31 December 2015)[1]

	For the 9 months ended 31 December 2015 S$'000	For the 12 months ended 31 March 2015 S$'000	% Change
Cash generated from operations	**127,636**	153,081	(16.6)
Total distribution	**150,892**[2]	49,820	>100
Distribution per unit (cents)	**5.67**[2]	3.28	72.9
Distribution yield[3]	**7.29%**[4]	6.07%	20.1

Balance Sheet

	As at 31 December 2015 S$'000	As at 31 March 2015 S$'000	% Change
Total assets	**4,115,478**	1,769,516	>100
Total liabilities	**2,514,692**	1,570,787	60.1
Unitholders' funds	**1,359,788**	186,874	>100
Market capitalisation[5]	**1,967,035**	820,202	>100
Number of units in issue ('000)	**3,856,932**	1,518,893	>100
Net asset value per unit (cents)	**35.3**	12.3	>100
Adjusted net asset value per unit (cents)[6]	**41.2**	29.6	39.2

Distribution Per Unit

	For the 9 months ended 31 December 2015 cents	For the 12 months ended 31 March 2015 cents
For the period from April 1, 2014 to June 30, 2014	**-**	0.82
For the period from July 1, 2014 to September 30, 2014	**-**	0.82
For the period from October 1, 2014 to December 31, 2014	**-**	0.82
For the period from January 1, 2015 to March 31, 2015	**-**	0.82
For the period from April 1, 2015 to May 17, 2015	**0.42**	-
For the period from May 18, 2015 to May 28, 2015	**0.11**	-
For the period from May 29, 2015 to June 30, 2015	**0.25**	-
For the period from July 1, 2015 to September 30, 2015	**0.93**	-
For the period from October 1, 2015 to December 31, 2015	**0.93**	-
Special distribution	**3.03**	-
Total distribution	**5.67**	3.28

1 On 19 October 2015, Keppel Infrastructure Trust announced the change of its financial year end from 31 March to 31 December.
2 This includes the special distribution of 3.03 cents paid during the year.
3 Based on total distribution per unit divided by closing unit price as at the last trading day for the financial year.
4 Based on the annualised distribution per unit of 1.86 cents for 2H 2015.
5 Based on closing unit price as at the last trading day for the financial year.
6 Based on total issued units before hedging and translation reserves.

Chairman's Statement

Koh Ban Heng
Chairman

With a significantly larger scale, KIT is better positioned to execute its growth strategies in the increasingly competitive infrastructure investment space.

Key Performance 2015

- KIT completed the combination with Crystal Trust and raised $525 million of new equity to finance the acquisition of a 51% stake in KMC.
- KIT's market value and total assets increased by almost 3 and about 2.5 times respectively, making it the largest Singapore infrastructure-focused business trust listed on the Main Board of the Singapore Exchange.
- KIT was included as a constituent member of the FTSE ST Large/Mid Cap Index and FTSE ST Mid Cap Index.

DPU for 2H 2015

1.86cts

KIT declared regular distribution per unit of 1.86 cents during 2H 2015.

Annualised Distribution Yield

7.29%

KIT's distribution per unit of 1.86 cents for 2H 2015 represents an annualised distribution yield of 7.29%.

Dear Unitholders,

On behalf of the Board and management of the Trustee-Manager, Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), I am pleased to present Keppel Infrastructure Trust's (KIT) annual report for the nine months ended 31 December 2015.

Positioned for growth

2015 was a transformational year for KIT. During the year, KIT completed the combination with Crystal Trust and raised $525 million of new equity, in what was Singapore's largest equity fund raising exercise in 2015, to finance the acquisition of a 51% stake in Keppel Merlimau Cogen (KMC).

As a result, KIT's market value and total assets increased by almost 3 and about 2.5 times respectively, making it the largest Singapore infrastructure-focused business trust listed on the Main Board of the Singapore Exchange. On 21 September 2015, KIT was included as a constituent member of the FTSE ST Large/Mid Cap Index and FTSE ST Mid Cap Index.

KIT offers Unitholders exposure to a diversified portfolio of core infrastructure assets (including waste management, water and wastewater treatment concessions, piped town gas production and retailing, and power production and transmission), which generate long-term and predictable cash flows that are substantially uncorrelated to economic conditions.

With a significantly larger scale, KIT is now able to pursue larger acquisitions and respond more nimbly in competitive sale situations, and is better positioned to execute its growth strategies in the increasingly competitive infrastructure investment space.

Through the equity fund raising exercise, a significant portion of KIT's unitholdings is now held by institutional and corporate investors. Moreover, the Trust has attracted increased investor interest, trading liquidity and research coverage, all of which have strengthened its ability to raise new capital for investments.

Competition for core infrastructure assets continues to intensify. Sustained low interest rates and significant capital inflows into the sector have compressed yields and driven up asset prices.

To generate better risk-adjusted returns and growth for Unitholders, the Trustee-Manager, in addition to its traditional focus on core infrastructure assets, will consider adding to its portfolio core-plus infrastructure businesses or platforms that can generate steady long-term infrastructure-like cash flows and benefit from organic growth or future expansion.

On 25 January 2016, KIFM was notified of Keppel Corporation Limited's intention to consolidate its interests in all four of its subsidiaries in business trust management, real estate investment trust management and fund management under Keppel Capital Holdings Pte. Ltd. This includes Keppel Infrastructure Holdings Pte. Ltd.'s interest in KIFM.

Scheduled to be completed by the second half of 2016, the proposed consolidation is expected to improve the operational efficiency and performance of the Trustee-Manager through centralising certain non-regulated support functions and creating a larger platform that will enhance recruitment and retention of talent, as well as sharing of best practices. This will in turn benefit the Unitholders of KIT.

Delivering steady distributions

I am pleased to report that KIT declared regular distribution per unit (DPU) of 1.86 cents during the second half of 2015, which represents an annualised distribution yield of 7.29% based on the unit closing price of $0.51 on 31 December 2015. The Trust also made a one-off DPU of 1.98 cents and 1.05 cents before and after the combination with Crystal Trust, respectively.

In 2015, the Senoko Waste-to-Energy (WTE) Plant and Keppel Seghers Tuas WTE Plant continued to meet the required performance and customer service standards under the Incineration Service Agreements with Singapore's National Environment Agency. The Senoko WTE Plant Upgrade project is progressing as planned, with three boilers upgraded as at end January 2016. The upgrade of all six boilers, which will result in a 10% capacity increase, is on track to be completed by the third quarter of 2016.

In 2015, Singapore experienced prolonged dry spells during which both the Keppel Seghers Ulu Pandan NEWater Plant and

Chairman's Statement

KMC received full capacity payments during the second half of 2015 after the acquisition of a 51% stake by the Trust.

SingSpring Desalination Plant successfully stepped up production to meet Singapore's water needs.

KMC received full capacity payments during the second half of 2015 after the acquisition of a 51% stake by the Trust. The Trustee-Manager will continue to work closely with the KMC operations and maintenance contractor, as we have with our other plants, to ensure that KMC meets its obligations.

City Gas continued to deliver stable growth and performance. Its customer base increased by 3.5% from 724,000 to 749,000 during the nine-month period from 1 April 2015 to 31 December 2015, while 1.27 billion kWh of town gas was sold over the same period.

The Basslink Interconnector went out of service on 20 December 2015 due to a cable fault. The Basslink team responded swiftly by implementing the marine disaster recovery plan, and is working hard to return the Interconnector to service as soon as possible. The outage had no impact on KIT's distributions in 2015.

DataCentre One is scheduled to complete construction in the first quarter of 2016, and will start generating revenue thereafter.

With a substantial portion of the loan portfolio hedged, the impact of future interest rate hikes on KIT's cash flows would be mitigated.

01

02

Acknowledgements

We welcome Mr Mark Andrew Yeo Kah Chong and Mr Kunnasagaran Chinniah, who joined the KIFM Board as non-executive and independent directors during the second half of 2015.

We also offer our heartfelt thanks to the outgoing non-executive and independent directors, Mr Paul Ma Kah Woh and Mr Alan Ow Soon Sian, for their service and contributions to the KIFM Board since 2010.

I wish to express my appreciation to fellow Board members for their guidance to the Trustee-Manager, and to our Unitholders and business partners for their continued confidence and support.

Finally, I would like to thank the management and staff of KIFM for their valued contributions to KIT.

Yours sincerely,

Koh Ban Heng
Chairman
Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of
Keppel Infrastructure Trust)
24 February 2016

01 *The Trustee-Manager works closely with the KMC operations and maintenance contractor to ensure that KMC meets its obligations.*

02 *City Gas' customer base increased by 3.5% from 724,000 to 749,000 during the nine-month period from 1 April 2015 to 31 December 2015.*

Board of Directors

Mr Koh Ban Heng age 67
Chairman
Independent Director

Bachelor of Science (Applied Chemistry),
Post-Graduate Diploma in
Business Administration,
University of Singapore

Date of first appointment as a director:
1 May 2015
Length of service as a director
(as at 31 December 2015):
8 months

Board Committee(s) served on:
Nominating and Remuneration Committee (Member)
Audit Committee (Member)

Present Directorships
(as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust); Tipco Asphalt Company PLC (listed on the Stock Exchange of Thailand); Cue Energy Resources Limited (listed on the Australian Securities Exchange)

Other principal directorships
Keppel Infrastructure Holdings Pte. Ltd.;
Chung Cheng High School Ltd

Major Appointments
(other than directorships):
Advisor to the Chairman and CEO of Dialog Group Berhad

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Keppel Energy Pte. Ltd.; Singapore Petroleum Venture Private Limited; Singapore Refining Company Private Limited; Linc Energy Ltd

Others:
Nil

Mr Thio Shen Yi age 49
Independent Director

Bachelor of Arts, Master of Arts,
University of Cambridge
Senior Counsel
Fellow of Singapore Institute of Arbitrators
Fellow of Singapore Academy of Law

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2015):
5 years 10 months

Board Committee(s) served on:
Nominating and Remuneration Committee (Chairman)
Conflicts Resolution Committee (Member)

Present Directorships
(as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
TSMP Law Corporation (Joint Managing Director); OUE Realty Pte Ltd; Obiter Dicta Pte Ltd; Camembert Holdings Pte Ltd; The Community Justice Centre Limited; St John's Cambridge (Singapore); Singapore Institute of Legal Education

Major Appointments
(other than directorships):
President, Law Society of Singapore; Vice-President, Singapore Academy of Law; Panel arbitrator of the Singapore International Arbitration Centre and the Kuala Lumpur Regional Centre for Arbitration; Chairman, Corporate and Social Responsibility Committee, Singapore Academy of Law; Member, Legal Education and Studies Committee, Singapore Academy of Law; Honorary Auditor, ASEAN Law Association

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Allens Arthur Robinson TSMP

Others:
Nil

Mr Mark Andrew Yeo Kah Chong age 53
Independent Director

Master of Arts, Oxford University
Master of Laws, National University of Singapore
Advanced Management Programme, INSEAD

Date of first appointment as a director:
1 August 2015
Length of service as a director
(as at 31 December 2015):
5 months

Board Committee(s) served on:
Audit Committee (Chairman)

Present Directorships:
(as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Super Honor Holdings Ltd; IP Global Ltd; Complete Ltd; Complete Holdings Limited

Major Appointments
(other than directorships):
Adviser, Paris Gallery LLC (Dubai)

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
CitySpring Infrastructure Management Pte Ltd (the Trustee-Manager of CitySpring Infrastructure Trust)

Others:
Nil

Mr Daniel Cuthbert Ee Hock Huat age 63
Independent Director

Bachelor of Science (Systems Engineering)
(First Class Honours), University of Bath, UK
Master of Science (Industrial Engineering),
National University of Singapore

Date of first appointment as a director:
18 May 2015
Length of service as a director
(as at 31 December 2015):
7 months

Board Committee(s) served on:
Conflicts Resolution Committee (Chairman)

Present Directorships
(as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Singapore Institute of Directors;
Singapore Mediation Centre

Major Appointments
(other than directorships):
Worldwide Marriage Encounter

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Citibank Singapore Limited; Surface Mount Technology (Holdings) Limited; National Environment Agency; CitySpring Infrastructure Management Pte Ltd (the Trustee-Manager of CitySpring Infrastructure Trust)

Others:
Member, Securities Industry Council (2006 - 2015)
Deputy Chairman, Securities Industry Council (2012 - 2015)

Board of Directors

Ms Quek Soo Hoon age 62
Independent Director

Bachelor of Science (Economics)
(First Class Honours)
Fellowship of the Institute
of Actuaries (United Kingdom)

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2015):
5 years 10 months

Board Committee(s) served on:
Conflicts Resolution Committee (Member)
Audit Committee (Member)
Nominating and Remuneration Committee (Member)

Present Directorships
(as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd.
(the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
School of the Arts, Singapore;
Singapore Deposit Insurance Corporation Ltd;
Special Needs Trust Company Ltd;
Parenting Partners Pte Ltd

Major Appointments
(other than directorships):
Operating Partner, iGlobe Partners (II) Pte Ltd

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
Life Planning Associates Pte Ltd;
Enactus Singapore

Others:
Distinguished Fellow of the International
Association of Insurance Supervisors
Member, MediShield Life Council

Mr Kunnasagaran Chinniah age 58
Independent Director

Bachelor of Engineering (Electrical),
National University of Singapore
Master of Business Administration,
University of California (Berkeley)

Date of first appointment as a director:
1 August 2015
Length of service as a director
(as at 31 December 2015):
5 months

Board Committee(s) served on:
Nil

Present Directorships:
(as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd.
(the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Changi Airports International Pte Ltd;
Edelweiss Financial Services Limited;
Edelweiss Capital (Singapore) Pte Ltd;
Edelweiss Commodities Services Limited;
Edelweiss Agri Value Chain Limited;
Hindu Endowments Board

Major Appointments
(other than directorships):
Consultant, Pavilion Capital International Pte Ltd

Past Directorships held over the preceding 5 years
(from 1 January 2011 to 31 December 2015):
AIG Infrastructure Fund LP; AIG Asian Infrastructure Management Ltd; AIG Asian Infrastructure Fund II LP; AIG Asian Infrastructure Management II Ltd; Ballapur International Graphic Paper Holdings B.V.; CDH China Holdings Company Limited; CDH China Management Company Limited; CDH Venture Holdings II Company Limited; India Newbridge Coinvestment Limited; Newbridge India Investments II Limited; Reid & Taylor (India) Limited

Others:
Nil

Dr Ong Tiong Guan age 57
Non-Executive and Non-Independent Director

Bachelor of Engineering (First Class Honours), Monash University
Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia

Date of first appointment as a director:
1 June 2014
Length of service as a director (as at 31 December 2015):
1 year 7 months

Board Committee(s) served on:
Nominating and Remuneration Committee (Member)

Present Directorships (as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Keppel Infrastructure Holdings Pte. Ltd.; Keppel Energy Pte. Ltd.; Keppel Electric Pte Ltd; Keppel Gas Pte Ltd; Keppel DHCS Pte Ltd; Keppel Infrastructure Services Pte. Ltd.; GE Keppel Energy Services Pte Ltd; Keppel Seghers Pte Ltd

Major Appointments (other than directorships):
Chief Executive Officer, Keppel Infrastructure Holdings Pte. Ltd.

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel Merlimau Cogen Pte Ltd

Others:
Nil

Mr Alan Tay Teck Loon age 46
Non-Executive and Non-Independent Director

Bachelor of Business Administration (Second Upper Honours), National University of Singapore

Date of first appointment as a director:
1 May 2015
Length of service as a director (as at 31 December 2015):
8 months

Board Committee(s) served on:
Nil

Present Directorships (as at 31 December 2015):
Listed companies
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
GE Keppel Energy Services Pte Ltd

Major Appointments (other than directorships):
Executive Director (Business Development), Keppel Infrastructure Holdings Pte. Ltd.

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
J.P. Morgan Asset Management Real Assets (Singapore) Pte Ltd; Eco Management Korea Holdings Inc

Others:
Nil

Key Executives of the Trustee-Manager

Mr Khor Un-Hun
Chief Executive Officer

Mr Khor Un-Hun has been the Chief Executive Officer (CEO) of the Trustee-Manager since May 2014.

As CEO of the Trustee-Manager, he is responsible for working with the Board to determine the strategy for Keppel Infrastructure Trust (KIT). He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Khor joined Keppel Infrastructure Holdings Pte Ltd (KI) as Development Director in April 2014, where he worked on KI's various business development initiatives.

Prior to joining KI, Mr Khor spent most of his career in banking, during which he was involved in a wide range of mergers and acquisitions, financial advisory, capital markets and debt transactions across different sectors throughout Asia.

Mr Khor held various positions in the corporate finance teams of Deutsche Bank and ING Bank in Singapore and Hong Kong before becoming Managing Director and Head of Corporate Finance, Asia at ING Bank, where he oversaw the origination and execution of corporate finance transactions in the region. He was also a member of ING Bank's regional management committee.

Mr Khor holds a Bachelor of Accountancy degree with First Class Honours from Nanyang Technological University and is a Chartered Financial Analyst.

Mr Koh Hee Song
Senior Adviser

Mr Koh Hee Song has been a Senior Adviser to the Trustee-Manager since June 2010.

As Senior Adviser, Mr Koh works with the other members of the Trustee-Manager's management team to evaluate potential acquisitions and/or divestments and recommend and analyse potential asset enhancement initiatives from a technical perspective. He also advises the management team on technical matters relating to the business of KIT as and when the circumstances require.

Prior to June 2010, Mr Koh was a Senior Adviser to Keppel Seghers Engineering Singapore Pte Ltd in matters pertaining to solid waste management projects.

Mr Koh started his career as a mechanical engineer with the Sewerage Department of the Public Works Department in 1969. In 1990, Mr Koh was appointed as the Head of the Engineering Services Department in the Ministry of the Environment and the National Environment Agency upon its formation in 2002, until his retirement in 2003.

Mr Koh was awarded the Colombo Plan Scholarship for Mechanical Engineering, Australia in 1965 and obtained a Bachelor of Engineering (Mechanical) (Second Class Honours, Division One) in 1968 from the University of Sydney. He was also awarded the Public Administration Bronze Medal in 1981, the Public Administration Silver Medal in 2002 and the Long Service Medal in 2003 by the Government of Singapore in recognition of his contributions to public administration in Singapore. Mr Koh is a member of the Professional Engineers Board, Singapore.

Mr Lionel Chua
Chief Financial Officer

Mr Lionel Chua has been the Chief Financial Officer (CFO) of the Trustee-Manager since May 2013.

As CFO, Mr Chua is responsible for the Trustee-Manager's and KIT's financial and reporting functions, including accounting, taxation, treasury and compliance.

Mr Chua has more than 17 years of experience in financial and management accounting where he has held senior positions, including Vice President (Finance) of The Ascott Group Limited and CFO of Mary Chia Holdings Limited. He has also worked at CapitaLand Group and Singapore Airlines Limited.

Prior to joining the Trustee-Manager, Mr Chua was the Financial Controller at Keppel REIT Management Limited, where he was responsible for the financial and reporting functions and also participated in various acquisition exercises.

Mr Chua holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. He is a Chartered Accountant of Singapore, CA (Singapore), with the Institute of Singapore Chartered Accountants.

Ms Foo Chih Chi
Senior Investment Manager

Ms Foo Chih Chi has been with the Trustee-Manager since June 2010.

Ms Foo is responsible for identifying, evaluating and executing potential acquisitions with a view to enhance KIT's portfolio. She also carries out fundraising activities for KIT.

Ms Foo has over 15 years of experience in investment evaluation, corporate strategy and new business development. She joined Keppel Corporation in 2000, where as a part of Keppel Corporation's strategic development and planning division, she was responsible for corporate strategy and new business development.

Ms Foo obtained a Bachelor of Business Administration from the University of Michigan, School of Business Administration in 1999.

Ms Jacqueline Ong
Senior Investment Manager

Ms Jacqueline Ong joined the Trustee-Manager on 18 May 2015.

Ms Ong is responsible for origination and execution of deals. She also serves as General Manager of DataCentre One, the joint venture with Shimizu Corporation developing a data centre in Singapore.

Prior to joining the Trustee-Manager, Ms Ong was Vice President, Investment at CitySpring Infrastructure Management Pte. Ltd. From 2011 to 2014, she served as Acting CEO of CityNet Infrastructure Management Pte. Ltd., the trustee-manager of NetLink Trust.

Ms Ong was previously Vice President (Investments) and Economist with AIMAC, an infrastructure fund management company focused on Asian infrastructure. She was responsible for deal-sourcing, due diligence, deal finalisation, post-investment management, divestments, and analysis of country/sector development in areas of interest.

Ms Ong was previously a Senior Regional Economist with IDEAglobal, where she helped lead the emerging market research team in macroeconomic analysis and formulating strategies, and regularly conducted seminars and talks for the banking community on various economic issues.

Ms Ong holds a Master's degree in Applied Economics and a Bachelor of Arts degree in Economics/ Statistics from the National University of Singapore.

Ms Ang Lay Kheng
Senior Finance Manager

Ms Ang Lay Kheng joined the Trustee-Manager on 18 May 2015.

Ms Ang brings with her 15 years' experience in financial and management reporting, taxation, structuring, budgeting, corporate finance, treasury, financial risk management and compliance.

Prior to joining the Trustee-Manager, Ms Ang was Vice President, Finance at CitySpring Infrastructure Management Pte. Ltd, where she was a member of the integration team for the merger of businesses of a few entities. From 2014 to 2015, she was also Acting Finance Director of CityNet Infrastructure Management Pte. Ltd., the trustee-manager of NetLink Trust.

Ms Ang was previously with Parkway Trust Management Limited (as Manager of Parkway Life REIT), where she joined as a Financial Controller. She handled the full spectrum of SGX and statutory reporting, quarterly financial announcements, tax compliance and played an instrumental role in the initial start-up phase of the REIT. Her work scope was expanded in 2010 to include corporate finance, treasury and financial risk management work.

Ms Ang had close to six years of audit experience when she left a Big Four audit firm as an Audit Manager. Her clients included several Singapore-listed corporations and multinational companies, mainly in the real estate sector, manufacturing and trading companies, restructured hospitals in Singapore and financial institutions.

Ms Ang graduated from Nanyang Technological University, Singapore in 2000 with a Bachelor of Accountancy, minor in Banking and Finance. She is also a Chartered Financial Analyst.

Mr Liew Yuen Cheng[1]
Senior Asset Manager

Mr Liew Yuen Cheng has been with the Trustee-Manager since June 2010.

Mr Liew implements asset management plans for KIT's asset portfolio by engaging various stakeholders to ensure smooth, safe and sustainable operations while meeting the required levels of service standards with the underlying customers' contracts. He also oversees asset enhancements and upgrading projects.

Mr Liew spent 12 years with Keppel FELS Limited, including a five-year stint at its overseas shipyard in Azerbaijan. He held various positions in operations, marketing, commercial and project management. Prior to joining the Trustee-Manager, he was a Project Manager for EPC rig construction.

Mr Liew obtained a Bachelor of Engineering (First Class Honours) degree in Marine Technology (Offshore Engineering) from the University of Newcastle upon Tyne (United Kingdom) and a Diploma (with Merit) in Shipbuilding & Offshore Engineering from Ngee Ann Polytechnic (Singapore).

Mr Marc Liu
Senior Asset Manager

Mr Marc Liu joined the Trustee-Manager on 18 May 2015.

Mr Liu implements asset management plans for KIT's asset portfolio and works on asset enhancement and upgrading projects.

Mr Liu also serves as General Manager of SingSpring Pte Ltd, the trustee-manager of SingSpring Trust.

Prior to joining the Trustee-Manager, Mr Liu was Vice President, Investment at CitySpring Infrastructure Management Pte. Ltd. Before that, he was Senior Manager, Business Development at City Gas from 2005 to 2006.

Mr Liu earned his Bachelor of Economics degree from Shanghai University and received his Masters in Finance from San Diego State University, where he graduated with honours as Beta Gamma Sigma. He is a Chartered Financial Analyst.

[1] Mr Liew Yuen Cheng is seconded from Keppel Infrastructure Fund Management to City Gas Pte Ltd as Assistant Project Director with effect from 1 January 2016.

Operations Review

Portfolio

Keppel Infrastructure Trust's assets comprise:

- 100% of Senoko Waste-to-Energy (WTE) Plant
- 100% of Keppel Seghers Tuas WTE Plant
- 100% of Keppel Seghers Ulu Pandan NEWater Plant
- 51% of Keppel Merlimau Cogen Plant
- 100% of City Gas Trust, which owns 51% of City-OG Gas
- 70% of SingSpring Trust
- 100% of Basslink Pty Ltd, which owns 100% of Basslink Telecoms
- 100% of CityNet Infrastructure Management Pte. Ltd.
- 51% of DataCentre One Pte. Ltd.

Portfolio Overview

Keppel Infrastructure Trust (KIT) was originally listed on 12 February 2007 on the Singapore Exchange Securities Trading Limited as CitySpring Infrastructure Trust (CIT). On 18 May 2015, CIT acquired the business undertakings and assets of Crystal Trust in exchange for the issue of approximately 1.33 billion new CIT units to Crystal Trust Unitholders, and CIT was renamed Keppel Infrastructure Trust. Keppel Infrastructure Fund Management Pte Ltd (KIFM) is the Trustee-Manager of KIT. KIFM is a wholly-owned subsidiary of Keppel Infrastructure Holdings Pte. Ltd (KI).

KIT's assets comprise 100% of Senoko Waste-to-Energy (WTE) Plant; 100% of Keppel Seghers Tuas WTE Plant; 100% of Keppel Seghers Ulu Pandan NEWater Plant; 51% of Keppel Merlimau Cogen Plant (KMC Plant); 100% of City Gas Trust (City Gas), which owns 51% of City-OG Gas; 70% of SingSpring Trust (SingSpring); 100% of Basslink Pty Ltd (Basslink), which owns 100% of Basslink Telecoms. These businesses are high-quality and unique assets, with strong track records and predictable cash flow. It also own 100% of CityNet Infrastructure Management Pte. Ltd. (CityNet); and 50% of DataCentre One Pte. Ltd. (DC One).

KIT actively engages its Sponsor, KI, and its subsidiaries and other operators and contractors to ensure technical, operations and maintenance (O&M), as well as engineering support for smooth asset operations. KIT works closely with KI and other operators and contractors to:

- build sustainable earnings through proactive asset management;
- improve operational performance and efficiencies;
- leverage technology to improve operational performance;
- uphold safety and environmental standards; and
- strengthen risk management practices through robust business continuity plans.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant

Overview

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have the combined capacity to treat close to half of Singapore's incinerable waste. In diverting waste away from landfill, incineration plants help mitigate greenhouse gas emissions as landfills release methane gas when the organic waste decomposes. Modern incineration plants can also reduce the volume of waste by as much as 90%, thus significantly increasing the lifespan of landfills. By using waste as fuel, incineration plants produce green energy, thereby reducing dependency on fossil fuels.

Senoko WTE Plant is the only waste incineration plant located outside the Tuas area to serve the eastern, northern and central parts of Singapore. It was acquired by Senoko Trust on 31 August 2009.

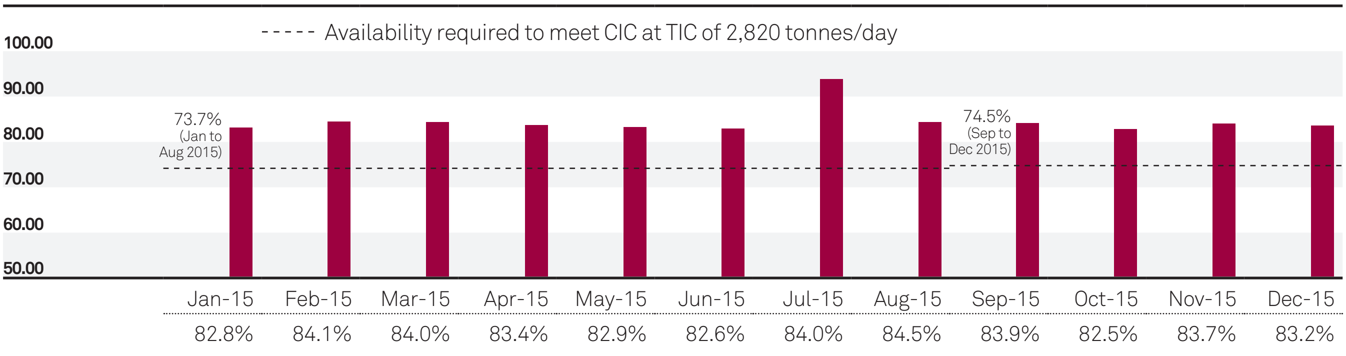
Keppel Seghers Tuas WTE Plant is Singapore's fifth waste incineration plant and the first to be built under the National Environment Agency's (NEA) Public-Private-Partnership initiative. The plant incorporates Keppel Seghers' in-house technologies such as the air-cooled grate and flue gas treatment system, and is the first waste incineration plant in Singapore to showcase WTE technology from a Singaporean company.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have entered into Incineration Service Agreements (ISA) with NEA for 15 years (commenced in September 2009), and 25 years (commenced in October 2009) respectively. The majority of their income is from capacity payments, which offer a stable source of income with little correlation to economic or population fluctuations.

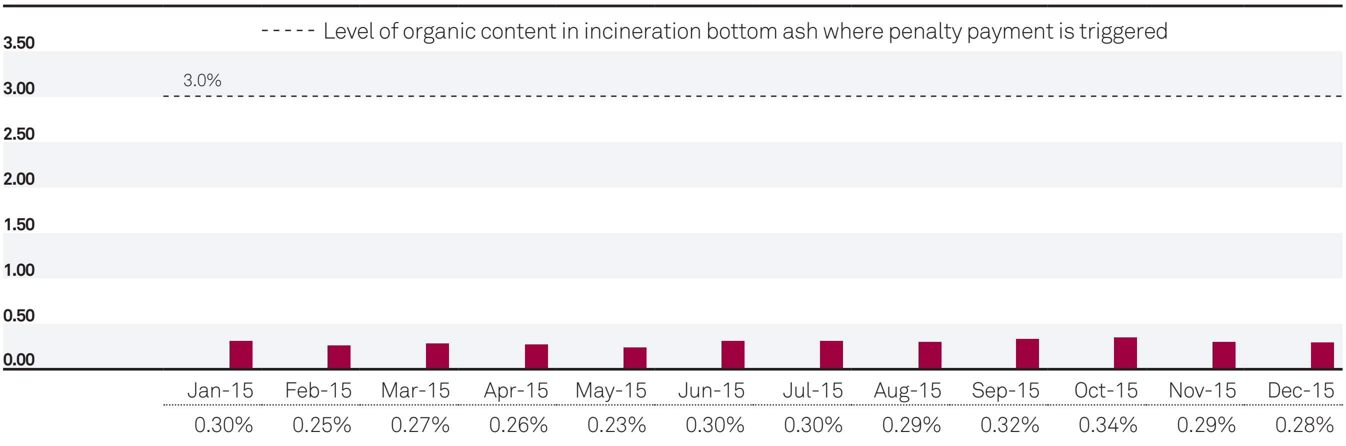
01

01 Keppel Seghers Tuas WTE Plant is equipped with two incinerator-boiler units capable of treating 800 tonnes of solid waste daily and one condensing turbine-generator offering a power generation capacity of 22 MW.

Senoko WTE Plant
Time Availability Factor (12-month moving average) (%)

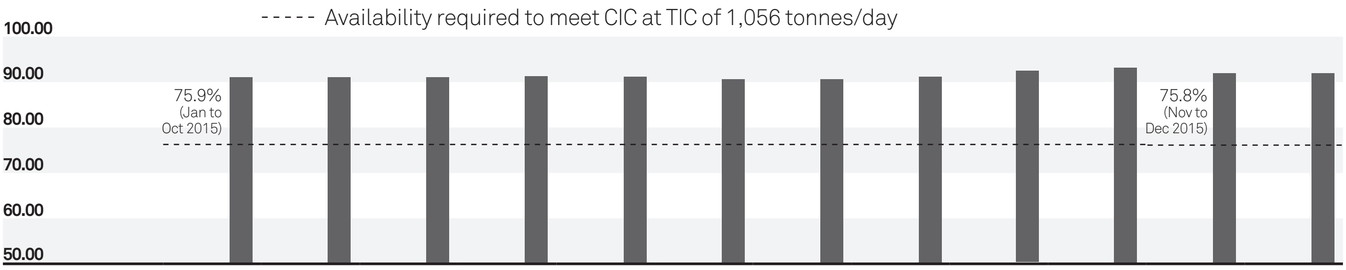


Senoko WTE Plant
Average Total Organic Content of Bottom Ash (%)



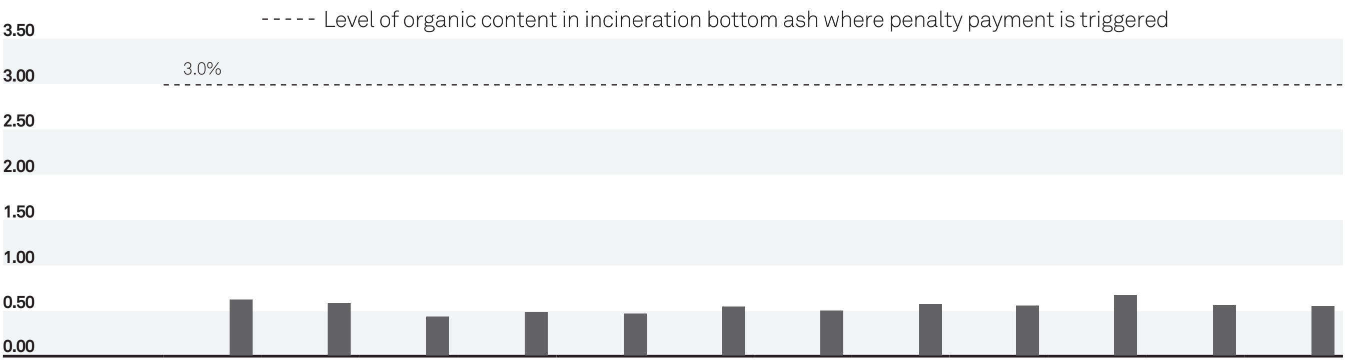
Operations Review

Keppel Seghers Tuas WTE Plant
Time Availability Factor (12-month moving average) (%)



Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
90.7%	90.7%	90.7%	90.9%	90.8%	90.3%	90.3%	90.8%	92.1%	92.8%	91.6%	91.6%

Keppel Seghers Tuas WTE Plant
Average Total Organic Content of Bottom Ash (%)



Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
0.62%	0.58%	0.43%	0.48%	0.46%	0.54%	0.50%	0.57%	0.55%	0.67%	0.56%	0.55%

Operating Review

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have met the required Performance and Customer Service Standards under the ISAs. In addition to full Fixed Capacity Payments from NEA for meeting their Contracted Incineration Capacities (CICs), the plants also received variable payments for refuse incineration services and electricity exported.

During the review period, both plants met the requirements under their respective ISAs. Senoko WTE Plant achieved Time Availability Factor exceeding the 73.7% (for the sixth contract year ended 31 August 2015) and 74.5% (for the seventh contract year) thresholds required to receive full Fixed Capacity Payments from NEA.

Keppel Seghers Tuas WTE Plant achieved Time Availability Factor above the 75.9% (sixth contract year ended 29 October 2015) and 75.8% (for the seventh contract year) thresholds required to receive full Fixed Capacity Payments from NEA.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant also met their other obligations under the ISA, namely Average Total Organic Content of bottom ash, Turnaround Time of refuse trucks and electricity generation.

Both plants achieved Tested Incineration Capacities (TICs) above their CICs. Senoko WTE Plant completed its sixth contract year on 31 August 2015. The new TIC was 2,820 tonnes per day. Keppel Seghers Tuas WTE Plant completed its sixth contract year on 29 October 2015. The new TIC was 1,056 tonnes per day.

Senoko WTE Plant Upgrade

KIT, through its wholly owned subsidiary, has entered into an agreement with NEA to provide additional incineration capacity to the Senoko WTE plant.

To increase its capacity while maintaining its land use footprint, the Senoko WTE plant is undergoing upgrading from 3Q 2015 to 3Q 2016. The upgrade will progressively increase the plant's capacity to treat additional waste volumes. Upon completion, the contracted incineration capacity of the plant will increase by up to 10% from 2,100 tonnes per day. The capacity payments from NEA will correspondingly be increased.

The upgrading works mainly involve modifications to the plant's incineration units and the steam-condensate system, and will be carried out progressively and scheduled with the planned annual maintenance of each incineration unit so as to maximise the overall operational availability of the plant during the period.

Ensuring close coordination with current O&M activities, Keppel Seghers, the O&M contractor for the existing facility, designed and is currently building the upgrades. The upgrade works are progressing well, in line with the overall project timeline.

Keppel Seghers Ulu Pandan NEWater Plant

Overview

Keppel Seghers Ulu Pandan NEWater Plant is one of Singapore's largest NEWater plants. Operational since 2007, it meets the demands of the industrial and commercial sectors in Singapore. The plant entered into a 20-year NEWater Agreement (NWA) with PUB, Singapore's national water agency, in March 2007.

Operating Review

Keppel Seghers Ulu Pandan NEWater Plant received full Availability Payment in 2015 as the warranted capacity was kept greater than or equal to 148,000 m^3 per day.

The plant also consistently achieved more than 98% plant availability in 2015 while fulfilling other requirements under the NWA, namely the required storage level, quality specifications of NEWater and the residual waste produced.

Ulu Pandan Trust's cash flows fluctuate with changes in power revenue received from PUB, which in turn responds to changes in electricity price. To mitigate the fluctuations in electricity price, the Trustee-Manager had taken measures to fix the price of electricity in 2015.

01

***01** The Senoko WTE Plant Upgrade will increase the contracted incineration capacity of the plant by up to 10% from 2,100 tonnes per day.*

Operations Review

01

01 *The solar photovoltaic system at Keppel Seghers Ulu Pandan NEWater Plant generated some 1,300 MWh of renewable energy in 2015.*

02 *City Gas' production facility, Senoko Gasworks, is Singapore's only town gas production facility, with a capacity of 1.6 million m^3 per day.*

Solar Photovoltaic System at Keppel Seghers Ulu Pandan NEWater Plant

The 1MWp solar photovoltaic power plant installed in February 2013 on the rooftops of Ulu Pandan NEWater Plant generated some 1,300 MWh of renewable energy in 2015. This helped to lower the carbon footprint of the plant and contributed to Singapore's national effort to reduce dependency on traditional sources of energy.

City Gas

Overview

City Gas has a history that spans more than a century. It is the sole producer and retailer of town gas in Singapore and also the sole user of the low-pressure piped town gas supply network in the country. Its production facility, Senoko Gasworks, is Singapore's only town gas production facility, with a capacity of 1.6 million m^3 per day.

Through its facilities, City Gas provides safe, reliable and clean energy solutions including a variety of energy-efficient gas applications to its broad customer base in the Singapore residential, commercial and industrial segments. Residential customers for piped town gas make up the majority of City Gas' customer base.

Since 2003, City Gas has been supplying natural gas to industrial customers in Tuas, Jurong, Mandai, Woodlands and Senoko. Its industrial customers are from various industries such as printing, laundry, food, manufacturing and asphalt.

City Gas completed the divestment of 49% of City-OG Gas to Osaka Gas in August 2013. The City-OG joint venture allows City Gas to leverage Osaka Gas' technology and expertise in cogeneration systems and industrial furnaces to grow the natural gas retail business, while contributing City Gas' own customer knowledge and network in Singapore.

Operating Review

During the course of the financial year, City Gas was granted three gas tariff adjustments by the Energy Market Authority of Singapore. The gas tariffs are reviewed quarterly and adjusted in line with changes in the cost of feedstock for gas production, which in turn is pegged to the price of High Sulphur Fuel Oil. Consequently, the tariff adjustments made included a decrease of 7.36% from 1 May 2015, an increase of 3.58% from 1 August 2015 and a decrease of 4.27% from 1 November 2015. City Gas' Senoko Gasworks maintained 100% gas production availability throughout the financial year.

City Gas' town gas sales grew by 2.1% for the period from April to December 2015. The demand for town gas in the commercial segment saw an improvement despite the challenging business environment. The total number of customers grew by 3.5% to 748,850 this year from 723,954 in the previous financial year ended March 2015.

Sales of town gas to the residential segment saw a strong growth of 3.9% between April to December 2015, compared to a 1.8% increase in the previous financial year. The steady growth in sales is attributable to the expanded usage of town gas beyond cooking to heating and drying.

From April to December 2015, about 8,370 gas water heaters were installed in Housing Development Board (HDB) flats under the Build-To-Order sales scheme, including HDB studio apartments and Design-Build-Sell-Scheme units. More new HDB homeowners are starting to choose eco-friendly gas water heaters over conventional electric water heaters to reap the benefits of lower utility bills while protecting the environment through reduced carbon emissions.

In the private condominium segment, around 11,700 housing units across 34 condominium projects using town gas were completed, while about 9,000 housing units adopted the use of gas water heaters. This marked another record year for private condominium developments using town gas, with about 77% of all housing units having gas water heaters installed by the property developers. From April to December 2015, City Gas received and approved gas plan submissions for 24 condominium projects with a total of about 9,200 housing units using town gas. About 6,900 housing units adopted the use of gas water heaters, translating to an adoption rate of about 75%.

In 2015, City Gas continued to execute its Reach, Education, Awareness, Customer Service and Harmonise (REACH) Partnership market development strategy. Through the REACH platform, City Gas continued with its efforts to promote greater gas application awareness among homeowners through its marketing campaigns. A series of campaigns was successfully launched, including the "Go Green, Go City Gas" annual road show held at Toa Payoh HDB Hub in November 2015. These integrated campaigns were effective in communicating the benefits of gas water heaters compared to electric water heaters, including space-saving features, ability to deliver continuous hot

02

Operations Review

01

01 *City Gas supplies natural gas to industrial customers in Tuas, Jurong, Mandai, Woodlands and Senoko, from various industries including printing, laundry, food, manufacturing and asphalt.*

02 *SingSpring marked a decade of smooth commercial operations on 6 November 2015. Representatives from PUB and the O&M contractor, Hyflux, joined in the celebrations.*

water on demand, and lower utility bills and carbon emissions.

2015 was a challenging year for City Gas in the commercial and industrial sector due to weaker economic growth and intense market competition. The relatively strong Singapore dollar also affected visitor arrivals to Singapore and correspondingly City Gas' revenue from the food and beverage industry (F&B industry). Town gas sales to large users were also affected as more organisations embarked on energy conservation initiatives to reduce costs. Despite the challenging environment, the commercial and industrial sector managed to attain 0.8% growth in sales volume for the period April to December 2015.

Besides winning the tenders to supply town gas to new NEA hawker centres at Hougang Ave 9 and Bukit Panjang Ring Road, City Gas also entered several new market segments in 2015, including providing piped gas supply to three new nursing homes with multiple gas applications. As higher productivity and the tight labour market were key challenges for the F&B industry, there was increased demand for central food kitchens, such as the new Westview Food Factory in Tuas, which City Gas started supplying in November 2015.

In 2016, City Gas expects gas demand growth in the commercial and industrial sector to remain challenging due to tepid economic conditions, strong market competition and the tight labour market in the F&B industry. Backed by a broad and diversified customer base as well as its sales and marketing initiatives, City Gas will continue to look for expansion opportunities in new and existing segments.

SingSpring
Overview

SingSpring owns and operates Singapore's first large-scale seawater desalination plant, which commenced commercial operations in December 2005. With a supply capacity of 136,380 m³ of desalinated potable water per day, the plant is an essential service provider capable of meeting approximately 10% of Singapore's current water needs.

Located in Tuas, SingSpring Desalination Plant utilises cost and energy-efficient reverse osmosis technology. At the time of its completion, it was the largest membrane-based seawater desalination plant in the world and also had one of the largest reverse osmosis trains in the world.

The SingSpring Desalination Plant serves as one of the "Four Taps" in PUB's strategy to meet Singapore's water needs. The "Four Taps" are local catchment water, imported water from Johor, NEWater and desalinated water. The SingSpring plant therefore continues to be an important facility for PUB to ensure sufficient water resources for Singapore, especially during periods of low rainfall.

SingSpring ensures that both the quality and quantity of desalinated water it produces meets all the requirements under the Water Purchase Agreement (WPA) with PUB. SingSpring is committed to make available 100% of the plant's water capacity to PUB for the 20-year period of the WPA which commenced in December 2005.

The plant also adopts an advanced energy recovery system, which improves the energy efficiency and cost effectiveness of the process.

SingSpring undergoes periodic reviews and audits by both internal and external parties to ensure its O&M practices are in line with industry standards.

Operating Review

The SingSpring Desalination Plant has been operating for more than ten years since commercial operations started in December 2005. For 2015, SingSpring achieved 100% availability.

SingSpring receives capacity payments from PUB for making available the full water capacity of the desalination plant upon demand. The capacity payments are paid throughout the term of the 20-year WPA, regardless of whether the plant supplies any water to PUB, and does not vary with the volume of water supplied. This ensures a long-term and predictable cash flow for SingSpring.

SingSpring also receives output payments from PUB for the variable costs in supplying water to PUB. The payment is pegged to the volume of water supplied.

The SingSpring Desalination Plant serves as one of the "Four Taps" in PUB's strategy to meet Singapore's water needs.

02

Operations Review

01

In 2015, SingSpring achieved a zero incident rate with respect to health, safety and environmental issues. SingSpring completed its annual Net Dependable Capacity Test in December 2015 and achieved all required benchmarks.

Keppel Merlimau Cogen

Overview

KMC Plant is the first independent power project to enter the Singapore electricity market since the New Energy Market of Singapore was implemented in January 2003. Located in the Tembusu sector of Jurong Island, the 1,300 MW combined cycle gas turbine generation facility has been operational since 2007 with a good track record of efficiency and reliability. Connected to Singapore's electricity transmission network, KMC Plant is well-positioned to support the surrounding industries with their electricity, steam supply and demineralised water requirements.

KMC Plant was constructed in two phases. Phase I has a generation capacity of 500 MW, and commenced commercial operation in April 2007. The plant completed an expansion of two power trains of 400 MW each in March and July 2013 respectively.

Operating Review

KMC entered into a 15-year Capacity Tolling Agreement (CTA) with Keppel Electric after its acquisition on 30 June 2015, with an option to extend the agreement for a further 10 years. Under the terms of the CTA, KMC receives capacity payments from Keppel Electric for making available the full capacity of KMC Plant. The capacity payments are paid monthly regardless of actual power production of KMC Plant and do not vary with electricity demand. The CTA ensures a long-term and predictable cash flow for KMC, while allowing for most of KMC's operating costs to be passed through.

In 2015, KMC Plant met all its contractual availability targets and received its full capacity payment. The plant also achieved a zero incident rate with respect to health, safety and environmental issues.

Basslink

Overview

Basslink owns and operates a 370-km high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia. The Basslink Interconnector was constructed to allow Tasmania to participate in the National Electricity Market of Australia. Basslink generates long-term and regular cash flows from a 25-year Basslink Services Agreement (BSA) with Hydro Tasmania (HT), an entity owned by the State of Tasmania.

As part of the original construction of the Basslink Interconnector, a 12-core fibre optic telecommunications cable was incorporated in the electricity interconnector. Basslink Telecoms began operations offering broadband capacity between Hobart, Tasmania and Melbourne, Victoria in July 2009. Basslink Telecoms provides broadband capacity to telecoms carriers and service providers between Hobart, Tasmania and Melbourne, Victoria.

As the only electricity interconnector between Tasmania and mainland Australia, Basslink enhances the availability and security of electricity supply to both Tasmania and Victoria.

Basslink's principal source of revenue is a facility fee paid monthly by HT for the operation of the interconnector. The facility fee is based on the interconnector's availability and payable in full if the cumulative availability, based on a calendar year, is greater than 97%. If the cumulative availability is less than 97%, the facility fee is reduced, with greater deductions as the shortfalls increase and deviate from 97%.

Basslink operates under the BSA with HT. The BSA includes a Commercial Risk Sharing Mechanism (CRSM) to share the market risk associated with participating in the National Electricity Market of Australia between HT and Basslink. The CRSM payments are based on the differences between the high and low spreads of the Victoria electricity pool prices,

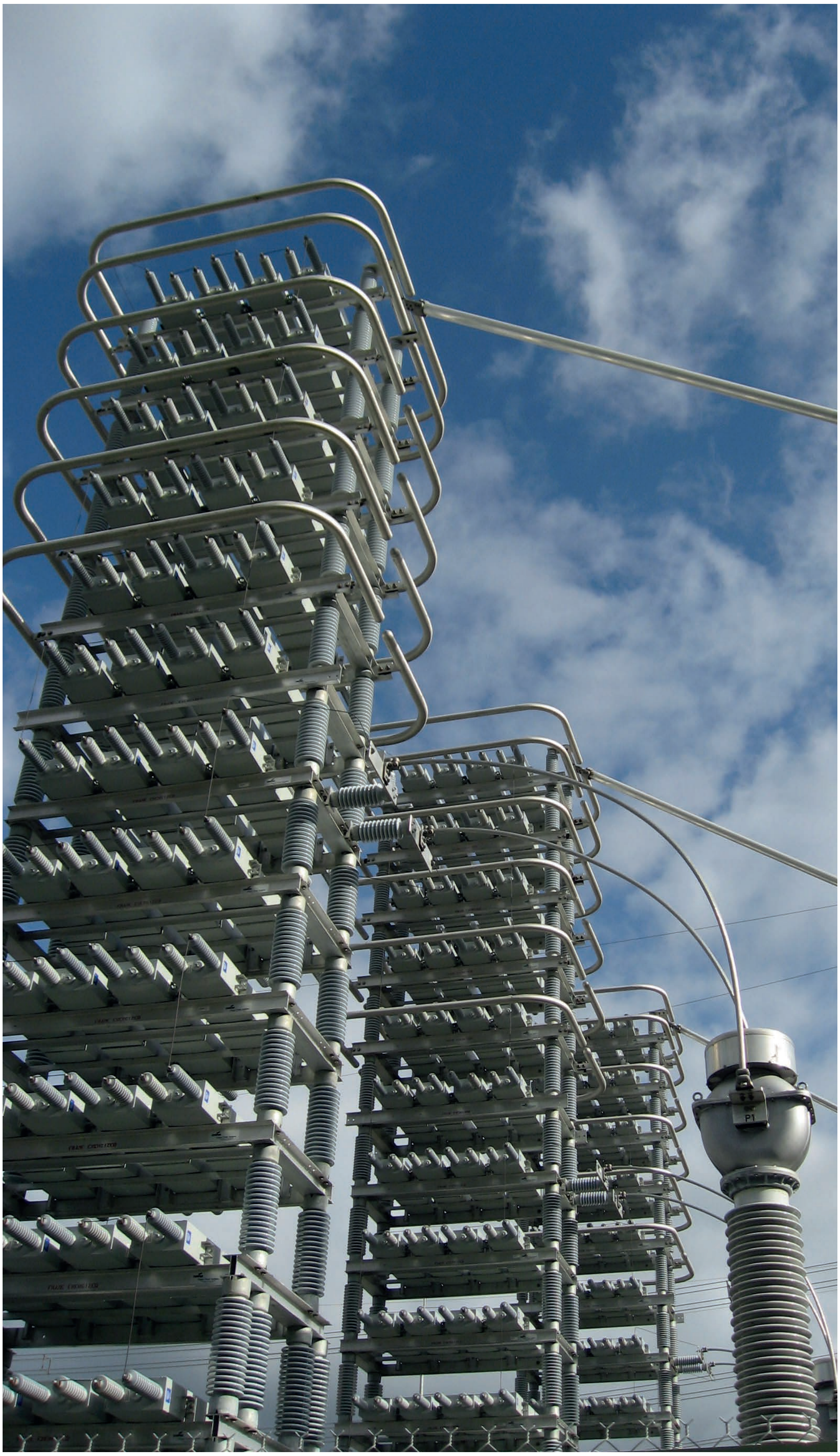
02

__01__ SingSpring Desalination Plant has been operating for more than ten years since commercial operations started in December 2005.

__02__ Located in the Tembusu sector of Jurong Island in Singapore, KMC Plant has been operational since 2007 with a good track record of efficiency and reliability.

Operations Review

01



subject to a cap of +25% (i.e. when payment is made to Basslink by HT) and a floor of -20% (i.e. when payment from Basslink is made to HT) to the unadjusted facility fee.

Basslink Telecoms, which offers a range of wholesale telecoms transmission services between Hobart and Melbourne in Australia, has achieved stable performance in the Tasmanian wholesale telecoms market.

Operating Review

Basslink achieved an availability of 99.5% from January to November 2015. On 20 December 2015, the Basslink Interconnector went out of service due to a subsea cable fault. The Basslink team responded swiftly by implementing the marine disaster recovery plan to return the Basslink Interconnector to service as soon as possible.

Basslink has met all its statutory reporting obligations to, amongst others, the Office of the Tasmanian Energy Regulator, EnergySafe Victoria, and the Australian Energy Regulator.

Basslink is firmly committed to maintain the highest standards of operational performance to ensure a safe and injury-free workplace for its employees, as well as to protect the safety of the public and the environment.

During the year, Basslink achieved a zero incident rate with respect to health, safety and environmental issues. The company has an operational environmental management plan to ensure that its operations are carried out with minimal impact on the environment. All employees and contractors are trained according to this plan.

DataCentre One & CityNet

In June 2014, City DC Pte. Ltd., a wholly-owned subsidiary of KIT, together with WDC Development Pte. Ltd., a wholly-owned

1-Net North is currently under construction and is expected to be completed by 1Q 2016.

subsidiary of Shimizu Corporation, established a new joint venture company, DC One, to develop, build and lease a data centre.

The Uptime Institute Tier 3 and Threat Vulnerability Risk Assessment (TVRA) compliant data centre, 1-Net North, is currently under construction at 18 Riverside Road in Singapore and is expected to be completed by 1Q 2016. DC One signed a 20-year long-term lease agreement with 1-Net Singapore Pte. Ltd, a wholly-owned subsidiary of MediaCorp Pte Ltd, to be effective upon completion of the new data centre.

CityNet was appointed as the trustee-manager of NetLink Trust on 22 July 2011. The appointment was extended for a period of up to three years from November 2013. CityNet's appointment as trustee-manager may be extended or terminated in accordance with the NetLink trust deed. CityNet receives an annual management fee for its appointment as trustee-manager. NetLink Trust was established as part of Singapore Telecommunications Ltd's (Singtel) undertaking to the Infocomm Development Authority (IDA) to meet IDA's effective open access requirements. Singtel is the sole unitholder of Netlink Trust.

02

***01** The Basslink Interconnector was constructed to allow Tasmania to participate in the National Electricity Market of Australia.*

***02** When 1-Net North is completed, the 214,000 sq ft facility will have four floors of data centre halls and one floor of office and ancillary space.*

Financial Review

Key Figures

Group Revenue for 9M 2015

$427.9m

Group revenue for the nine-month period from 1 April 2015 to 31 December 2015 (FY2015) was S$427.9 million, compared to S$501.9 million in the previous period from 1 April 2014 to 31 March 2015 (FY2014).

Distribution Per Unit for 2H 2015

1.86cts

KIT declared regular distribution per unit of 1.86 cents during 2H 2015.

Financial Review

On 19 October 2015, Keppel Infrastructure Trust (KIT) announced the change of its financial year end from 31 March to 31 December. The current set of accounts of KIT cover the period of nine months from 1 April 2015 to 31 December 2015 (FY2015) compared to the last reported financial year from 1 April 2014 to 31 March 2015 (FY2014).

Group revenue for FY2015 was S$427.9 million, which was lower than S$501.9 million in FY2014.

At City Gas, revenue of S$241.5 million in FY2015 was lower than S$374.3 million in FY2014 due to the shorter reporting period, and as town gas tariff decreased with lower fuel prices. City Gas achieved 100% production availability throughout the year.

The Concessions' segment, which comprises SingSpring, Senoko Waste-to-Energy (WTE), Tuas WTE and Ulu Pandan NEWater, contributed revenue of S$74.5 million in FY2015. In FY2014, revenue of S$37.6 million was contributed by SingSpring. All four plants met the contractual availability.

Basslink's revenue decreased to A$42.7 million (approximately S$43.7 million) in FY2015 compared to A$76.3 million (approximately S$85.9 million) in FY2014. Besides the shorter reporting period, this was due mainly to higher negative Commercial Risk Sharing Mechanism (CRSM) payments compared to the previous financial year, as well as the impact of the outage of the Basslink Interconnector since 20 December 2015.

Keppel Merlimau Cogen (KMC) contributed revenue of S$65.1 million in FY2015 after its acquisition on 30 June 2015.

City Gas recorded net profit before tax attributable to Keppel Infrastructure Trust (KIT) of S$24.8 million for FY2015 compared to S$34.2 million in the previous financial year due to the shorter reporting period and higher finance costs.

The Concessions' segment delivered stable results for FY2015. Profit before tax attributable to KIT was S$17.1 million in FY2015. SingSpring's profit before tax attributable to KIT was S$6.6 million in FY2014.

Basslink reported net loss before tax of A$13.9 million (approximately S$14.3 million) for FY2015 compared to A$20.9 million (approximately S$23.6 million) for the previous financial year.

The lower net loss before tax was due mainly to lower depreciation arising from the change in useful life of the Basslink Interconnector, lower legal and professional fees, partially offset by higher negative CRSM payments of A$15.1 million (approximately S$15.5 million) compared to negative A$4.2 million (approximately S$4.8 million) in FY2014, lower contribution from Basslink Telecoms as well as the impact of the outage of the Basslink Interconnector since 20 December 2015. Last year also included the Hydro Tasmania dispute settlement amount of A$6.0 million (approximately S$6.8 million), and one-off costs related to the refinancing of the Basslink bonds.

01

KMC recorded profit before tax attributable to KIT of S$3.0 million for FY2015.

Cash generated from operations for FY2015 was S$127.6 million, S$25.4 million lower than for FY2014. This was due to the shorter reporting period and also KMC's capacity tolling fee which has already been received upfront and is therefore not reflected in the cash flows.

After taking into account net interest and income tax paid, net cash from operating activities was S$48.3 million.

Net cash used in investing was S$20.5 million as a result of the combination with Crystal Trust, the KMC acquisition and advances made to the DataCentre One joint venture.

Net cash used in financing activities of S$25.2 million consisted primarily of the financial activities relating to the KMC acquisition, repayment of the KIT corporate loan and distributions to Unitholders.

01 *KMC contributed revenue of S$65.1 million in FY2015 after its acquisition on 30 June 2015.*

Sustainability Highlights

Keppel firmly believes that while our businesses are driven by earnings, what we do must also have a positive impact on society, the community, employees and all other stakeholders. In this regard, the Group has constantly strived to contribute to communities where we operate, from touching lives, protecting the environment, championing safety to leading best practices in corporate governance.

01

__01__ Employees of the Trustee-Manager participating in the SGX Bull Charge 2015 charity run.

__02__ City Gas employees spent a meaningful day at the Singapore Zoo with wheelchair-bound senior residents from Sree Narayana Mission Home for the Aged Sick in May 2015.

Community Relations

Keppel Infrastructure Trust (KIT) hosted some 1,100 visitors at its plants in 2015. Representing diverse segments of the community, these visitors included foreign delegates, community organisations and educational institutions.

The plant tours allow visitors to gain a better appreciation of Keppel's utility infrastructure assets in Singapore including incineration plants, NEWater and seawater desalination plants, a town gas manufacturing facility and a power plant.

As part of its community outreach efforts, the Trustee-Manager and its Operations & Maintenance contractors will continue to engage and educate the community on the importance of water and resource conservation.

Through the Keppel Volunteers programme, the Trustee-Manager encourages its employees, together with colleagues from across Keppel Group, to participate in various community outreach and volunteer projects. These include the Keppel Centre for Art Education's 'Best Friends of the Gallery' programme and outings with students from the Association for Persons with Special Needs.

In 2015, the Trustee-Manager continued its tradition of supporting the SGX Bull Charge by participating in and sponsoring the annual charity run organised by the Singapore Exchange. The event raised more than $2.9 million in aid of four charities - the Asian Women's Welfare Association, Fei Yue Community Services, the Adults at Autism Association (Singapore) and Shared Services for Charities.

City Gas takes an active interest in supporting the local community. With the support of its employees, City Gas regularly engages in various Corporate Social Responsibility initiatives through its partnerships with non-profit organisations such as Singapore Red Cross Society.

In addition, ongoing collaborations with Children's

02

Cancer Foundation (CCF) and Esplanade – Theatres on the Bay, as well as new partnerships with Sree Narayana Mission (Singapore) and Jamiyah Singapore provide a platform for City Gas to instil strong community spirit amongst its employees.

Over the course of the year, City Gas also contributed donations to support initiatives such as CD Lionhearter Club, which provides an avenue for tertiary students to be engaged in civil defence, emergency preparedness and humanitarian missions, and the "Love from the Stars" charity gala dinner and concert organised by Singapore Power.

In April 2015, City Gas was invited to participate in CCF's inaugural Tulip Hearts Family Day. The closed-door event aimed to celebrate the strength and courage of children suffering from cancer. City Gas contributed by sponsoring three game booths, which were decorated and manned by cancer survivors, their family members, and City Gas employees.

In May 2015, City Gas employees spent a meaningful day at Singapore Zoo with wheelchair-bound senior residents from Sree Narayana Mission Home for the Aged Sick. It was an eagerly anticipated event for the residents as they rarely get the chance to explore beyond the boundaries of their home due to mobility challenges.

In July and August 2015, City Gas employees, in collaboration with Esplanade – Theatres on the Bay, hosted senior residents from Jamiyah Home for the Aged at Pesta Raya 2015. The two-part programme saw residents learning how to play the *angklung*, a traditional Indonesian musical instrument, and watching a theatre performance titled 'Yusof', which traces the life of Singapore's first head of state, Yusof bin Ishak.

In December 2015, about 20 children from Jamiyah Children's Home participated in a cupcake decorating workshop organised by employees from City Gas.

In support of Singapore's food & beverage industry, City Gas collaborated with long-standing partner, Shin Min Daily News, to launch the 8th City Hawker Food Hunt at Alexandra Village Food Centre on 15 April 2015. To commemorate Singapore's 50th birthday (SG50), a new "Heritage Hawker Stall Award" award category was introduced to recognise pioneer generation hawkers.

City Gas also collaborated with National Heritage Board to produce 'The Hawker Guide to our 50 Local Favourites', a 200-page bilingual guide celebrating Singapore's rich hawker heritage, multi-ethnic history and culture. The guide was launched at the closing ceremony of City Hawker Food Hunt 2015 by Mr Tharman Shanmugaratnam, Singapore's Deputy Prime Minister & Coordinating Minister for Economic and Social Policies.

Sustainability Highlights

Green Endeavours

The Trustee-Manager also believes in minimising impact to the environment and community during operations. In 2015, the Trustee-Manager together with its Sponsor continued the good practice of recycling paper and plastic at its plants.

In 2013, KIT had installed a 1 MWp solar photovoltaic (PV) power plant on the rooftops of Keppel Seghers Ulu Pandan NEWater Plant to lower its carbon footprint. This solar PV power plant produced some 1,300 MWh of renewable energy in 2015, equivalent to the annual electricity needs of approximately 3,400 four-room Housing & Development Board flats. The installation continues to contribute to the national effort to reduce dependency on traditional sources of energy.

Corporate Governance

The Trustee-Manager believes that commitment to good corporate governance is vital to the sustainability of the Trust's business and performance.

KIT will continue to ensure the timely disclosure of material information to its Unitholders and the investing public, as the confidence of its Unitholders in the Trustee-Manager is crucial to the success of KIT.

By having a majority of independent directors on the Board of the Trustee-Manager, KIT ensures the fair treatment of all Unitholders.

An Employee Code of Conduct is in place to set out the principles of business conduct expected of all employees, as well as Keppel Group's anti-bribery stance and position with regard to gifts, hospitality, facilitation payments and dealings with associates.

For more details on KIT's corporate governance guidelines, please refer to pages 103 to 136.

Risk Management

KIT adopts a holistic and comprehensive risk management framework that identifies, evaluates and manages risks in its decision-making process.

One of the focal points is building the plants' and facilities' operational resilience to mitigate potential business disruptions. All plants have established processes to review, test and refine their Business Continuity Plans.

On 16 October 2015, representatives from Keppel Merlimau Cogen's (KMC) O&M contractor participated in the Energy Market Authority's (EMA) crisis preparedness drill, Exercise Jaguar. The annual table-top exercise simulates various crisis scenarios and allows participating organisations, including EMA, Energy Market Company, Singapore Power and Singapore-based power generation companies, to coordinate and refine their response and recovery plans.

For more details on KIT's risk management strategy, please refer to pages 137 to 138.

Health and Safety

Safety is the top priority for KIT and is an integral part of the workplace culture. The Trustee-Manager believes all incidents are preventable, and strives to create a zero-incident workplace by working closely with its O&M contractors.

The O&M teams of all of KIT's assets continued to participate actively in safety initiatives at the Keppel Group and national levels. On 22 May 2015, KIT's key O&M contractor, Keppel Seghers Engineering Singapore, took home two silver awards in the Innovation category at the 7th annual Singapore Manufacturing Federation Workplace Safety and Health Awards for safety solutions implemented at Senoko Waste-to-Energy (WTE) Plant and Keppel Seghers Tuas WTE Plant, while KMC O&M received a bronze award in the same category.

At the Keppel Safety Convention held in November 2015 at Kallang Theatre, the O&M contractors from KMC and Senko WTE Plant won Gold Awards for their respective safety innovation projects.

Daily tool box meetings, safety briefings, risk assessments and site inspections are conducted in conjunction with regular walkabouts by senior management to ensure that safety standards are upheld. Hazard reporting and suggestion schemes are also in place to encourage staff and subcontractors to highlight risks.

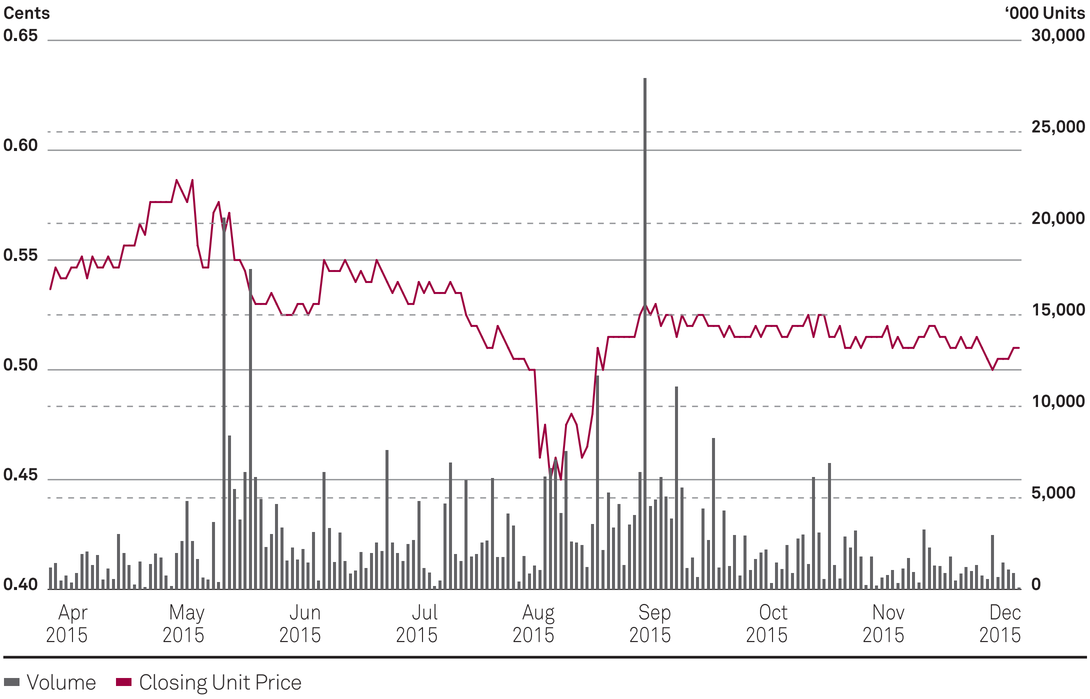
Unit Price Performance

Unit Price Performance

KIT's unit price remained fairly stable for the most part of 2015. The stock reached a high of S$0.586 in May 2015, and a low of S$0.450 in August 2015. The unit price closed at S$0.510 on 31 December 2015, a decrease of 5.0% from S$0.537 on 31 March 2015.

For FY2015, the total volume of trade was 544 million units, which translated to an average daily traded volume of approximately 2.94 million units, an increase over the daily traded volume of approximately 0.9 million units in FY2014, due to the increased investor interest, trading liquidity and research coverage following the combination with Crystal Trust and equity fund raising to finance the KMC acquisition.

Unit Price Performance and Trading Volumes



Significant Events

2015

18 May
- Formation of the largest Singapore infrastructure-focused business trust through the combination of CitySpring Infrastructure Trust with Keppel Infrastructure Trust. The enlarged trust was renamed Keppel Infrastructure Trust (KIT).
- Keppel Infrastructure Fund Management (KIFM) was appointed Trustee-Manager of KIT.
- KIFM appointed Mr Daniel Cuthbert Ee Hock Huat as an independent director.
- KIT resumed trading on the Main Board of the Singapore Exchange.

21 May
- KIT raised $525 million through a private placement and preferential offering to finance the acquisition of 51% of Keppel Merlimau Cogen (KMC) from its Sponsor, Keppel Infrastructure.

8 June
- KIT paid a Special distribution per unit (DPU) of 1.05 cents and a pre-equity fund raising stub DPU of 0.11 cents to Unitholders.

30 June
- KIT completed its acquisition of a 51% stake in KMC.

28 July
- KIT announced DPU payable of 0.25 cents for the period from 29 May 2015 to 30 June 2015.
- KIT held its first annual general meeting since the combination. The event was attended by nearly 670 unitholders and proxies.

1 August
- KIFM appointed Mr Mark Andrew Yeo Kah Chong and Mr Kunnasagaran Chinniah as independent directors, replacing Mr Paul Ma Kah Woh and Mr Alan Ow Soon Sian.

19 August
- KIT announced a change in trading counter name to "Kep Infra Tr".

21 August
- KIT paid a DPU of 0.25 cents to Unitholders for the period from 29 May 2015 to 30 June 2015.

21 September
- KIT was included as a constituent member of the FTSE ST Large/Mid Cap Index and FTSE ST Mid Cap Index.

19 October
- KIT announced DPU payable of 0.93 cents for the period from 1 July 2015 to 30 September 2015.
- KIT announced a change of its financial year end from 31 March to 31 December.

20 November
- KIT paid a DPU of 0.93 cents to Unitholders for the period from 1 July 2015 to 30 September 2015.

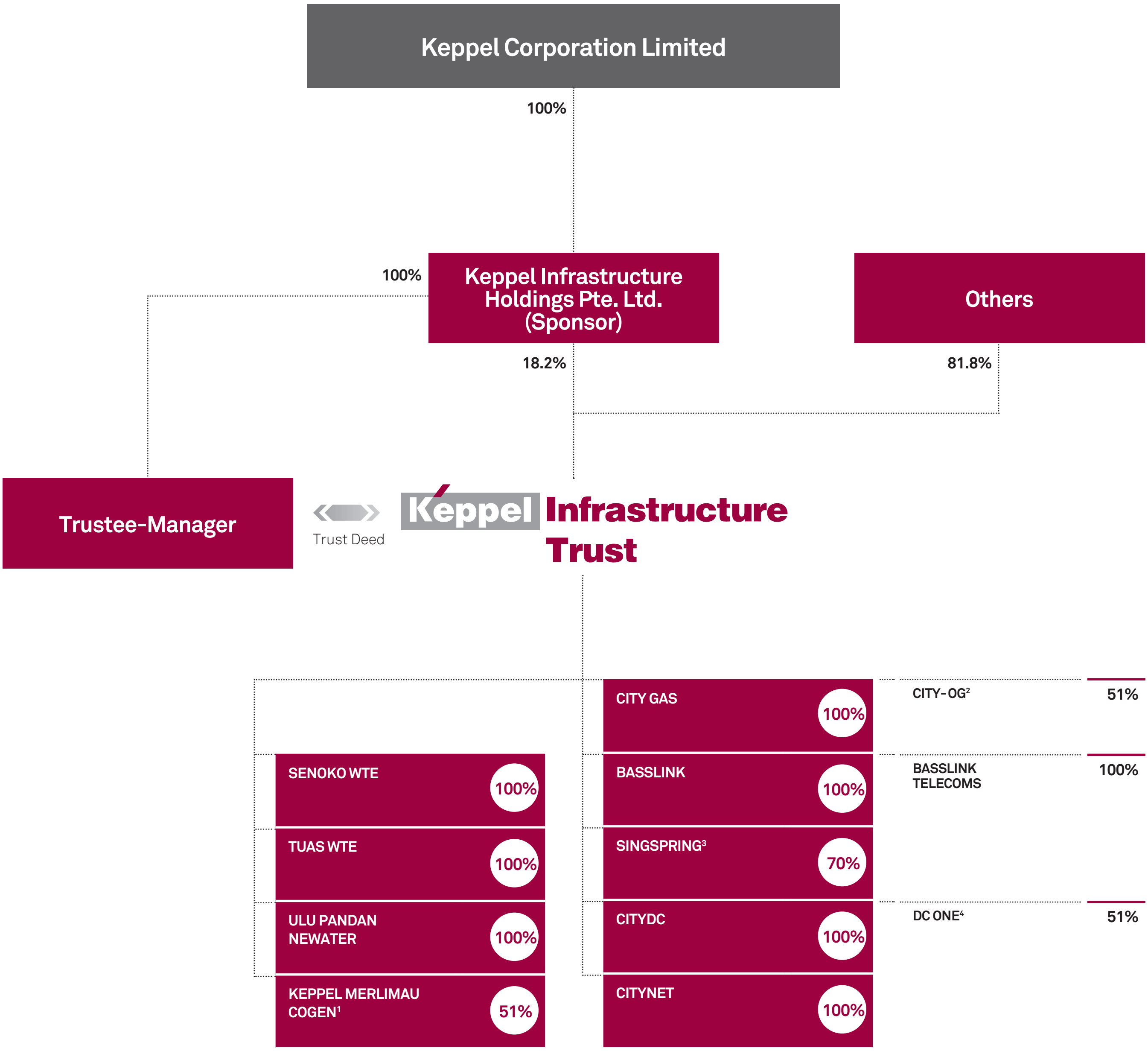
2016

18 January
- KIT announced DPU payable of 0.93 cents for the period from 1 October 2015 to 31 December 2015.

01

***01** Held on 28 July, KIT's first annual general meeting since the combination saw nearly 670 unitholders and proxies in attendance.*

Trust Structure



Notes:

1 The acquisition of a 51% stake in Keppel Merlimau Cogen Pte. Ltd. (KMC) was completed on 30 June 2015. Keppel Energy Pte Ltd holds the remaining 49% equity interest in KMC.
2 Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City-OG Gas Energy Services.
3 Hyflux Ltd holds the remaining 30% equity interest in SingSpring.
4 WDC Development Pte. Ltd. holds the remaining 49% equity interest in DC One.
5 The above unitholdings are based on the trust structure as at 31 December 2015.

Corporate Information

Trustee-Manager of Keppel Infrastructure Trust

Keppel Infrastructure Fund Management Pte Ltd
Registered Address
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Place of Business Address
1 HarbourFront Avenue
#06-09 Keppel Bay Tower
Singapore 098632

Phone: +65 6499 0599
Fax: +65 6265 1953
Email: info@kepinfratrust.com
Website: www.kepinfratrust.com

Directors of The Trustee-Manager

Mr Koh Ban Heng
Independent Director and Chairman of the Board

Mr Thio Shen Yi
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Daniel Cuthbert Ee Hock Huat
Independent Director

Ms Quek Soo Hoon
Independent Director

Mr Kunnasagaran Chinniah
Independent Director

Dr Ong Tiong Guan
Non-Executive and Non-Independent Director

Mr Alan Tay Teck Loon
Non-Executive and Non-Independent Director

Audit Committee

Mr Mark Andrew Yeo Kah Chong
(Chairman)

Mr Koh Ban Heng

Ms Quek Soo Hoon

Nominating and Remuneration Committee

Mr Thio Shen Yi
(Chairman)

Mr Koh Ban Heng

Ms Quek Soo Hoon

Dr Ong Tiong Guan

Conflicts Resolution Committee

Mr Daniel Cuthbert Ee Hock Huat
(Chairman)

Mr Thio Shen Yi

Ms Quek Soo Hoon

Unit Registrar And Unit Transfer Office

Boardroom Corporate & Advisory Services Pte Ltd (a member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6230 9525
Fax: +65 6536 1360

Company Secretaries

Mr Ng Wai Hong

Ms Winnie Mak

Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809
Phone: +65 6224 8288
Fax: +65 6538 6166

Partner-in-charge:
Patrick Tan Hak Pheng
Year appointed: 2015

Trustee-Manager's Statement & Financial Statements

Contents

Trustee-Manager's Statement

Keppel Infrastructure Fund Management Pte. Ltd. was appointed as the Trustee-Manager of Keppel Infrastructure Trust (the "Trust") on May 18, 2015.

The directors of the Trustee-Manager present their statement, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively the "Group") and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2015.

The Trust changed its financial year end from March 31 to December 31. The financial year covers the period from April 1, 2015 to December 31, 2015.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust as set out on pages 39 to 102 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at December 31, 2015, and the financial performance, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the financial year then ended in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

(a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;

(b) the interested person transactions entered into by the Group during the financial year ended December 31, 2015 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

In accordance with Regulation 12(6) of the Singapore Business Trust Regulations ("BTR"), the Board of Directors of the Trustee-Manager may determine that a director who is not considered to be independent from management and business relationships with the Trustee-Manager under Regulation 3; or not considered to be independent from a substantial shareholder of the Trustee-Manager under Regulation 4, is nonetheless independent from management and business relationships with the Trustee-Manager or independent from a substantial shareholder of the Trustee-Manager, if the Board of Directors is satisfied that the director's independent judgment and ability to act with regard to the interests of all the unitholders of the Trust as a whole will not be interfered with, despite the relationships.

The details of the Board of Directors' review and determination under Regulation 12(7) of the BTR are disclosed in the Corporate Governance section of the Annual Report of the Trust in accordance to Regulations 12(8) and 12(9) of the BTR.

1. Directors

The directors of the Trustee-Manager in office at the date of this report are:

Koh Ban Heng (Chairman) *	
Quek Soo Hoon *	
Thio Shen Yi *	
Daniel Cuthbert Ee Hock Huat	appointed on May 18, 2015
Kunnasagaran Chinniah	appointed on August 1, 2015
Mark Andrew Yeo Kah Chong	appointed on August 1, 2015
Ong Tiong Guan *	
Alan Tay Teck Loon *	

* These were existing directors of the Trustee-Manager prior to May 18, 2015.

2. Arrangements to Enable Directors to Acquire Units or Debentures

Neither at the end of the financial year nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of the Trust.

3. Directors' Interests in Units or Debentures

The directors of the Trustee-Manager at the end of the financial year had no interests in the unit capital and debentures of the Trust and related corporations as recorded in the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Act except as follows:

Name of directors and corporation in which interests are held	Shareholdings registered in name of director		Shareholdings in which director are deemed to have an interest	
	At date of appointment	At end of financial year	At date of appointment	At end of financial year
Interests in Keppel Infrastructure Trust (Units)				
Quek Soo Hoon	40,676	44,189	-	-
Thio Shen Yi	842	906	-	-
Kunnasagaran Chinniah	513,600	513,600	421,346	421,346

The unitholdings of the above directors as at January 21, 2016 were the same as those at December 31, 2015.

4. Unit Options

(a) **Options to take up unissued unit**
During the financial year, there were no options granted by the Trustee-Manager to any person to take up unissued units in the Trust.

(b) **Options exercised**
During the financial year, there were no units of the Trust issued by virtue of the exercise of an option to take up unissued units.

(c) **Unissued unit under options**
At the end of the financial year, there were no unissued units of the Trust under options.

5. Audit Committee

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report are:

Mark Andrew Yeo Kah Chong (Chairman)	appointed on August 1, 2015
Quek Soo Hoon	
Koh Ban Heng	appointed on August 1, 2015

All members of the Audit Committee are independent and are non-executive directors.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations 2005 and the SGX Listing Manual.

In performing its functions, the Audit Committee met with the Trust's external and internal auditors to discuss the scope and results of their audits and evaluation of the Group's internal accounting control system.

The Audit Committee also reviewed the following:

(a) The audit plan and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The financial statements of the Trust and the consolidated financial statements of the Group before their submission to the directors of the Trustee-Manager and external auditors' report on those financial statements;

Trustee-Manager's Statement

5. Audit Committee (continued)

(d) the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(e) The quarterly, half-yearly and annual announcements on the results and financial position of the Trust and the Group;

(f) The co-operation and assistance given by the Trustee-Manager's officers to the Group's external auditors; and

(g) The re-appointment of the external auditors of the Group.

The Audit Committee has full access to and had the co-operation of the Trustee-Manager and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officers of the Trustee-Manager to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors of the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the unitholders.

6. Auditors

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

On behalf of the Board of Directors of the Trustee-Manager

Koh Ban Heng
Chairman

Ong Tiong Guan
Director

Singapore
February 24, 2016

Statement by the Chief Executive Officer

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Khor Un-Hun
Chief Executive Officer

Singapore
February 24, 2016

Independent Auditors' Report

to the Unitholders of Keppel Infrastructure Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of Keppel Infrastructure Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Trust as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in unitholders' funds and statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the period from April 1, 2015 to December 31, 2015 ("financial year"), and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 102.

Trustee-Manager's Responsibility for the Financial Statements

The Trustee-Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

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 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 the Trustee-Manager, 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 consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust 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 financial position of the Group and of the Trust as at December 31, 2015 and the financial performance, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the financial year ended on that date.

Other Matters

The consolidated financial statements of the Group for the year ended March 31, 2015 were audited by another firm of auditors which expressed an unmodified opinion on those financial statements in their report dated May 15, 2015.

Report On Other Legal And Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Patrick Tan Hak Pheng
Partner
Appointed on July 28, 2015

February 24, 2016

Statement of Financial Position

December 31, 2015

	Note	Group		Trust	
		December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Non-Current Assets					
Property, plant and equipment	6	**2,455,759**	915,018	**-**	-
Intangibles	7	**553,542**	373,120	**-**	-
Subsidiaries	8	**-**	-	**1,029,111**	546,684
Investment in and advances to joint venture	9	**21,434**	16,351	**-**	-
Notes receivables	10	**-**	-	**775,712**	230,570
Service concession receivables	11	**436,232**	-	**-**	-
Finance lease receivables	12	**124,142**	130,962	**-**	-
Derivative financial instruments	13	**12,939**	-	**-**	-
Other assets	14	**32,132**	1,543	**-**	-
Total non-current assets		**3,636,180**	1,436,994	**1,804,823**	777,254
Current Assets					
Cash and bank deposits	15	**243,636**	238,669	**56,759**	93,700
Trade and other receivables	16	**90,462**	62,049	**5,594**	892
Service concession receivables	11	**57,853**	-	**-**	-
Finance lease receivables	12	**8,995**	8,746	**-**	-
Derivative financial instruments	13	**-**	1,216	**-**	-
Inventories	17	**55,990**	19,054	**-**	-
Other current assets	18	**22,362**	2,788	**172**	48
Total current assets		**479,298**	332,522	**62,525**	94,640
Current Liabilities					
Borrowings	19	**25,108**	21,367	**-**	-
Loan from a related party	20	**4,541**	-	**4,541**	-
Loan from a subsidiary	21	**-**	-	**99,000**	-
Trade and other payables	22	**144,279**	105,144	**4,023**	6,881
Derivative financial instruments	13	**20,481**	18,553	**-**	-
Provisions	23	**-**	647	**-**	-
Income tax payable		**9,044**	12,692	**52**	44
Total current liabilities		**203,453**	158,403	**107,616**	6,925
Net Current Assets/(Liabilities)		**275,845**	174,119	**(45,091)**	87,715
Non-Current Liabilities					
Borrowings	19	**1,644,530**	1,122,513	**-**	141,439
Loan from a subsidiary	21	**-**	-	**43,335**	-
Notes payable to non-controlling interests	24	**260,000**	15,000	**-**	-
Derivative financial instruments	13	**73,312**	108,617	**-**	-
Other payables	25	**265,658**	88,264	**-**	-
Provisions	23	**38,143**	55,253	**-**	-
Deferred tax liabilities	26	**29,596**	22,737	**-**	-
Total non-current liabilities		**2,311,239**	1,412,384	**43,335**	141,439
Net Assets		**1,600,786**	198,729	**1,716,397**	723,530
Represented by:					
Unitholders' Funds					
Units in issue	27	**2,137,322**	886,731	**2,137,322**	886,731
Hedging reserve	28	**(201,772)**	(236,114)	**-**	-
Translation reserve		**(27,122)**	(27,124)	**-**	-
Capital reserve	29	**38,710**	38,710	**-**	-
Accumulated losses		**(587,350)**	(475,329)	**(420,925)**	(163,201)
		1,359,788	186,874	**1,716,397**	723,530
Non-controlling interests		**240,998**	11,855	**-**	-
		1,600,786	198,729	**1,716,397**	723,530

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period from April 1, 2015 to December 31, 2015

	Note	From April 1, 2015 to December 31, 2015 (9 months) $'000	From April 1, 2014 to March 31, 2015 (12 months) $'000
Revenue	31	**427,852**	501,902
Other income	32	**3,002**	3,261
Other gains/(losses) - net	33	**2,514**	(3,524)
Expenses			
Fuel and electricity costs		**(101,572)**	(188,251)
Gas transportation costs		**(65,267)**	(85,034)
Depreciation and amortisation		**(67,721)**	(44,606)
Staff costs	34	**(18,708)**	(26,093)
Operation and maintenance costs		**(57,618)**	(23,888)
Finance costs	35	**(78,832)**	(69,299)
Trustee-Manager's fees	36	**(7,250)**	(7,762)
Other operating expenses		**(35,066)**	(50,071)
Total expenses		**(432,034)**	(495,004)
Profit before joint venture		**1,334**	6,635
Share of results of joint venture	9	**(171)**	(167)
Profit before tax	37	**1,163**	6,468
Income tax expense	38	**(2,766)**	(4,293)
(Loss)/profit for the year		**(1,603)**	2,175
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
- Fair value gains/(losses)		**25,881**	(124,473)
- Transfer to profit or loss		**11,880**	10,370
Currency translation differences relating to consolidation of foreign operations		**45**	(2,811)
Other comprehensive income, net of tax		**37,806**	(116,914)
Total comprehensive income		**36,203**	(114,739)
Profit/(loss) attributable to:			
Unitholders of the Trust		**15,457**	(749)
Non-controlling interests		**(17,060)**	2,924
		(1,603)	2,175
Total comprehensive income attributable to:			
Unitholders of the Trust		**49,801**	(118,246)
Non-controlling interests		**(13,598)**	3,507
		36,203	(114,739)
Earnings/(loss) per unit attributable to unitholders of the Trust, expressed in cents			
- basic and diluted	39	**0.46**	(0.05)

See accompanying notes to financial statements.

Statements of Changes in Unitholders' Funds

Period from April 1, 2015 to December 31, 2015

	Note	Attributable to Unitholders of the Trust							
		Units in issue (Note 27) $'000	Hedging reserve (Note 28) $'000	Translation reserve $'000	Capital reserve (Note 29) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Non-controlling interests $'000	Total $'000
Group									
Balance as at April 1, 2014		886,731	(121,597)	(24,144)	38,710	(424,760)	354,940	11,394	366,334
Total comprehensive income for the year									
(Loss)/profit for the year		-	-	-	-	(749)	(749)	2,924	2,175
Other comprehensive income for the year		-	(114,517)	(2,980)	-	-	(117,497)	583	(116,914)
Total		-	(114,517)	(2,980)	-	(749)	(118,246)	3,507	(114,739)
Distributions paid, representing transactions with owners, recognised directly in equity	30	-	-	-	-	(49,820)	(49,820)	(3,046)	(52,866)
Balance as at March 31, 2015		886,731	(236,114)	(27,124)	38,710	(475,329)	186,874	11,855	198,729
Group									
Balance as at April 1, 2015		**886,731**	**(236,114)**	**(27,124)**	**38,710**	**(475,329)**	**186,874**	**11,855**	**198,729**
Total comprehensive income for the year									
Profit/(loss) for the year		**-**	**-**	**-**	**-**	**15,457**	**15,457**	**(17,060)**	**(1,603)**
Other comprehensive income for the year		**-**	**34,342**	**2**	**-**	**-**	**34,344**	**3,462**	**37,806**
Total		**-**	**34,342**	**2**	**-**	**15,457**	**49,801**	**(13,598)**	**36,203**
Transactions with owners, recognised directly in equity									
Units issued	27	**1,250,591**	**-**	**-**	**-**	**-**	**1,250,591**	**-**	**1,250,591**
Non-controlling interest arising from acquisition of subsidiary	40	**-**	**-**	**-**	**-**	**-**	**-**	**245,000**	**245,000**
Distributions paid	30	**-**	**-**	**-**	**-**	**(127,478)**	**(127,478)**	**(2,259)**	**(129,737)**
Total		**1,250,591**	**-**	**-**	**-**	**(127,478)**	**1,123,113**	**242,741**	**1,365,854**
Balance as at December 31, 2015		**2,137,322**	**(201,772)**	**(27,122)**	**38,710**	**(587,350)**	**1,359,788**	**240,998**	**1,600,786**

See accompanying notes to financial statements.

Statements of Changes in Unitholders' Funds

Period from April 1, 2015 to December 31, 2015

	Note	Units in issue (Note 27) $'000	Hedging reserve (Note 28) $'000	Accumulated losses $'000	Total unitholders' funds $'000
Trust					
Balance as at April 1, 2014		886,731	(13)	(233,724)	652,994
Total comprehensive income for the year					
Profit for the year		-	-	120,343	120,343
Other comprehensive income for the year		-	13	-	13
Total		-	13	120,343	120,356
Distributions paid, representing transactions with unitholders, recognised directly in equity	30	-	-	(49,820)	(49,820)
Balance as at March 31, 2015		886,731	-	(163,201)	723,530
Balance as at April 1, 2015		**886,731**	**-**	**(163,201)**	**723,530**
Total comprehensive income for the year					
Loss for the year		**-**	**-**	**(130,246)**	**(130,246)**
Transactions with unitholders, recognised directly in equity					
Units issued	27	**1,250,591**	**-**	**-**	**1,250,591**
Distributions paid	30	**-**	**-**	**(127,478)**	**(127,478)**
Total		**1,250,591**	**-**	**(127,478)**	**1,123,113**
Balance as at December 31, 2015		**2,137,322**	**-**	**(420,925)**	**1,716,397**

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Period from April 1, 2015 to December 31, 2015

	Note	From April 1, 2015 to December 31, 2015 (9 months) $'000	From April 1, 2014 to March 31, 2015 (12 months) $'000
Operating activities			
Profit before tax		**1,163**	6,468
Adjustments for:			
Depreciation and amortisation		**67,721**	44,606
Finance costs		**78,832**	69,299
Interest income		**(1,871)**	(2,187)
Allowance for doubtful trade and other receivables		**348**	219
Fair value (gain)/loss on derivative financial instruments		**(2,697)**	2,557
Property, plant and equipment written off		**99**	6
Gain associated with purchase and cancellation of bonds		**-**	(1,852)
Gain on disposal of property, plant and equipment		**(12)**	(14)
Share of results of joint venture		**171**	167
Unrealised translation (gain)/loss		**(22)**	255
Operating cash flows before movements in working capital		**143,732**	119,524
Trade and other receivables		**(36,742)**	9,188
Service concession receivables		**15,383**	-
Finance lease receivables		**6,571**	8,382
Trade and other payables		**(3,322)**	15,000
Inventories		**2,014**	987
Cash generated from operations		**127,636**	153,081
Interest received		**1,679**	2,299
Interest paid		**(72,635)**	(60,925)
Income tax paid		**(8,346)**	(892)
Net cash from operating activities		**48,334**	93,563
Investing activities			
Investment in and advances to joint venture		**(5,253)**	(16,518)
Purchase of property, plant and equipment		**(2,133)**	(2,731)
Proceeds from sale of property, plant and equipment		**21**	75
Acquisition of subsidiaries, net of cash acquired	40	**(13,148)**	-
Net cash used in investing activities		**(20,513)**	(19,174)
Financing activities			
(Increase)/decrease in restricted cash		**(3,366)**	883
Proceeds of notes issued by subsidiary to non-controlling interest		**245,000**	-
Proceeds from borrowings		**-**	918,846
Repayment of related parties' loans		**(500,000)**	-
Repayment of borrowings		**(156,079)**	(984,405)
Net proceeds raised from issuance of units		**521,116**	-
Payment of loan upfront fee		**(2,100)**	(16,511)
Distributions paid to unitholders of the Trust	30	**(127,478)**	(49,820)
Distributions paid by subsidiaries to non-controlling interests		**(2,259)**	(3,046)
Net cash used in financing activities		**(25,166)**	(134,053)
Net increase/(decrease) in cash and cash equivalents		**2,655**	(59,664)
Cash and cash equivalents at beginning of year		**197,862**	259,700
Effects of currency translation on cash and cash equivalents		**(453)**	(2,174)
Cash and cash equivalents at end of year	15	**200,064**	197,862

See accompanying notes to financial statements.

Notes to the Financial Statements

December 31, 2015

1. General

Keppel Infrastructure Trust, (the "Trust") is a business trust registered with the Monetary Authority of Singapore and domiciled in Singapore. The Trust was constituted by a trust deed dated January 5, 2007 and is regulated by the Singapore Business Trusts Act, Chapter 31A. During the financial year, the Trust changed its Trustee-Manager from CitySpring Infrastructure Management Pte. Ltd. to Keppel Infrastructure Fund Management Pte. Ltd.. Under the trust deed, Keppel Infrastructure Fund Management Pte. Ltd. (the "Trustee-Manager") will hold the assets (including businesses) acquired in trust for the unitholders as the Trustee-Manager. The registered address and principal place of business of the Trustee-Manager is at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 and 1 HarbourFront Avenue, #06-09 Keppel Bay Tower, Singapore 098632 respectively.

The Trust has been established with the principal objective of investing in infrastructure assets and providing unitholders with regular and predictable distributions and the potential for long-term capital growth. The principal activities of the subsidiaries of the Trust are set out in Note 8.

The Trust was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited on February 12, 2007.

During the financial year, the Group entered into the following significant transactions (Note 40):

Crystal Assets Acquisition

On May 18, 2015, the Trust acquired the businesses of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Plant Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, collectively known as the Crystal Assets, for a total purchase consideration of $729 million via the issue of 1,326,319,374 new units for the acquisition.

Keppel Merlimau Cogen Pte Ltd ("KMC") Acquisition

On June 30, 2015, the Trust acquired a 51% equity stake in KMC which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility at Jurong Island. The total purchase consideration of $510 million was financed by an equity fund raising, of which $255 million was paid to the vendor and $255 million was injected via Qualifying Debt Project Securities ("QPDS") Notes.

The consolidated financial statements of the Group and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year from April 1, 2015 to December 31, 2015 were authorised for issue by the Board of Directors of the Trustee-Manager on February 24, 2016.

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 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 Group 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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 April 1, 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Trust were issued but not effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers* [1]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* [2]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
[2] Applies to annual periods beginning on or after 1 January 2016, with early application permitted.

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

FRS 109 *Financial Instruments*
FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

The directors of the Trustee-Manager are currently evaluating the impact of the new amendment.

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.

The directors of the Trustee-Manager are currently evaluating the impact of the new amendment.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The directors of the Trustee-Manager anticipate that the application of amendments to FRS 1 in the future will not have a material impact on amounts reported in respect to the Group's financial assets and financial liabilities.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries). Control is achieved when the Trust:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including:

- The size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Trust, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Trust and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Trust and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interest in a subsidiary that do not result in Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders of the Trust.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Trust's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group 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 exactly 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 or expense is recognised on an effective interest basis for debt instruments other than those financial instruments at "fair value through profit or loss".

Financial assets
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified category: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

<u>Financial assets at fair value through profit or loss ("FVTPL")</u>
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Trade and other receivables
Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". These are 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.

Service concession arrangements
The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 to 25 years and transfer the plants to the grantors at the end of the concession period. Such a concession arrangements fall within the scope of INT FRS 112 *Service Concession Arrangements* and are accounted for as service concession receivables.

The Group recognises a finance receivable arising from a service concession arrangement when it has a right to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the concession infrastructure. When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the finance receivable (if any), which will be used to reduce the carrying amount of the finance receivable on its statement of financial position, (ii) interest income, which will be recognised as finance income in profit or loss and (iii) revenue from operating and maintaining the infrastructure, which will be recognised in profit or loss.

Notes receivables
Interest-bearing notes receivables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest method.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets
The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownerships of a transferred financial asset, the Group 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 Group 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 Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Units in issue and unit proceeds from issuance of units are recognised as units in issue in equity
Issue expenses are expenses incurred in issuance of units in the Trust. Expenses which are directly attributable to the issuance of units are deducted directly from the net assets attributable to the unitholders. Expenses which are not directly attributable to the issuance of units are recognised in the profit or loss.

Distributions to the Trust's unitholders
Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

Financial liabilities
Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at fair value through profit or loss ("FVTPL")
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps and interest rate options to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently carried at fair value.

The fair values of the interest rate swaps and interest rate options are determined by reference to market values quoted by banks at the balance sheet date. The fair value of interest rate swaps embedded in an operating contract is calculated as the present value of the estimated future cashflow discounted at actively quoted interest rates.

For the purpose of hedge accounting, the Group classifies its hedges as cash flow hedges.

Cash flow hedges

Cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The fair value changes on the effective portion of the hedging instruments designated as cash flow hedges are recognised in the hedging reserve, while the ineffective portion are recognised immediately in the profit or loss. The amount taken to hedging reserve are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when the finance cost on the borrowings are recognised in the profit or loss.

Derivatives that are not designated or do not qualify for hedge accounting

Certain derivative instruments are not designated or do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the profit or loss and are included in other gains/(losses) - net.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Trust and the Group 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.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

When the Group is the lessee

Operating leases
Leases where substantially all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the profit or loss when they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group is the lessor

Finance leases
Leases of assets where substantially all the risks and rewards incidental to legal ownership of the assets are transferred by the Group to the lessees are classified as finance leases.

The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in the profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in the profit or loss over the lease term on the same basis as the finance lease income.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Freehold land has an unlimited useful life and stand-by equipment and assets under construction are not yet available for use and therefore are not depreciated. Depreciation on other property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Building and leasehold land	Over the leasehold period of 30 years
Easements	63.67 years
Interconnector and related plant and machinery	4 - 63.67 years
Power plant	25 years
Other plant and machinery	3 - 30 years
Computers, vehicles, furniture, fittings and equipment	1 - 5 years or lease term, whichever is shorter

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate 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 Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets Excluding Goodwill

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Concession arrangements, customer relationship and customer contracts acquired as part of business combination are initially recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of:

Concession arrangements	9.26 – 19.43 years
Customer contracts	18.83 - 38.67 years
Customer relationship	10 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's Cash Generating Units ("CGU") to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years, unless a longer period can be justified. For longer periods, a long-term justified growth rate is applied to project future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

JOINT VENTURE – A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 reporting period, 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.

Decommissioning liabilities

The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

SHARE-BASED PAYMENT - Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the profit or loss. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income
Service income is recognised at the time when the services are rendered.

Finance income from service concession arrangements
Finance income from service concession arrangement represents the interest income on the service concession receivables arising from a service concession arrangement, and is recognised using the effective interest method.

Finance lease income
Accounting policy for recognising finance lease income is stated separately above.

Operation and maintenance income
Revenue from provision of operation and maintenance service is recognised when the services are rendered.

Construction revenue
Revenue from construction or upgrade services under service concession arrangements is recognised based on the percentage of completion method in proportion to the stage of completion and the outcome of such contract can be reliably estimated. The percentage of completion is measured by reference to the proportion of the contract cost incurred to date to the estimated total contract costs.

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

Other income
Other income represents the sale of scrap and rental income. Sale of scrap is recognised upon delivery of the scrap materials and rental income is recognised on a straight line basis over the term of the relevant lease.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

DEFINED CONTRIBUTION PLANS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group'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 accrue 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 reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Trust and subsidiaries operate by the end of the reporting period.

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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager 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 if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, Trustee-Manager has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 4(a) to the financial statements.

(ii) Impairment of non-financial assets

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, other than goodwill.

Determining whether the carrying values of investments in joint venture, subsidiaries, property, plant and equipment and intangibles are impaired requires an estimation of the value in use of the asset or the CGU. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of property, plant and equipment, intangibles, investments in subsidiaries and joint venture at the end of the reporting period are disclosed in Notes 6, 7, 8 and 9 respectively.

(iii) Allocation and impairment of goodwill

As described in Note 1, the Group completed the acquisition of the Crystal Assets on May 18, 2015. An independent valuer was engaged by the Group to identify and measure the fair values of the identifiable assets and liabilities and goodwill on acquisition.

Goodwill arising from the business combination is allocated, based on the relative fair value approach, to the CGUs that are expected to benefit from that business combination, specifically, the Group's Gas and Electricity business segments. This requires the Group to estimate the additional future benefit to be derived by the CGUs.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value in use calculations.

This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of goodwill at the end of the reporting period are disclosed in Note 7.

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Risks Management

(a) Categories of financial instruments

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Financial Assets				
Loans and receivables (including cash, bank and deposit balances)	**961,725**	441,136	**838,065**	325,162
Fair value through profit or loss	**-**	1,216	**-**	-
Derivative instruments in designated hedge accounting relationships	**12,939**	-	**-**	-
Total	**974,664**	442,352	**838,065**	325,162
Financial Liabilities				
Payables, at amortised cost	**2,080,137**	1,305,481	**150,900**	148,320
Fair value through profit or loss	**-**	1,216	**-**	-
Derivatives instruments in designated hedge accounting relationships	**93,793**	125,954	**-**	-
Total	**2,173,930**	1,432,651	**150,900**	148,320

The Group and Trust do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements.

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group operates mainly in Singapore and Australia. The Group entities transact predominantly in their respective functional currency except for two subsidiaries.

One subsidiary, whose functional currency is the Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD. See paragraph (ii) Commodity price risk.

Another subsidiary, whose functional currency is the USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalents denominated in SGD for working capital purposes.

The Group reviews these balances periodically to ensure that the net exposure is kept at an acceptable level.

The Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

The Trust pays quarterly distribution to its unitholders in SGD whilst its Australian subsidiaries' distributions, if any, are in Australian dollar ("AUD"). The Group was not exposed to AUD foreign currency risk in 2015 as there was no distribution from its Australian subsidiaries during the year.

At the end of the financial year, the carrying amounts of monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Group				
USD	**505**	666	**3,487**	6,021
AUD	**-**	-	**1,410**	1,424
SGD	**747**	609	**4,768**	7,135

Sensitivity analysis

The following table details the sensitivity to a 5% (March 31, 2015 : 5%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity used when reporting foreign currency risk internally to the Trustee-Manager and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translations at the period end for a 5% change in foreign currency rates.

A 5% (March 31, 2015 : 5%) strengthening of the following currencies against the respective functional currencies at the reporting date would have the impact as shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Increase/(Decrease) Profit or loss	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Group		
USD	**149**	268
AUD	**70**	71
SGD	**201**	326

A 5% (March 31, 2015 : 5%) weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal impact but opposite effect.

The Group's sensitivity to USD and SGD has decreased during the current year mainly due to:

1. the reduction in the USD sales in the last quarter of the financial year which resulted in a lower USD denominated trade receivables

2. the reduction in the SGD sales (in an entity with USD as its functional currency) in the last quarter of the financial year which resulted in a lower SGD denominated trade receivables.

The Trust'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. Hence, no sensitivity analysis is performed and presented.

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risks

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant variable interest-bearing assets, other than short term deposits held with banks.

The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group's policy is to manage its interest cost using a mix of fixed and floating interest rate debts. The Group enters into interest rate swaps which allow the Group to raise long term borrowings at floating rates and swap them into fixed rates, with the objective to reduce variability in cash flows arising from interest rate fluctuations.

Details of the various derivative financial instruments held by the Group are disclosed in Note 13. Assuming all other variables are held constant, a 50 basis points change in Singapore or Australia interest rate has the following impact on profit or loss as a result of higher/lower finance cost or fair value changes to derivative financial instruments.

Sensitivity analysis

	Decrease of 50 basis points		Increase of 50 basis points	
	Increase/(Decrease)		Increase/(Decrease)	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
For the year ended December 31, 2015				
Cash and bank deposits	**(1,024)**	**-**	**1,024**	**-**
Borrowings at floating interest rate	**1,068**	**-**	**(1,068)**	**-**
Interest rate swaps accounted for under cash flow hedge	**-**	**(45,515)**	**2,116**	**41,844**
Group				
For the year ended March 31, 2015				
Cash and bank deposits	(977)	-	977	-
Borrowings at floating interest rate	2,139	-	(2,139)	-
Interest rate swaps accounted for under cash flow hedge	(265)	(42,613)	262	39,925

(iii) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables, based on the operating segments, on an ongoing basis. The credit risk concentration profile of the Group's third-party trade receivables, grossed up for any allowances for losses, at the end of the financial year is as follows:

	December 31, 2015		March 31, 2015	
	$'000	**%**	$'000	%
Group				
By operating segments				
Gas [1]	**28,320**	**46**	35,109	66
Concessions [2]	**25,808**	**42**	8,557	16
Electricity [3]	**4,377**	**7**	8,496	16
Power [4]	**2,104**	**3**	–	–
Others	**1,063**	**2**	1,034	2
	61,672	**100**	53,196	100

[1] There is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon the opening of a utilities account. Included in the refundable customer deposits disclosed in Note 22, is an amount of $34,895,000 as at December 31, 2015 (March 31, 2015 : $38,031,000), which can be used to set off against the corresponding outstanding receivables when the circumstances warrant.

[2] There is a significant concentration of credit risk with their customers, which are agencies of the government of Singapore, for the duration of the service contract entered into.

[3] There is a significant concentration of credit risk with the major customer, a wholly-owned entity of the State of Tasmania, which represents 96% (March 31, 2015 : 97%) of the total trade receivables from the Electricity segment.

[4] There is a significant concentration of credit risk with its sole customer, which is the related party.

Each Group entity monitors the credit risk by ensuring that payments are received by the contractual date.

Cash and fixed deposits are placed with banks and financial institutions which are regulated and with high credit ratings.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Liquidity risk (continued)

	Effective interest rate %	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
As at December 31, 2015						
Non-interest bearing	**-**	**109,140**	**-**	**-**	**-**	**109,140**
Variable interest rate instruments	**2.49 - 6.88**	**87,668**	**1,805,599**	**35,472**	**(240,193)**	**1,688,546**
Fixed interest rate instruments	**6.50 - 17.5**	**43,850**	**175,400**	**1,152,194**	**(1,088,993)**	**282,451**
		240,658	**1,980,999**	**1,187,666**	**(1,329,186)**	**2,080,137**
As at March 31, 2015						
Non-interest bearing	-	89,228	31,865	-	-	121,093
Variable interest rate instruments	1.80 - 6.87	62,927	1,223,908	40,882	(180,360)	1,147,357
Fixed interest rate instruments	5.87 - 6.50	975	3,900	72,867	(40,711)	37,031
		153,130	1,259,673	113,749	(221,071)	1,305,481
Trust						
As at December 31, 2015						
Non-interest bearing	**-**	**4,023**	**-**	**-**	**-**	**4,023**
Variable interest rate instruments	**2.36 - 2.49**	**106,039**	**43,591**	**-**	**(2,753)**	**146,877**
		110,062	**43,591**	**-**	**(2,753)**	**150,900**
As at March 31, 2015						
Non-interest bearing	-	6,881	-	-	-	6,881
Variable interest rate instruments	2.40	3,103	147,405	-	(9,069)	141,439
		9,984	147,405	-	(9,069)	148,320

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Effective interest rate %	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
As at December 31, 2015						
Non-interest bearing	**-**	**334,457**	**47**	**-**	**-**	**334,504**
Fixed interest rate instruments	**2.50 - 4.68**	**71,035**	**287,899**	**425,321**	**(157,034)**	**627,221**
		405,492	**287,946**	**425,321**	**(157,034)**	**961,725**
As at March 31, 2015						
Non-interest bearing	-	301,372	56	-	-	301,428
Fixed interest rate instruments	3.91	13,182	52,622	101,445	(27,541)	139,708
		314,554	52,678	101,445	(27,541)	441,136
Trust						
As at December 31, 2015						
Non-interest bearing	**-**	**57,812**	**-**	**-**	**-**	**57,812**
Fixed interest rate instruments	**2.49 - 17.50**	**89,789**	**363,471**	**2,153,084**	**(1,826,091)**	**780,253**
		147,601	**363,471**	**2,153,084**	**(1,826,091)**	**838,065**
As at March 31, 2015						
Non-interest bearing	-	94,592	-	-	-	94,592
Fixed interest rate instruments	6.50 - 13.00	27,775	110,872	672,508	(580,585)	230,570
		122,367	110,872	672,508	(580,585)	325,162

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Liquidity risk (continued)

Derivative financial instruments
The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group			
As at December 31, 2015			
Net settled:			
Interest rate swaps	**(20,481)**	**(24,535)**	**(35,838)**
As at March 31, 2015			
Net settled:			
Interest rate swaps	(17,337)	(46,676)	(61,941)

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Trust is in a net current liability position of $45.1 million as at the end of the reporting period. The financial statements of the Trust have been prepared on a going concern basis as the Trustee-Manager is of the opinion that there will be sufficient cash inflows from the distribution/dividend income and interest income that it will receive from its subsidiaries in the future to service its debts.

At December 31, 2015, the Group maintains $3.4 million (March 31, 2015: $38.4 million) undrawn facilities. Subsequent to the end of the financial year, an additional undrawn facility of $200.0 millon was obtained by the Group.

(v) Fair value of financial assets and financial liabilities

(i) *Assets and liabilities measured at fair value*
The Group's derivative financial instruments as at December 31, 2015 and March 31, 2015 are measured at fair value under Level 2 of the fair value hierarchy. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at December 31, 2015 Assets $'000	December 31, 2015 Liabilities $'000	March 31, 2015 Assets $'000	March 31, 2015 Liabilities $'000	Fair value hierarchy $'000	Valuation technique(s) and key input(s)
Interest rate swaps	**12,939**	**(93,793)**	1,216	(127,170)	Level 2	The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The Trust had no financial assets or liabilities carried at fair value as at the end of the reporting period.

There were no transfer between the different levels of the fair value hierarchy during the financial years ended December 31, 2015 and March 31, 2015.

(ii) *Fair value of the Group and Trust's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

The Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values, unless otherwise stated in the respective notes to the financial statements.

(c) Capital risk management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(c) Capital risk management policies and objectives (continued)

In addition to bank covenants, debt service coverage ratios and other tests, the Trustee-Manager also monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and bank deposits excluding notes payable to non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Net borrowings	**1,440,369**	920,932	**90,117**	48,635
Total assets	**4,115,478**	1,769,516	**1,867,348**	871,894
Ratio	**34%**	52%	**5%**	6%

There are no externally imposed capital requirements for the financial years ended December 31, 2015 and March 31, 2015, other than the loan covenants disclosed in Note 19.

5. Related Party Transactions

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate unitholders, Keppel Corporation Limited and Temasek Holdings (Private) Limited, and their associates. 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.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the year:

		Group	
	Note	**From April 1, 2015 to December 31, 2015 $'000**	From April 1, 2014 to March 31, 2015 $'000
Sale of goods and services	(i)	**63,239**	10,655
Purchases of goods and services	(i)	**(206,889)**	(225,089)
Operating lease expense	(i)	**(873)**	(943)
Professional fees	(ii)	**(458)**	(423)
Trustee-Manager's fees	(iii)	**(7,250)**	(7,762)
Acquisition fees for KMC	(iii)	**(4,335)**	-

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholders of the Trust.

(ii) These were paid/payable to the Trustee-Manager for provision of accounting and corporate services.

(iii) The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The fee structure for these services is disclosed in Note 36.

6. Property, Plant and Equipment

	Freehold land $'000	Building and leasehold land $'000	Easements $'000	Inter-connector and related plant and machinery [1] $'000	Power plant $'000	Other plant and machinery [2] $'000	Computers, vehicles, furniture, fittings and equipment $'000	Stand-by equipment and assets under construction $'000	Total $'000
Group									
Cost:									
At April 1, 2014	1,662	10,870	1,924	1,176,612	-	78,171	10,378	56	1,279,673
Additions	-	-	-	1,136	-	224	1,622	179	3,161
Written off	-	-	-	-	-	-	(361)	-	(361)
Disposals	-	-	-	-	-	-	(284)	-	(284)
Currency translation differences	(168)	-	(195)	(121,941)	-	-	(184)	(1)	(122,489)
Reclassification	-	-	-	64	-	-	170	(234)	–
Other movement [(a)]	-	-	-	36,316	-	-	-	-	36,316
At March 31, 2015	**1,494**	**10,870**	**1,729**	**1,092,187**	**-**	**78,395**	**11,341**	**-**	**1,196,016**
Additions	**-**	**-**	**-**	**95**	**-**	**994**	**324**	**41**	**1,454**
Acquired on acquisition of subsidiaries (Note 40)	**-**	**-**	**-**	**-**	**1,621,990**	**1,529**	**235**	**12,889**	**1,636,643**
Written off	**-**	**-**	**-**	**(143)**	**-**	**-**	**(55)**	**-**	**(198)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(102)**	**-**	**(102)**
Currency translation differences	**(37)**	**-**	**(43)**	**(27,085)**	**-**	**-**	**(42)**	**-**	**(27,207)**
Reclassification	**-**	**-**	**-**	**40**	**-**	**-**	**-**	**(40)**	**-**
Other movement [(a)]	**-**	**-**	**-**	**(20,214)**	**2,262**	**-**	**-**	**-**	**(17,952)**
At December 31, 2015	**1,457**	**10,870**	**1,686**	**1,044,880**	**1,624,252**	**80,918**	**11,701**	**12,890**	**2,788,654**

(a) This relates to the movement in the provision for decommissioning costs during the financial year (Note 23).

	Freehold land $'000	Building and leasehold land $'000	Easements $'000	Inter-connector and related plant and machinery [1] $'000	Power plant $'000	Other plant and machinery [2] $'000	Computers, vehicles, furniture, fittings and equipment $'000	Stand-by equipment and assets under construction $'000	Total $'000
Accumulated depreciation:									
At April 1, 2014	-	4,014	327	206,496	-	52,399	7,966	-	271,202
Depreciation charge	-	563	48	24,763	-	6,648	1,212	-	33,234
Written off	-	-	-	-	-	-	(355)	-	(355)
Disposals	-	-	-	-	-	-	(223)	-	(223)
Currency translation differences	-	-	(36)	(22,691)	-	-	(133)	-	(22,860)
At March 31, 2015	**-**	**4,577**	**339**	**208,568**	**-**	**59,047**	**8,467**	**-**	**280,998**
Depreciation charge	**-**	**424**	**33**	**13,076**	**37,695**	**5,123**	**1,002**	**-**	**57,353**
Written off	**-**	**-**	**-**	**(44)**	**-**	**-**	**(55)**	**-**	**(99)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(93)**	**-**	**(93)**
Currency translation differences	**-**	**-**	**(8)**	**(5,226)**	**-**	**-**	**(30)**	**-**	**(5,264)**
At December 31, 2015	**-**	**5,001**	**364**	**216,374**	**37,695**	**64,170**	**9,291**	**-**	**332,895**
Carrying amount:									
At December 31, 2015	**1,457**	**5,869**	**1,322**	**828,506**	**1,586,557**	**16,748**	**2,410**	**12,890**	**2,455,759**
At March 31, 2015	1,494	6,293	1,390	883,619	-	19,348	2,874	-	915,018

1 Included in this category is an amount of $5,476,000 (March 31, 2015: $6,218,000) which pertains to plant and machinery related to the interconnector with useful lives ranging from 4 to 10 years.

2 Included in this category is an amount of $10,928,000 (March 31, 2015: $11,640,000) which pertains to plant and machinery with useful lives ranging from 20 to 30 years.

Certain property, plant and equipment with carrying amount of $854,696,000 (March 31, 2015 : $915,018,000) are pledged as security for borrowings (see Note 19).

Notes to the Financial Statements

7. Intangibles

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Goodwill arising on consolidation	**440,426**	287,001
Concession arrangements	**36,333**	-
Customer contracts	**69,524**	73,955
Customer relationship	**7,259**	12,164
	113,116	86,119
	553,542	373,120

Movements during the year are as follow:

	Goodwill $'000	Concession arrangements $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
Cost:					
At April 1, 2014	287,001	-	117,217	65,100	469,318
Currency translation differences	-	-	(4,918)	-	(4,918)
At March 31, 2015	**287,001**	**-**	**112,299**	**65,100**	**464,400**
Currency translation differences	**-**	**-**	**(1,084)**	**-**	**(1,084)**
Arising on acquisition of subsidiaries (Note 40)	**153,425**	**38,234**	**-**	**-**	**191,659**
At December 31, 2015	**440,426**	**38,234**	**111,215**	**65,100**	**654,975**
Accumulated amortisation:					
At April 1, 2014	-	-	34,406	46,426	80,832
Amortisation	-	-	4,862	6,510	11,372
Currency translation differences	-	-	(924)	-	(924)
At March 31, 2015	**-**	**-**	**38,344**	**52,936**	**91,280**
Amortisation	**-**	**1,901**	**3,562**	**4,905**	**10,368**
Currency translation differences	**-**	**-**	**(215)**	**-**	**(215)**
At December 31, 2015	**-**	**1,901**	**41,691**	**57,841**	**101,433**
Carrying amount:					
At December 31, 2015	**440,426**	**36,333**	**69,524**	**7,259**	**553,542**
At March 31, 2015	287,001	-	73,955	12,164	373,120

(a) **Goodwill arising on consolidation**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. The Group is structured into four business segments, Gas, Concessions, Power and Electricity. Based on the relative fair value approach, the goodwill arising from the Crystal Assets Acquisition (see Note 1) was allocated to the Gas and Electricity business segments.

Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	December 31, 2015 $'000	Terminal growth rate %	Pre-tax discount rate %
Group			
Gas segment	**381,421**	**2.0**	**7.5**
Electricity segment	**59,005**	**NA**	**5.5**

	March 31, 2015 $'000	Terminal growth rate %	Pre-tax discount rate %
Carrying value of goodwill:			
Gas segment	287,001	2.0	8.0

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, terminal value and expected changes to selling prices and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of more than five years for both the Gas and Electricity business segments as its Gas business is currently the sole producer and retailer of town gas and its Electricity business has a long-term contract with its major customer.

Sensitivity analysis
Based on the value in use calculations as determined by the Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	December 31, 2015	
	Increase $'000	(Decrease) $'000
Gas segment	(126,997)	142,499
Electricity segment	(176,944)	240,100

As at December 31, 2015, any reasonable possible change to the key assumptions applied, including the discount rates used as detailed above, is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

No impairment was considered necessary for the current and prior year.

(b) **Concession arrangements, customer contracts and customer relationship**
The intangible assets recognised on concession arrangements represent the rights to charge users of the public service under the Group's operating concessions. They have remaining amortisation period of 9.26 – 19.43 years (March 31, 2015 : Nil).

The intangible assets recognised on customer contracts were in relation to contractual agreements that two of the subsidiaries have with their sole customer. These have remaining amortisation period of 10.08 to 30.42 years (March 31, 2015: 10.83 to 31.17 years).

Customer relationship relates to the value of customer loyalty and commitment from its broad base of customers and has a remaining amortisation period of 1.25 years (March 31, 2015 : 2 years).

Notes to the Financial Statements

8. Subsidiaries

	Trust	
	December 31, 2015 $'000	March 31, 2015 $'000
Investments, at cost	**847,912**	155,735
Advances to subsidiaries	**537,199**	531,949
Less: Allowance for impairment	**(356,000)**	(141,000)
	1,029,111	546,684
Movement in allowance accounts:		
Beginning of year	**141,000**	141,000
Charge for the year	**215,000**	-
End of year	**356,000**	141,000

Advances to subsidiaries are quasi-equity loans which represent an extension of investment in the subsidiaries. It is unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the Group's significant subsidiaries at December 31, 2015 are as follows:

	Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
			December 31, 2015 %	March 31, 2015 %
(a)	**City Gas Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of City Gas Trust (Singapore)	**100**	100
(a)	**City Gas Trust** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore)	**100**	100
(a)	**SingSpring Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of SingSpring Trust (Singapore)	**100**	100
(a)	**SingSpring Trust** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Operation of a seawater desalination plant (Singapore)	**70**	70
(a)	**CityLink Investments Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Investment holding (Singapore)	**100**	100

	Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held December 31, 2015 %	March 31, 2015 %
(a)	**CityNet Infrastructure Management Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee-Manager of NetLink Trust (Singapore)	**100**	100
(a)	**CitySpring Capital Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Provision of financial and treasury services (Singapore)	**100**	100
(a)	**City-OG Gas Energy Services Pte Ltd** Held by City Gas Pte Ltd, in its capacity as Trustee of, and for the benefit of City Gas Trust	Retailing of natural gas and related activities (Singapore)	**51**	51
(a)	**CityDC Pte. Ltd.** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Investment holding (Singapore)	**100**	100
(a)	**Keppel Merlimau Cogen Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Tolling arrangement for a power plant (Singapore)	**51**	-
(a)	**Senoko Waste-To-Energy Plant Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of Senoko Trust (Singapore)	**100**	-
(a)	**Senoko Trust** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	-
(a)	**Keppel Seghers NEWater Development Co Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of Ulu Pandan Trust (Singapore)	**100**	-
(a)	**Ulu Pandan Trust** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Collection, purification and distribution of water (Singapore)	**100**	-

Notes to the Financial Statements

8. Subsidiaries (continued)

	Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held December 31, 2015 %	March 31, 2015 %
(a)	**Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Trustee of Tuas DBOO Trust (Singapore)	**100**	-
(a)	**Tuas DBOO Trust** Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	-
(b) *	**Premier Finance Trust Australia** Held by Nexus Australia Management Pty Ltd in its capacity as Trustee of, and for the benefit of CityLink Investments Pte Ltd	Finance trust (Australia)	**100**	100
(b) *	**Nexus Australia Management Pty Ltd** Held by CityLink Investments Pte Ltd	Trustee (Australia)	**100**	100
(d)	**Basslink Consulting Pty Ltd** Held by CityLink Investments Pte Ltd	Provision of consulting services (Australia)	**-**	100
(b) *	**Coral Holdings Australia Pty Ltd** Held by CityLink Investments Pte Ltd	Investment holding (Australia)	**100**	100
(b) *	**Nexus Investments Australia Pty Ltd** Held by Coral Holdings Australia Pty Ltd	Investment holding (Australia)	**100**	100
(b) *	**Basslink Australia GP Pty Ltd** Held by Nexus Investments Australia Pty Ltd	Investment holding (Australia)	**100**	100
(b) *	**Basslink Australia LLP** 99% (Mar 31, 2015: 99%) held by Nexus Investments Australia Pty Ltd and 1% (Mar 31, 2015: 1%) held by Basslink Australia GP Pty Ltd	Investment holding (Australia)	**100**	100
(c) *	**Basslink Holdings Pty Ltd** Held by Basslink Australia LLP	Investment holding (Cayman Islands)	**100**	100
(b) *	**Basslink Pty Ltd** Held by Basslink Holdings Pty Ltd	Operation of subsea electricity interconnector (Australia)	**100**	100

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		December 31, 2015 %	March 31, 2015 %
(b) * **Basslink Telecoms Pty Ltd** Held by Basslink Pty Ltd	Operation of telecom business (Australia)	**100**	100

* Collectively known as Basslink Group.

(a) Audited by Deloitte & Touche LLP, Singapore.
(b) Audited by Deloitte Touche Tohmatsu, Australia.
(c) Not required to be audited under the laws of the country of incorporation.
(d) Deregistered during the year.

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests		Dividend paid to non-controlling interests	
		December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
SingSpring Trust	Singapore	**30%**	30%	**1,095**	1,567	**9,024**	9,394	**1,731**	2,310
Keppel Merlimau Cogen Pte Ltd	Singapore	**49%**	-	**(18,387)**	-	**229,766**	-	**-**	-
Immaterial subsidiary with NCI				**232**	1,357	**2,208**	2,461	**528**	736
Total				**(17,060)**	2,924	**240,998**	11,855	**2,259**	3,046

Summarised financial information of subsidiaries with material NCI
Summarised financial information and consolidation adjustments but before intragroup eliminations are as follows:

SingSpring Trust

Summarised statement of financial position

	December 31, 2015 $'000	March 31, 2015 $'000
Current assets	**24,486**	25,160
Current liabilities	**(16,240)**	(16,546)
Net current assets	**8,246**	8,614
Non-current assets	**160,858**	169,951
Non-current liabilities	**(139,023)**	(147,251)
Net non-current assets	**21,835**	22,700
Net assets	**30,081**	31,314
Equity attributable to unitholders of the Trust	**21,057**	21,920
Non-controlling interest	**9,024**	9,394

Notes to the Financial Statements

8. Subsidiaries (continued)

Summarised financial information of subsidiaries with material NCI (continued)

SingSpring Trust (continued)

Summarised statement of profit or loss and other comprehensive income

	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Revenue	**27,755**	37,573
Profit before tax	**4,401**	6,166
Income tax expense	**(752)**	(944)
Profit after tax	**3,649**	5,222
Profit attributable to unitholders of the Trust	**2,554**	3,655
Profit attributable to NCI	**1,095**	1,567
Profit after tax	**3,649**	5,222
Other comprehensive income attributable to unitholders of the Trust	**621**	964
Other comprehensive income attributable to NCI	**266**	413
Other comprehensive income for the year	**887**	1,377
Total comprehensive income attributable to unitholders of the Trust	**3,175**	4,619
Total comprehensive income attributable to NCI	**1,361**	1,980
Total comprehensive income for the year	**4,536**	6,599

Other summarised information

	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Net cash from operating activities	**13,762**	18,774

Keppel Merlimau Cogen Pte Ltd

Summarised statement of financial position

	December 31, 2015 $'000
Current assets	88,561
Current liabilities	(27,755)
Net current assets	60,806
Non-current assets	1,641,843
Non-current liabilities	(1,115,990)
Net non-current assets	525,853
Net assets	586,659
Equity attributable to unitholders of the Trust	356,893
Non-controlling interest	229,766

Summarised statement of profit or loss and other comprehensive income

	From date of acquisition to December 31, 2015 $'000
Revenue	65,128
Loss before tax	(37,361)
Income tax expense	(164)
Loss after tax	(37,525)
Loss attributable to shareholders of the Company	(19,138)
Loss attributable to NCI	(18,387)
Loss after tax	(37,525)
Other comprehensive income attributable to shareholders of the Company	3,282
Other comprehensive income attributable to NCI	3,153
Other comprehensive income for the year	6,435
Total comprehensive income attributable to shareholders of the Company	(15,856)
Total comprehensive income attributable to NCI	(15,234)
Total comprehensive income for the year	(31,090)

Other summarised information

	From date of acquisition to December 31, 2015 $'000
Net cash used in operating activities	(60,189)

Notes to the Financial Statements

8. Subsidiaries (continued)

Impairment testing of investment in subsidiaries
The Trustee-Manager performed an impairment assessment for the Trust's investments in its subsidiaries and no impairment was recognised except for the following:

Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust ("subtrusts")
As described in Note 1, the Group completed the acquisition of the Crystal Assets during the year and the purchase consideration was determined based on (a) the fixed exchange ratio of 2.106 units of the Trust for every unit in Crystal Trust; and (b) the quoted unit price of the Trust as at the completion date.

The service concessions of the subtrusts (Note 11) have finite lives and the recoverable amounts of the Trust's investments are expected to decrease in tandem with the remaining service concession period.

As at December 31, 2015, the Trustee-Manager performed an impairment assessment on the costs of investment in the subtrusts against their recoverable amounts and allowances for impairment of $177.3 million, $8.7 million and $29.0 million were recognised for the investments in Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust respectively.

The recoverable amount was determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to tariffs and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the three subtrusts. The growth rates of 2.0% per annum used are based on the industry growth forecasts. Changes in tariffs and direct costs are based on past practices and current contractual agreements.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of 9.26 – 19.43 years based on the current contractual agreements with the major customers. The discount rate used was 4.80% per annum.

Sensitivity analysis
Based on the value in use calculations as determined by Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	Trust From April 1, 2015 to December 31, 2015	
	Increase $'000	(Decrease) $'000
Senoko Trust	(13,304)	14,221
Ulu Pandan Trust	(3,396)	3,687
Tuas DBOO Trust	(10,700)	12,096

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		December 31, 2015	March 31, 2015
Collection and treatment of solid waste to generate green energy	Singapore	2	-
Collection, purification and distribution of water	Singapore	1	-
Investment holding	Singapore	2	2
Production and retail of town gas, retail of natural gas and sales of gas appliances	Singapore	1	1
Provision of financial and treasury services	Singapore	1	1
Trustee	Singapore	6	3

Principal activity	Place of incorporation and operation	Number of wholly-owned Subsidiaries	
		December 31, 2015	March 31, 2015
Investment holding	Australia	**5**	5
Operation of subsea electricity interconnector	Australia	**1**	1
Operation of telecom business	Australia	**1**	1
Provision of consulting services	Australia	**-**	1
Finance trust	Australia	**1**	1
Trustee	Australia	**1**	1
		22	17

9. Investment In and Advances to Joint Venture

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Cost of investment in joint venture [1]	**510**	510
Share of post-acquisition losses	**(338)**	(167)
Carrying amount of the investment	**172**	343
Advances to joint venture [2]	**21,262**	16,008
Total	**21,434**	16,351

1 The Group has 51% (March 31, 2015 : 51%) interest in the ownership and voting rights in a joint venture, DataCentre One Pte Ltd that is held through a subsidiary. This joint venture is incorporated in Singapore and is in the business of developing and owning data centres. The Group jointly controls the venture with another partner under the contractual agreement which requires unanimous consent for all major decisions over the relevant activities.

The joint venture is accounted for using the equity method in the consolidated financial statements and is audited by Deloitte & Touche LLP Singapore.

2 Advances to the joint venture are quasi-equity loans which represent an extension of investment in the joint venture. It is unsecured and interest free. Settlements are neither planned nor likely to occur in the foreseeable future.

Notes to the Financial Statements

9. Investment In and Advances to Joint Venture (continued)

Summarised financial information in respect of DataCentre One Pte Ltd based on its financial statements prepared in accordance with FRS, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	December 31, 2015 $'000	March 31, 2015 $'000
Current assets	**2,722**	18,635
Non-current assets	**99,765**	21,053
Current liabilities	**30,299**	7,025
Non-current liabilities	**71,851**	31,991
Net assets	**337**	672
Proportion of the Group's ownership	**51%**	51%
Group's share of net assets	**172**	343

The above amounts of assets and liabilities include the following:

	December 31, 2015 $'000	March 31, 2015 $'000
Cash and cash equivalents	**1,585**	17,750
Current financial liabilities (excluding trade and other payables and provisions)	**-**	-
Non-current financial liabilities (excluding trade and other payables and provisions)	**(70,890)**	(31,390)

Summarised statement of profit or loss and other comprehensive income

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Interest income	**8**	3
Operating expenses	**(343)**	(331)
Loss before tax	**(335)**	(328)
Income tax expense	**-**	-
Loss after tax, representing total comprehensive income for the year	**(335)**	(328)

There was no depreciation expense incurred by the joint venture as it has not commenced operations. The interest income earned by the joint venture on its fixed deposit with a bank is disclosed above.

10. Notes Receivables

	Trust	
	December 31, 2015 $'000	March 31, 2015 $'000
Notes issued by subsidiaries	**775,712**	230,570

(a) The notes receivable of $195,570,000 (March 31, 2015 : $195,570,000) from a subsidiary matures in Year 2037 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 13.0% per annum (March 31, 2015 : 13.0%).

(b) The notes receivable of $35,000,000 (March 31, 2015 : $35,000,000) from a subsidiary matures in Year 2025 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 6.5% per annum (March 31, 2015 : 6.5%).

(c) The notes receivables of $152,398,000, $91,473,000 and $46,271,000 (March 31, 2015 : Nil) from subsidiaries mature in Year 2024, 2028 and 2023 respectively. The fixed interest rate for the above notes is 6.0% per annum, payable semi-annually.

(d) The notes receivable of $255,000,000 from a subsidiary matures in Year 2040, with fixed interest rate of 17.5% per annum, payable quarterly.

The above notes are direct, unsecured and subordinated obligations of the subsidiaries, and can be redeemed at par by the subsidiaries prior to their maturity date.

The Trustee-Manager estimates that the carrying values of the notes receivables approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

11. Service Concession Receivables

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Service concession receivables	**494,085**	-
Less: Due within 12 months	**(57,853)**	-
Due after 12 months	**436,232**	-

This relates to service concession receivables from the following plants:

(a) Senoko Plant
A 15-year contract commencing on September 1, 2009 to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. On September 26, 2014, the sub-trust entered into a supplemental agreement to progressively increase the incineration capacity of the plant by up to 10% and the upgrading works has commenced in July 2015. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant
A 25-year Design-Build-Own-Operate ("DBOO") contract commencing on October 30, 2009 to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant
A 20-year DBOO contract commencing on March 28, 2007 to design, build, own and operate a water treatment plant, which has the capacity to produce 148,000m^3 of NEWater daily. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rates ranging from 2.50% to 4.68% per annum were used to discount the future expected cash flows.

Notes to the Financial Statements

12. Finance Lease Receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Minimum finance lease receivables:		
Not later than one year	**13,183**	13,182
Later than one year but not later than five years	**52,622**	52,622
Later than five years	**65,277**	75,183
Total minimum lease receivables	**131,082**	140,987
Less: Future finance income	**(24,207)**	(27,541)
Present value of minimum lease receivables	**106,875**	113,446
Unguaranteed residual value	**26,262**	26,262
Net investment in finance lease	**133,137**	139,708
Less: Present value of finance lease receivables not later than one year	**(8,995)**	(8,746)
Non-current financial lease receivables	**124,142**	130,962

The present value of the finance lease receivables is analysed as follows:

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Not later than one year	**8,995**	8,746
Later than one year but not later than five years	**39,559**	38,426
Later than five years	**58,321**	66,274
Present value of minimum lease receivables	**106,875**	113,446

The finance lease receivables relates to the lease arrangement under a Water Purchase Agreement ("WPA").

A subsidiary of the Group had signed a WPA with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA had a remaining term of approximately 18 years ending on December 15, 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate was 3.91% (March 31, 2015 : 3.91%) per annum.

In accordance with INT FRS 104 *Determining whether an Arrangement contains a Lease*, the WPA is a lease arrangement and is classified as a finance lease in accordance with FRS 17 (Revised) - *Leases*.

The desalination plant is pledged for certain borrowings (see Note 19).

13. Derivative Financial Instruments

	Group			
	Average contracted fixed interest rate %	Notional contract Amount/quantity	Asset $'000	Liability $'000
December 31, 2015				
Cash flow hedges				
- Interest rate swaps	**1.68 to 4.85**	**$1,444 million**	**12,939**	**93,793**
			12,939	**93,793**
Less: Current portion			**-**	**(20,481)**
Non-current portion			**12,939**	**73,312**
March 31, 2015				
Cash flow hedges				
- Interest rate swaps	2.90 to 4.85	$684 million	-	125,954
Held for trading				
- Fuel hedges	NA	3,592 metric tonnes	1,216	1,216
			1,216	127,170
Less: Current portion			(1,216)	(18,553)
Non-current portion			-	108,617

Group

Interest rate swaps

Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings. The interest rate swaps entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to profit or loss when the finance cost on the borrowings is recognised in profit or loss. The fair value gain or loss on the portion not designated for hedging is recognised in profit or loss. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is Year 2016 to Year 2031.

The Group has entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Fuel hedge

This relates to a back to back fuel hedge contract entered into by a subsidiary, in previous years, with a bank on behalf of a customer to hedge floating fuel prices. The contract expired in December 2015, and accordingly there is no fuel hedge derivative liability and back-to-back derivative asset recognised on the statement of financial position as at December 31, 2015. Fair value gains and losses on the fuel hedge derivative liability and back-to-back derivative asset are recognised in profit or loss during the year.

14. Other Assets

Included in the balance is an amount of $30,900,000 arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party (Note 5). The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

Notes to the Financial Statements

15. Cash and Bank Deposits

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Cash and bank deposits	**243,636**	238,669	**56,759**	93,700
Less: Restricted cash	**(43,572)**	(40,807)	**(8,272)**	(9,156)
Cash and cash equivalents in the statement of cash flows	**200,064**	197,862	**48,487**	84,544

Restricted cash represents the amount of cash and bank deposits to be set aside to meet interest and principal repayments for loans extended to the subsidiaries and also for secured bank guarantees for the Group and Trust.

Short-term deposits are made for varying periods of between a week and 6 months depending on the cash requirement of the Group and the Trust. The weighted average effective interest rate as at December 31, 2015 for the Group and Trust were 1.02% (March 31, 2015 : 0.92%) and 0.76% (March 31, 2015 : 0.57%) per annum respectively.

16. Trade and Other Receivables

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Trade receivables:				
- Third parties	**61,672**	53,196	**-**	-
- Related parties	**14,284**	1,148	**-**	-
Less: Allowance for impairment (third parties)	**(908)**	(896)	**-**	-
Trade receivables - net	**75,048**	53,448	**-**	-
Interest receivable	**211**	19	**13**	13
Other receivables	**4,585**	4,000	**328**	186
Amounts receivable from government agency	**10,491**	4,582	**-**	-
Amounts due from related parties (non-trade)	**127**	-	**-**	-
Amounts due from subsidiaries (non-trade)	**-**	-	**5,253**	693
	90,462	62,049	**5,594**	892

Trade receivables
Trade receivables are non-interest bearing and are generally receivable on 3 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts receivable from government agency
The non-trade amounts receivable from government agency pertains to amounts receivable on behalf of a customer. A corresponding non-trade payable amount has been recognised in Note 22 under other payables.

Amounts due from related parties
The non-trade amounts due from related parties are unsecured, interest-free, repayable on demand and expected to be settled in cash.

Amounts due from subsidiaries
The non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand and expected to be settled in cash.

The table below is an analysis of trade receivables as at end of each reporting period:

Financial assets that are neither past due nor impaired
Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially from individuals and companies with a good collection track record with the Group.

Financial assets that are past due but not impaired
The age analysis of trade receivables past due but not individually impaired is as follows:

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Past due but not impaired		
Past due 0 to 3 months	**4,587**	5,607
Past due 3 to 6 months	**209**	275
Past due over 6 months	**105**	120
	4,901	6,002

The carrying amount of trade receivables collectively determined to be impaired are fully impaired and the movement in the related allowance for impairment is as follows:

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Beginning of year	**896**	1,063
Charged to profit or loss	**348**	219
Allowance utilised	**(336)**	(386)
End of year	**908**	896

The allowance for impairment of $348,000 (March 31, 2015 : $219,000) was recognised in profit or loss and included in "other operating expenses".

17. Inventories

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Fuel	**13,986**	8,955
Spare parts and accessories	**41,884**	9,995
Pipes and fittings	**120**	104
	55,990	19,054

The cost of inventories recognised as an expense and included in fuel and electricity costs and operation and maintenance costs amounted to $10,412,000 (March 31, 2015 : $22,506,000). Inventories written-down recognised as an expense and included in other operating expenses amounted to $25,000 (March 31, 2015 : $19,000).

Inventories of $17,452,000 (March 31, 2015 : $19,054,000) are pledged for certain borrowings (see Note 19).

Notes to the Financial Statements

18. Other Current Assets

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Deposits	**665**	654	**-**	-
Prepayments	**21,697**	2,134	**172**	48
	22,362	2,788	**172**	48

Included in the prepayments balance is an amount of $18,678,000 arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party (Note 5). The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

19. Borrowings

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Current	**25,108**	21,367	**-**	-
Non-current	**1,644,530**	1,122,513	**-**	141,439
Total bank borrowings	**1,669,638**	1,143,880	**-**	141,439

The weighted average effective interest rates at the end of the reporting period were as follows:

	Group		Trust	
	December 31, 2015 %	March 31, 2015 %	**December 31, 2015 %**	March 31, 2015 %
Bank borrowings	**4.49**	5.36	**-**	2.40

(a) A subsidiary group had on November 28, 2014 completed the refinancing of its outstanding Bonds comprising A$486 million bonds due August 2015, A$48.8 million inflation-indexed bonds due August 2017 and A$232 million inflation-indexed bonds due August 2019. The Bonds were refinanced with an A$717 million five-year senior, secured loan facility, provided by a group of lenders. As part of the refinancing, the Trust contributed an equity injection of A$50 million, using part of its existing cash reserves, into the subsidiary group. The bank loan is secured by a charge over all the assets of, and the units and shares in, all of the entities in the subsidiary group. The carrying amount of the loan at the end of the financial year is $713,694,000 (March 31, 2015: $736,817,000).

(b) A subsidiary has a term loan of $700 million that was drawn down on June 30, 2015. The term loan is repayable in Year 2020 and secured by a first ranking charge over its receivable and related rights under the Capacity Tolling Agreement. Interest is based on margin plus the applicable Swap Rates as disclosed in Note 13. The carrying amount of the loan at the end of the financial year is $697,845,000 (March 31, 2015: Nil).

(c) The bank loans of $176,780,000 (March 31, 2015: $176,495,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings.

(d) The bank loans of $81,319,000 (March 31, 2015: $89,129,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In addition, the loan is secured by a charge over the units in the subsidiary (inclusive of the units held by the non-controlling interest) and a charge over the shares in the trustee-manager of the subsidiary.

(e) The corporate loan of $141,439,000 of the Trust was fully repaid during the year.

All borrowings impose certain covenants on the subsidiaries. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts.

There has been no breach of covenants by the Group during the financial year.

Total assets of the Group with carrying amount of $1,583 million (March 31, 2015 : $1,770 million) are pledged for certain borrowings.

20. Loan from a Related Party

The Group and Trust has a short-term loan of $4,541,000 (March 31, 2015 : Nil) from an affiliated company of a corporate unitholder which is unsecured and bears interest of 2.49% (March 31, 2015 : Nil) per annum.

21. Loan from a Subsidiary

A loan from a subsidiary was obtained in October 2015. Repayments will commence from February 2016 and will continue until May 2017. The loan is unsecured and bears effective interest at 2.36% per annum.

22. Trade and Other Payables

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Trade payables:				
- Third parties	**6,080**	10,278	**-**	-
- Related parties	**1,002**	723	**-**	-
Other payables:				
- Third parties	**16,619**	12,496	**69**	44
- Trustee-Manager	**2,926**	2,101	**2,926**	2,072
- Subsidiaries	**-**	-	**218**	237
- Related parties	**16,853**	-	**30**	-
Accruals:				
- Property, plant and equipment	**104**	784	**-**	-
- Operating expenses	**5,859**	9,887	**117**	4,480
Accrued purchases	**26,190**	14,687	**-**	-
Interest payable	**4,585**	3,718	**663**	48
Deferred income (Note 25)	**1,561**	1,601	**-**	-
Advance payments received	**27,588**	10,838	**-**	-
Refundable customer deposits	**34,912**	38,031	**-**	-
	144,279	105,144	**4,023**	6,881

Trade payables
Trade payables are non-interest bearing and are normally settled on 30 to 60 days' terms.

Other payables
Other payables are non-interest bearing, unsecured, repayable on demand and expected to be settled in cash.

Notes to the Financial Statements

23. Provisions

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Current		
Provision for long-term incentive awards	**-**	647
Non-current		
Provision for decommissioning costs	**38,143**	55,253

Movements in the provisions are as follows:

	Group	
	Decom-missioning costs $'000	**Long-term incentive awards $'000**
Beginning of year	**55,253**	647
Addition during the year	**2,262**	-
Reversal during the year	**(20,214)**	(644)
Unwinding of discounts	**940**	-
Currency translation differences	**(98)**	(3)
End of year	**38,143**	-

(a) Provision for decommissioning costs

This relates to provision made by two subsidiaries in respect of costs to decommission, restore and rehabilitate (i) the interconnector sites, and (ii) the land where the combined cycle gas turbine generation facility operates, at the end of the operating life of the assets, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Change in discount rate in provision for decommissioning costs

As at the end of the reporting period, the Group conducted a review on the decommissioning costs and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate.

The effect of the revision on depreciation charge and finance costs are as follows:

	2016 $'000	**2017 $'000**	**2018 and beyond $'000**
Decrease in depreciation charge	(365)	(365)	(19,484)
Decrease in finance costs	(262)	(263)	(11,065)
Total	(627)	(628)	(30,549)

(b) Provision for long-term incentive awards

In prior years, the senior management team of certain subsidiaries were entitled to receive long-term incentive awards. The vesting period was three years from the date of each award, provided the eligible participant remained under the employment at the date of vesting. The amount of the incentive awards vested was dependent on the performance of the total unitholders and absolute return of the Trust.

24. Notes Payable to Non-Controlling Interests

This relates to notes denominated in Singapore Dollars issued by subsidiaries to their non-controlling interests as follows:

1. The notes of $15,000,000 (March 31, 2015: $15,000,000) mature in Year 2025 but can be redeemed at par by the subsidiary prior to its maturity date and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-month Singapore Dollar Swap Offer Rate plus 2.5% per annum.

   The notes are direct, unsecured and subordinated obligations of the subsidiary.

2. The notes of $245,000,000 (March 31, 2015: Nil) were issued on June 30, 2015. The fixed rate notes, due in Year 2040, bear interest payable quarterly in arrears at a fixed rate of 17.5% per annum. The notes are direct, unsecured, subordinated obligations of the subsidiary and can be redeemed at par by the subsidiary prior to its maturity date.

The Trustee-Manager estimates that the carrying value of the notes payable to non-controlling interests approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

25. Other Payables (Non-Current)

		Group	
	Note	**December 31, 2015 $'000**	March 31, 2015 $'000
Long term customer deposit	(a)	**22,451**	22,031
Deferred income	(a)	**22,302**	24,071
Advance payments received	(b)	**177,587**	10,297
Other payables		**43,318**	31,865
		265,658	88,264

(a) Long term customer deposit and deferred income

Long term customer deposit represents the A$50 million deposit equivalent to $51 million (March 31, 2015 : $52.3 million) placed by a customer which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028. Deferred income represents the difference between the fair value of this liability and the amount of the A$50 million deposit to be repaid, computed based on the present value of future payment discounted at the applicable interest rate of 5.87% (March 31, 2015 : 5.87%) per annum. This is amortised to profit or loss, using the effective interest rate method, over the life of the agreement. The current portion of deferred income is included in Note 22.

(b) Advance payments received

This relates to amounts that have been received but services have not yet been rendered.

Notes to the Financial Statements

26. Deferred Tax Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relates to the same fiscal authority.

	Note	Group December 31, 2015 $'000	 March 31, 2015 $'000
Movement in deferred tax account is as follows:			
Beginning of year		**22,737**	23,756
(Credited)/charged to			
- Profit or loss	38	**(1,315)**	(181)
- Equity	38	**1,674**	(838)
Arising from acquisition of subsidiaries	40	**6,500**	-
End of year		**29,596**	22,737

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred tax liabilities

	Accelerated tax depreciation $'000	Fair value of intangible assets $'000	Derivative financial instruments $'000	Others $'000	Total $'000
As at April 1, 2014	14,171	22,485	1,158	11,816	49,630
Currency translation differences	(1,878)	(1,198)	(38)	(173)	(3,287)
Charged/(credited) to					
- Profit or loss	11,377	(2,091)	-	1,021	10,307
- Equity	-	-	(1,120)	-	(1,120)
As at March 31, 2015	**23,670**	**19,196**	**-**	**12,664**	**55,530**
Currency translation differences	**(495)**	**(261)**	**-**	**(34)**	**(790)**
(Credited)/charged to					
- Profit or loss	**(4,851)**	**(1,870)**	**-**	**1,376**	**(5,345)**
- Equity	**-**	**-**	**1,517**	**-**	**1,517**
Arising from acquisition of subsidiaries (Note 40)	**-**	**6,500**	**–**	**–**	**6,500**
As at December 31, 2015	**18,324**	**23,565**	**1,517**	**14,006**	**57,412**

Deferred tax assets

	Allowances against assets $'000	Derivative financial instruments $'000	Future deductible amounts under overseas tax regime $'000	Others $'000	Total $'000
As at April 1, 2014	(78)	(709)	(16,191)	(8,896)	(25,874)
Currency translation differences	-	-	1,704	1,583	3,287
(Credited)/charged to					
- profit or loss	(7)	-	(875)	(9,606)	(10,488)
- equity	-	282	-	-	282
As at March 31, 2015	(85)	(427)	(15,362)	(16,919)	(32,793)
Currency translation differences	-	-	387	403	790
Charged/(credited) to					
- profit or loss	31	-	(1,804)	5,803	4,030
- equity	-	157	-	-	157
As at December 31, 2015	**(54)**	**(270)**	**(16,779)**	**(10,713)**	**(27,816)**

Net deferred tax liabilities	
At December 31, 2015	**29,596**
At March 31, 2015	22,737

Unrecognised tax losses

The Group has unutilised tax losses (including pre-acquisition losses of a subsidiary) which can be carried forward to set off against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Unutilised tax losses	**359,131**	347,941
Deferred tax impact on unutilised tax losses:		
Recorded	**16,742**	15,364
Not recorded	**90,997**	89,018
Total	**107,739**	104,382

No deferred tax assets have been recognised on certain tax losses due to the unpredictability of future profit streams.

Tax consequences of proposed distributions

There are no income tax consequences (March 31, 2015 : Nil) attached to the distributions to the unitholders proposed by the Trust but not recognised as a liability in the financial statements (Note 30).

27. Units in Issue

	Group and Trust			
	December 31, 2015 Units	March 31, 2015 Units	**December 31, 2015 $'000**	March 31, 2015 $'000
Balance at beginning of year	**1,518,893,062**	1,518,893,062	**886,731**	886,731
Units issued (at $0.55 per unit) as consideration for the Crystal Acquisition	**1,326,319,374**	-	**729,475**	-
Units issued (at $0.515 to $0.520 per unit) pursuant to equity fund raising	**1,011,719,495**	-	**521,116**	-
Balance at end of year	**3,856,931,931**	1,518,893,062	**2,137,322**	886,731

Notes to the Financial Statements

27. Units in Issue (continued)

a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

   (i) Receive income and other distributions attributable to the units held;

   (ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

   (iii) Receive audited accounts and the annual reports of the Trust.

b) The restrictions of a Unitholder include the following:

   (i) A Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and

   (ii) A Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

   - the Trust ceasing to comply with applicable laws and regulations; or
   - the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceeded its assets.

28. Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

	Group		Trust	
	December 31, 2015 $'000	March 31, 2015 $'000	**December 31, 2015 $'000**	March 31, 2015 $'000
Beginning of financial year	**(236,114)**	(121,597)	**-**	(13)
Fair value gain/(loss):				
Fair value gain/(loss)	**23,252**	(129,407)	**(210)**	-
Tax on fair value (loss)/gain	**(1,035)**	4,934	**-**	-
	22,217	(124,473)	**(210)**	-
Transfer to profit or loss:				
Finance cost (Note 35)	**16,183**	14,466	**210**	13
Tax on transfers	**(639)**	(4,096)	**-**	-
	15,544	10,370	**210**	13
Non-controlling interests (net of tax)	**(3,419)**	(414)	**-**	-
	(201,772)	(236,114)	**-**	-

29. CAPITAL RESERVE

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
As at beginning and end of year	**38,710**	38,710

In prior years, the Group's subsidiary, City Gas Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of $39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of $38.7 million.

30. Distributions Paid to the Unitholders of the Trust

Tax exempt distributions paid during the financial year are as follows:

	Group and Trust	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
For the period from January 1, 2014 to March 31, 2014 - 0.82 cents per unit	**-**	12,455
For the period from April 1, 2014 to June 30, 2014 - 0.82 cents per unit	**-**	12,455
For the period from July 1, 2014 to September 30, 2014 - 0.82 cents per unit	**-**	12,455
For the period from October 1, 2014 to December 31, 2014 - 0.82 cents per unit	**-**	12,455
For the period from January 1, 2015 to March 31, 2015 - 0.82 cents per unit	**12,455**	-
For the period from April 1, 2015 to May 17, 2015 - 0.42 cents per unit	**6,433**	-
For the period from May 18, 2015 to May 28, 2015 - 0.11 cents per unit	**3,132**	-
For the period from May 29, 2015 to June 30, 2015 - 0.25 cents per unit	**9,642**	-
For the period from July 1, 2015 to September 30, 2015 - 0.93 cents per unit	**35,869**	-
Special distribution - 3.03 cents per unit	**59,947**	-
	127,478	49,820
The following distributions have been declared after the financial year end but not recognised as a liability		
Distribution of 0.82 cents per unit for the period from January 1, 2015 to March 31, 2015	**-**	12,455
Distribution of 0.4235 cents per unit for the period from April 1, 2015 to May 17, 2015	**-**	6,433
Special distribution of 1.98 cents per unit	**-**	30,000
Distribution of 0.93 cents per unit for the period from October 1, 2015 to December 31, 2015	**35,869**	-

Notes to the Financial Statements

31. Revenue

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Sale of goods	237,354	368,800
Service income	137,359	124,195
Finance income from service concession arrangements	8,884	-
Finance lease income	3,333	4,764
Operation and maintenance income	29,704	-
Construction revenue	8,116	-
Management fee income	3,102	4,143
	427,852	501,902

32. Other Income

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Interest income	1,871	2,187
Other miscellaneous income	1,131	1,074
	3,002	3,261

33. Other Gains/(losses) – Net

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Fair value gain/(loss) on derivative financial instruments	2,697	(2,557)
Exchange differences	(196)	(1,015)
Realised loss on derivative financial instruments	-	(1,788)
Gain associated with purchase and cancellation of bonds	-	1,852
Others	13	(16)
	2,514	(3,524)

34. Staff Costs

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Salaries and wages	15,601	21,820
Employer's contribution to defined contribution plans, including Central Provident Fund	1,773	2,277
Other short-term benefits	1,334	1,996
	18,708	26,093

35. Finance Costs

	Note	Group From April 1, 2015 to December 31, 2015 $'000	Group From April 1, 2014 to March 31, 2015 $'000
Interest expense			
- Bank borrowings		**38,156**	51,490
- Notes payable to non-controlling interests		**22,466**	975
- Related party		**43**	-
Unwinding of discounts			
- Provision for decommissioning costs	23	**940**	754
- Interest-free customer deposits		**970**	1,343
Cash flow hedges, transfer from hedging reserve	28	**16,183**	14,466
Others		**74**	271
		78,832	69,299

36. Trustee-Manager's Fees

	Group From April 1, 2015 to December 31, 2015 $'000	Group From April 1, 2014 to March 31, 2015 $'000
Base fee	**2,553**	7,762
Performance fee	**4,697**	-
	7,250	7,762

Subsequent to the change in the trustee-manager, the Trustee-Manager's fees comprise:

1) 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.

2) 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).

3) Other fees
In addition to the Management 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 (other than the Plants) acquired by the Trust or any of the Trusts 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 a Trust's entity.

Prior to the change in the trustee-manager, the Trustee-Manager's fee was equal to 1% per annum of the market capitalisation of the units in the Trust subject to a minimum of $3.5 million per annum.

Notes to the Financial Statements

37. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Auditors' remuneration		
- auditors of the Group ^	**390**	722
Non-audit fees to		
- auditors of the Group ^	**-**	710
Transaction costs in relation to the Crystal Acquisition and KMC Acquisition (Note 40) not eligible for capitalisation, recorded under "Other operating expenses"	**1,914**	5,293
Dispute settlement with a customer of a subsidiary	**-**	6,868

^ The auditors of the Group for the financial year ended March 31, 2015 were Ernst & Young LLP, Singapore.

38. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended December 31, 2015 and March 31, 2015 are:

		Group	
	Note	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Consolidated profit or loss:			
Current tax		**4,081**	4,474
Deferred tax	26	**(1,315)**	(181)
Income tax expense recognised in profit or loss		**2,766**	4,293
Consolidated statement of other comprehensive income:			
Deferred tax expense related to other comprehensive income:			
- Fair value gain/(loss) and reclassification adjustments on cash flow hedges	26	**1,674**	(838)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended December 31, 2015 and March 31, 2015 are as follows:

	Group	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000
Profit before tax	**1,163**	6,468
Tax calculated at a tax rate of 17%	**198**	1,100
Effect of:		
- Different tax rates in other countries	**(1,854)**	(3,062)
- Expenses not deductible for tax purposes	**6,642**	3,437
- Income not subject to tax	**(9,241)**	(4,709)
- Deferred tax assets not recognised	**7,452**	9,065
- Recognition of future deductible amounts allowable under overseas tax regime	**(812)**	(875)
- Adjustment recognised in the current year in relation to the current tax for prior year	**380**	–
- Tax relief	**(182)**	(491)
- Others	**183**	(172)
	2,766	4,293

39. Earnings/(Loss) Per Unit

The calculation of basic and diluted earnings/(loss) per unit is based on the weighted average number of units outstanding during the financial year and profit/(loss) after tax attributable to the unitholders of the Trust.

	Group	
	From April 1, 2015 to December 31, 2015	From April 1, 2014 to March 31, 2015
Profit/(Loss) for the financial year attributable to unitholders of the Trust ($'000)	**15,457**	(749)
Weighted average number of units during the financial year	**3,389,268,367**	1,518,893,062
Basic and diluted earnings/(loss) per unit (in cents)	**0.46**	(0.05)

Diluted earnings/(loss) per unit is the same as the basic earnings/(loss) per unit as there are no dilutive instruments in issue during the financial year.

Notes to the Financial Statements

40. Acquisition of Subsidiaries

During the financial year ended December 31, 2015, the fair values of the net assets and the net cash outflows of the acquisitions, described in Note 1, were as follows:

	Crystal Assets $'000	KMC $'000	Total $'000
ASSETS			
Property, plant and equipment	1,532	1,635,111	1,636,643
Intangibles arising from acquisition (Note 7)	38,234	-	38,234
Cash and bank deposits	11,876	229,976	241,852
Trade and other receivables	27,058	16,985	44,043
Service concession receivables	509,468	-	509,468
Inventories	11,107	27,843	38,950
Total assets	599,275	1,909,915	2,509,190
LIABILITIES			
Borrowings	(3,479)	(700,000)	(703,479)
Trade and other payables	(10,971)	(704,040)	(715,011)
Current tax liabilities	(2,275)	-	(2,275)
Deferred tax liabilities	(6,500)	-	(6,500)
Total liabilities	(23,225)	(1,404,040)	(1,427,265)
Net identifiable assets acquired	576,050	505,875	1,081,925
Non-controlling interest measured at non-controlling's proportionate share of the net assets	-	(245,000)	(245,000)
Goodwill arising from acquisition (Note 7)	153,425	-	153,425
Total purchase consideration	729,475	260,875	990,350
Less: purchase consideration via units swap	(729,475)	-	(729,475)
Less: Cash and cash equivalents in subsidiaries acquired	(11,876)	(229,976)	(241,852)
Less: Transaction cost paid	-	(5,875)	(5,875)
Acquisition of subsidiaries, net of cash acquired	(11,876)	25,024	13,148

Goodwill arose through the acquisition of the Crystal Assets because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies of the Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition of the Crystal Assets is not expected to be deductible for tax purposes.

The acquisition of KMC was accounted for as an acquisition of an asset as it does not meet the definition of a business combination. The factors considered by the Trustee-Manager in determining the KMC acquisition as an acquisition of asset include the absence of any inputs or outputs acquired or processes transferred.

The revenue and profit for the year of the Group, attributable to the additional business generated by the Crystal Assets are as follows:

	Crystal Assets $'000
Revenue	46,704
Profit for the year	392

Had the business combination during the year been effected at April 1, 2015, the revenue and loss for the year of the Group, would have been as follows:

	From April 1, 2015 to December 31,2015 $'000
Revenue	441,196
Loss for the year	(1,491)

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had the Crystal Assets been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets arising from the acquisition.

41. Operating Lease Arrangements and Capital Commitments

(a) Operating lease arrangements

The Group leases office premises under non-cancellable operating lease agreements. Minimum lease payments recognised as an expense in profit or loss for the financial year ended December 31, 2015 amounted to $1,768,000 (March 31, 2015 : $1,124,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Not later than one year	**1,382**	1,230
Later than one year but not later than five years	**2,059**	2,581
Later than five years	**3**	-
	3,444	3,811

Included in the future minimum lease payments under non-cancellable operating leases comprise future minimum lease payments with related parties which amounted to $3,106,000 (March 31, 2015: $3,327,000).

Operating lease payments represent rentals payable by the Group for certain of its office properties. Rentals are negotiated for an average term of 2 – 10 years (March 31, 2015: 2 – 10 years).

(b) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	December 31, 2015 $'000	March 31, 2015 $'000
Property, plant and equipment	**486**	-
Capital commitment by the joint venture	**12,181**	52,914
Capital expenditure on capacity expansion works to be carried out by a subsidiary	**15,458**	-

Notes to the Financial Statements

42. Segment Information

During the year, the Group acquired several subsidiaries as part of the acquisitions described in Note 1. A new reportable segment, Power, arose pursuant to the acquisition of Keppel Merlimau Cogen. The Trustee-Manager monitors the results of the Trust based on the following reportable segments for the purpose of making decisions in resource allocation and performance assessment:

- Gas: production and retailing of town gas and retailing of natural gas in Singapore;
- Concessions: concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Power: tolling arrangement for the power plant in Singapore;
- Electricity: operator of subsea electricity interconnector in Australia; and
- Corporate: investment holding, asset management and business development.

Information regarding the Trust's reportable segments for the years ended December 31, 2015 and March 31, 2015 are set out below:

	Gas (Singapore) $'000	Concessions (Singapore) $'000	Power (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
For the year ended December 31, 2015						
Revenue	**241,469**	**74,459**	**65,128**	**43,694**	**3,102**	**427,852**
Profit/(loss) before tax	**25,111**	**16,541**	**(14,743)**	**(14,262)**	**(11,484)**	**1,163**
Funds from operations [(1)]	**34,745**	**46,977**	**23,302**	**(789)**	**(8,874)**	**95,361**
Other segment items:						
Depreciation and amortisation	(11,180)	(4,722)	(37,766)	(14,053)	-	(67,721)
Fair value gain on derivative financial instruments	-	-	-	2,697	-	2,697
Allowance for impairment of trade receivables	(348)	-	-	-	-	(348)
Share of results of joint venture	-	-	-	-	(171)	(171)
Finance costs [(2)]	(3,846)	(2,992)	(30,479)	(38,100)	(3,415)	(78,832)

(1) Funds from operations is defined as PAT adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interests adjustments.

(2) Excludes interest payable on notes issued by subsidiaries to unitholders.

A reconciliation of funds from operations to profit before tax is provided as follows:

	December 31, 2015 $'000
Funds from operations	**95,361**
Reduction in concession / lease receivables	**(30,070)**
Non-cash finance cost	**(5,330)**
Other non-cash items	**4,396**
Depreciation and amortisation	**(67,721)**
Transaction costs in relation to acquisition	**(1,914)**
Maintenance capital expenditure	**1,453**
Finance cost attributable to non-controlling interest ("NCI")	**(22,466)**
Share of joint venture results	**171**
Funds from operations attributable to non-controlling interests	**27,283**
Profit before tax	**1,163**

	Gas (Singapore) $'000	Concessions (Singapore) $'000	Power (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
As at December 31, 2015						
Segment and consolidated total assets	**463,789**	**754,569**	**1,730,404**	**931,720**	**234,996**	**4,115,478**
Segment liabilities	**291,194**	**118,438**	**959,174**	**916,282**	**190,964**	**2,476,052**
Unallocated liabilities:						
Current tax liabilities						**9,044**
Deferred tax liabilities						**29,596**
Consolidated total liabilities						**2,514,692**
Other segment items						
Additions to non-current assets						
Investment in and advances to joint venture	**-**	**-**	**-**	**-**	**21,434**	**21,434**
Intangibles (arising from acquisition)	**94,420**	**38,234**	**-**	**59,005**	**-**	**191,659**
Capital expenditure						
- property, plant and equipment	**1,247**	**-**	**-**	**207**	**-**	**1,454**

	Gas (Singapore) $'000	Concessions (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
As at March 31, 2015					
Revenue	374,334	37,573	85,852	4,143	501,902
Profit/(loss) before tax	35,854	8,442	(23,975)	(13,853)	6,468
Funds from operations	47,600	15,989	(5,435)	(10,225)	47,929
Other segment items:					
Depreciation and amortisation	(14,712)	(3,654)	(26,240)	-	(44,606)
Fair value loss on derivative financial instruments	-	-	(2,557)	-	(2,557)
Allowance for impairment of trade receivables	(219)	-	-	-	(219)
Share of results of joint venture	-	-	-	(167)	(167)
Finance costs	(3,200)	(4,122)	(58,567)	(3,410)	(69,299)

A reconciliation of cash earnings to profit before tax is provided as follows:

	March 31, 2015 $'000
Funds from operations	47,929
Depreciation and amortisation	(44,606)
Cash flow adjustments	(6,308)
Non-cash adjustments	(16,451)
Fair value loss on derivative financial instruments	(2,557)
Payment of loan upfront fees	16,511
Gain associated with purchase and cancellation of Basslink bonds	1,852
Maintenance capital expenditure	3,161
Share of joint venture results	(167)
Non-controlling interests	7,104
Profit before tax	6,468

Notes to the Financial Statements

42. Segment Information (continued)

	Gas (Singapore) $'000	Concessions (Singapore) $'000	Electricity (Australia) $'000	Corporate (Singapore) $'000	Total Group $'000
As at March 31, 2015					
Segment and consolidated total assets	474,514	195,111	985,485	114,406	1,769,516
Segment liabilities	290,338	111,064	985,674	148,282	1,535,358
Unallocated liabilities:					
Current tax liabilities					12,692
Deferred tax liabilities					22,737
Consolidated total liabilities					1,570,787
Other segment items					
Additions to non-current assets					
Investment in and advances to joint venture	-	-	-	16,351	16,351
Capital expenditure					
- property, plant and equipment	1,604	38	1,519	-	3,161

The Group's Gas, Concessions and Power business segments operate in Singapore whilst the Electricity segment operates in Australia. Revenue is based on the country in which the customer is located. Total non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets *	
	From April 1, 2015 to December 31, 2015 $'000	From April 1, 2014 to March 31, 2015 $'000	December 31, 2015 $'000	March 31, 2015 $'000
Singapore	**384,158**	416,050	**2,144,434**	366,462
Australia	**43,694**	85,852	**865,039**	922,019
	427,852	501,902	**3,009,473**	1,288,481

* Comprise property, plant and equipment, intangibles and investment in joint venture.

Revenue from Concessions segment of $74,459,000 (March 31, 2015 : $37,573,000) was solely derived from the only customer of the respective subtrusts. For the Power segment, revenue of $65,128,000 was derived from its only customer. For Electricity segment, revenue from its major customer was $43,694,000 (March 31, 2015 : $83,472,000).

43. Comparative Figures

(a) The Trust changed its financial year end from March 31 to December 31. The comparative information relates to the period from April 1, 2014 to March 31, 2015. Accordingly, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the comparative period are not comparable to those for the current year.

(b) The consolidated financial statements of the Group for the year ended March 31, 2015 were audited by another firm of auditors which expressed an unmodified opinion on those financial statements in their report dated May 15, 2015.

Corporate Governance

On 18 May 2015, CitySpring Infrastructure Trust (CIT) completed the acquisition of the assets and liabilities of Crystal Trust (formerly known as Keppel Infrastructure Trust). On the same day, CIT was renamed as Keppel Infrastructure Trust and Keppel Infrastructure Fund Management Pte. Ltd. (KIFM) was appointed as the trustee-manager of the renamed trust, Keppel Infrastructure Trust (KIT).

The Board and management of KIFM, as the trustee-manager of KIT (Trustee-Manager), are fully committed to maintaining good corporate governance as they firmly believe that it is essential to protect the best interests of the unitholders of KIT (Unitholders).

The Business Trusts Act, Chapter 31A, of Singapore (BTA) sets out the requirements and obligations in respect of corporate governance. The Business Trusts Regulations (BTR) set out the requirements for, amongst other matters, the board composition of a trustee-manager, the independence of its directors, and the audit committee composition of a trustee-manager.

In addition, the Trustee-Manager adopts the Code of Corporate Governance 2012 [1] (the 2012 Code) as its benchmark for corporate governance policies and practices. The following describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the 2012 Code after it has been appointed trustee-manager of KIT on 18 May 2015, that is, for the period 18 May 2015 to 31 December 2015 (Relevant Period) unless stated otherwise.

BOARD'S CONDUCT OF AFFAIRS
Principle 1: Effective Board to lead and control the company

The Board of Directors of the Trustee-Manager (the Board) is responsible for the overall management and the corporate governance of KIT, including establishing goals for management and monitoring the achievement of these goals.

Role: The principal functions of the Board are to:

- Decide on matters in relation to KIT's activities which are material in nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- Oversee the business and affairs of KIT, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- Oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes; and
- Assume responsibility for corporate governance.

Independent Judgment: All directors of the Trustee-Manager (the Directors) are expected to exercise independent judgment in the best interests of KIT.

Board Committees: The Board committees were reconstituted in August 2015 and the Board's Nominating Committee and Remuneration Committee were combined into the Nominating and Remuneration Committee. To assist the Board in the discharge of its oversight function, the Audit Committee, the Nominating and Remuneration Committee and the Conflicts Resolution Committee have been constituted with clear written terms of reference. The Board Committees are actively engaged and play an important role in ensuring good corporate governance. The terms of reference of the respective Board committees are disclosed in the Appendix to this report at pages 121 to 123.

Meetings: The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Trustee-Manager's key activities, including its business strategies and policies for KIT, proposed acquisitions and disposals, the annual budget, review the performance of the business and the financial performance of KIT and the Trustee-Manager. The Board also reviews and approves the release of the quarterly and full-year results. In addition, the Board reviews the risks to the assets of KIT, and acts upon any comments from the auditors of KIT.

[1] The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.

Corporate Governance

The Trustee-Manager's Articles of Association permit Board meetings to be held by way of conference by telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants. Further, the non-executive Directors meet without the presence of management on a need-be basis. The number of Board, Board committee, and non-executive Director meetings held during the Relevant Period, as well as the attendance of each Board member at these meetings are disclosed below.

Board and Board committee [2] meetings during the Relevant Period:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings [3]	Remuneration Committee Meetings [3]	Conflicts Resolution Committee Meetings	Non-Executive Directors' Meeting (without presence of management)
Koh Ban Heng [4]	2	1 out of 1	1	-	-	1
Quek Soo Hoon	2	2	-	1	0 out of 0	1
Thio Shen Yi [5]	2	-	-	1	0 out of 0	1
Daniel Cuthbert Ee Hock Huat [6]	2	-	-	-	0 out of 0	1
Mark Andrew Yeo Kah Chong [7]	1 out of 1	1 out of 1	-	-	-	1
Kunnasagaran Chinniah [8]	1 out of 1	-	-	-	-	1
Ong Tiong Guan	2	-	-	1	-	1
Alan Tay Teck Loon	2	-	-	-	-	1
Alan Ow Soon Sian [9]	1 out of 1	1 out of 1	1	-	-	-
Paul Ma Kah Woh [10]	1 out of 1	1 out of 1	1	-	-	-
Number of Meetings Held in Relevant Period	2	2	1	1	0	1

Nature of current Directors' appointments on the Board and the details of their membership on Board committees

	Board Membership	Audit Committee	Nominating & Remuneration Committee	Conflicts Resolution Committee
Koh Ban Heng	Non-Executive and Independent Chairman	Member	Member	-
Quek Soo Hoon	Non-Executive Independent	Member	Member	Member
Thio Shen Yi	Non-Executive Independent	-	Chairman	Member
Daniel Cuthbert Ee Hock Huat	Non-Executive Independent	-	-	Chairman
Mark Andrew Yeo Kah Chong	Non-Executive Independent	Chairman	-	-
Kunnasagaran Chinniah	Non-Executive Independent	-	-	-
Ong Tiong Guan	Non-Executive and Non-Independent	-	Member	-
Alan Tay Teck Loon	Non-Executive and Non-Independent	-	-	-

2 Note that the Board committees were reconstituted in August 2015.
3 The Board's Nominating Committee and Remuneration Committee were combined into the Nominating and Remuneration Committee in August 2015. There were no Nominating and Remuneration Committee meetings from August 2015 to 31 December 2015.
4 Mr Koh Ban Heng was appointed a member of the Audit Committee with effect from 1 August 2015.
5 Mr Thio Shen Yi was appointed as Chairman of the reconstituted Nominating and Remuneration Committee with effect from 1 August 2015.
6 Mr Daniel Cuthbert Ee Hock Huat was appointed as an independent non-executive Director with effect from 18 May 2015 and Chairman of the Conflicts Resolution Committee with effect from 1 August 2015.
7 Mr Mark Andrew Yeo Kah Chong was appointed as an independent non-executive Director and Chairman of the Audit Committee with effect from 1 August 2015.
8 Mr Kunnasagaran Chinniah was appointed as an independent non-executive Director with effect from 1 August 2015.
9 Mr Alan Ow Soon Sian retired as a non-executive Director with effect from 1 August 2015.
10 Mr Paul Ma Kah Woh retired as a non-executive Director with effect from 1 August 2015.

The current Directors' appointments and details of membership on Board committees, number of Board and Board committee meetings held during the Relevant Period, as well as the attendance of each Board member at these meetings, are disclosed in the tables on page 104.

Internal Limits of Authority: The Trustee-Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also provided at the management level to facilitate operational efficiency.

Director Orientation: A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as directors. All newly-appointed Directors undergo a comprehensive orientation programme which includes sites visits.

Training: Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. Updates on relevant legal or regulatory developments may be provided to the Board by circulation or through seminars and presentations conducted or sponsored by the Trustee-Manager. Some Directors attended talks and forums on topics relating to corporate governance, leadership in the boardroom, finance and accounting standards, economic outlook and long term trends, among others.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

Board Composition: Presently, the Board consists of eight members, six of whom are independent non-executive Directors. The other Directors are non-independent non-executive Directors. The Chairman of the Board is Mr Koh Ban Heng who is an independent non-executive Director. Other than the renewal of the Board in 2015, the Board committees were also reconstituted in August 2015 and the Board's Nominating Committee and Remuneration Committee were combined into the Nominating and Remuneration Committee (NRC).

Board Independence: The composition of the Board complies with the BTR and comprises:

(a) at least a majority of the directors who are independent from management and business relationships with the Trustee-Manager;

(b) at least one-third of the directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

(c) at least a majority of the directors who are independent from any single substantial shareholder of the Trustee-Manager.

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of KIT), a Director must not have any:

(a) management relationships with the Trustee-Manager or with any of its subsidiaries; and

(b) business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the Unitholders as a whole.

To be considered to be independent from a substantial shareholder of the Trustee-Manager, a Director must not be a substantial shareholder of the Trustee-Manager and is not connected to the substantial shareholder of the Trustee-Manager.

The Trustee-Manager is wholly-owned by Keppel Infrastructure Holdings Pte. Ltd. (KI) which is in turn wholly-owned by Keppel Corporation Limited (Keppel Corporation). On 25 January 2016, Keppel Corporation announced its intention to consolidate its interests in all four of its subsidiaries in business trust management, real estate investment trust management and fund management under Keppel Capital Holdings Pte. Ltd. (Keppel Capital), a wholly-owned subsidiary of Keppel Corporation (Proposed Consolidation). The Proposed Consolidation is subject to relevant approvals to be sought and subject to obtaining these approvals, Keppel Corporation aims to complete the Proposed Consolidation by the second half of 2016. As announced on 25 January 2016, the Trustee-Manager has been notified that if the Proposed Consolidation takes place, the Trustee-Manager will become a wholly-owned subsidiary of Keppel Capital and that the Proposed Consolidation is only in relation to the change in shareholding of the Trustee-Manager. Whilst Keppel Capital

Corporate Governance

will become the shareholder of the Trustee-Manager in place of KI if the Proposed Consolidation takes place, the Trustee-Manager continues to remain a wholly-owned subsidiary of Keppel Corporation. The Proposed Consolidation does not change Keppel Corporation's unitholdings in KIT. Keppel Corporation and its related and associated companies have extensive business activities in offshore and marine, infrastructure, property sectors and investments. Temasek Holdings (Private) Limited (Temasek), by virtue of their interest in Keppel Corporation, is deemed a substantial shareholder of the Trustee-Manager.

Taking into account the views of the Nominating and Remuneration Committee, the Board has determined that:

(a) although Mr Koh Ban Heng is strictly not considered to be independent from KI according to the definition in the BTR, nonetheless, the Board considers that Mr Koh is independent from KI and is therefore an independent Director. Under the BTR, a director is considered not to be independent from a substantial shareholder of the Trustee-Manager if he is connected to that substantial shareholder. Mr Koh is currently an independent non-executive director of KI, the substantial shareholder of the Trustee-Manager. According to the BTR, Mr Koh is connected to KI. After review, the Board is satisfied that the connection to KI will not interfere with Mr Koh's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Koh is an independent non-executive director of KI, (ii) Mr Koh is joining the Board in his personal capacity, not as KI's representative, (iii) Mr Koh has declared that he does not act in accordance with the instructions of KI, and (iv) Mr Koh has declared that he does not derive any compensation from KI other than remuneration received for his service as a director of KI. Mr Koh has also shown independent judgment in his deliberation of the interests of KIT. Mr Koh's participation in the Board will benefit KIT given his expertise. Mr Koh will however, abstain from the Board's decisions in relation to any matter which involves KI in which he is an independent director.

(b) although Ms Quek Soo Hoon is considered to have a business relationship with the Trustee-Manager and its related corporations according to the definition used in the BTR, nonetheless, the Board considers that Ms Quek is independent from business relationships with the Trustee-Manager and/or its related corporations and is therefore an independent Director. Ms Quek Soo Hoon is currently an operating partner of a fund manager, iGlobe Partners (II) Pte Ltd (Fund Manager), that manages a fund that Keppel Corporation (through a wholly owned subsidiary) invested into in 2010. In accordance with the BTR, Ms Quek is deemed to have a business relationship with a related corporation of the Trustee-Manager. After review, the Board is satisfied that the business relationship described above will not interfere with Ms Quek's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that Ms Quek did not derive any direct benefit from Keppel Corporation's investment. The Fund Manager did not have direct interest in the investment invested by Keppel Corporation in the fund. Keppel Corporation had not paid and will not be paying any monies to the Fund Manager directly. Ms Quek's benefits and interest as an operating partner of the Fund Manager are contingent on many other factors and not solely dependent on Keppel Corporation's investment, which is small. Any benefit that Ms Quek might receive is paid by the Fund Manager and not by Keppel Corporation and the benefit that Ms Quek might receive is also not determined by the Trustee-Manager or any of its related corporations. As the benefit that Ms Quek might receive (which is dependent on the performance of the fund) is not determined by the Trustee-Manager or any of its related corporations, decisions made by the Trustee-Manager or any of its related corporations has no direct effect on the same, and her share of the carried interest benefit is small, it is not contemplated that the duties required to be performed by Ms Quek as a Director of the Trustee-Manager would be compromised. Ms Quek, in the course of her service as a Director to the Trustee-Manager, has shown independent judgment in her deliberation of the interests of KIT. Ms Quek's participation in the Board will benefit KIT given her expertise. Ms Quek will abstain from the Board's decisions in relation to any matter which involves the Fund Manager in which she is an operating partner.

(c) Mr Thio Shen Yi is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(d) Mr Daniel Cuthbert Ee Hock Huat is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(e) Mr Mark Andrew Yeo Kah Chong is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(f) Mr Kunnasagaran Chinniah is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(g) Dr Ong Tiong Guan is not considered to be independent from Keppel Corporation. Dr Ong is the Chief Executive Officer and a Director of KI and a director of several other companies within the Keppel Group, including Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, and Keppel Gas Pte Ltd.

(h) Mr Alan Tay Teck Loon is not considered to be independent from Keppel Corporation. Mr Tay is Executive Director, Business Development, of KI and a director of a related company of KI, GE Keppel Energy Services Pte Ltd.

Board Size: The Board, in concurrence with the Nominating and Remuneration Committee is of the view the present size of the Board of 8 members is appropriate. This is considering the nature, scope and requirements of KIT's businesses and the need to avoid disruptions from changes to the composition of the Board and Board committees.

The Board now comprises 8 directors, of whom 6 are independent. No individual or small group of individuals dominate the Board's decision making.

The nature of the Directors' appointments on the Board and details of their membership on Board Committees are set out on page 104 herein.

Board Competency: The Nominating and Remuneration Committee is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge for KIT, and the core competencies such as accounting or finance, legal and regulatory, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge which are required for the Board and the Board committees to be effective.

Board Information: The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the Board, in particular, the non-executive Directors, are kept well informed of KIT's businesses and affairs and are knowledgeable about the industry in which the businesses operate. The non-executive Directors have constructively challenged and helped to develop proposals on strategy and robustly reviewed the performance of management. The non-executive Directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

The positions of Chairman and Chief Executive Officer (CEO) are held by two individuals to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

The independent Chairman leads the Board in working together with management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of KIT's operations.

The Chairman monitors the flow of information from management to the Board to ensure that material information is provided in a timely manner to the Board. He also encourages constructive relations between the Board and management.

At annual general meetings and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and management. The Chairman takes a leading role in KIT's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and management.

The Chairman and CEO are already separate persons, independent Directors currently comprise more than a majority of the Board, and the various Board committees are chaired by and comprise a majority of independent Directors.

The CEO, assisted by the management team, makes strategic proposals to the Board and after constructive board discussion, executes the strategy, manages and develops KIT's businesses.

The clear separation of roles of the Chairman and the CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of KIT.

Corporate Governance

BOARD MEMBERSHIP
Principle 4: Formal and transparent process for the appointment and re-appointment of directors to the Board

Nominating and Remuneration Committee
The Trustee-Manager has established a Nominating and Remuneration Committee (NRC) to, among other things, make recommendations to the Board on all Board appointments. The NRC currently comprises four Directors, majority of whom are independent, namely:

Mr Thio Shen Yi	Chairman
Mr Koh Ban Heng	Member
Ms Quek Soo Hoon	Member
Dr Ong Tiong Guan	Member

The responsibilities of the NRC are disclosed at page 122 of the Appendix hereto.

Process for appointment of new Directors and Board succession planning

The NRC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors.

The NRC leads the process and makes recommendations to the Board as follows:

(a) the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making,
(b) in light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment;
(c) external help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;
(d) the NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
(e) the NRC makes recommendations to the Board for approval.

Criteria for appointment of new Directors

All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

(1) integrity
(2) independent mindedness
(3) diversity – possess core competencies that meet the current needs of KIT and the Trustee-Manager and complement the skills and competencies of the existing Directors on the Board
(4) able to commit time and effort to carry out duties and responsibilities effectively –proposed Director does not have more than six listed company board representations and/or other principal commitments
(5) track record of making good decisions
(6) experience in high-performing corporations or infrastructure funds
(7) financial literacy

Re-nomination of Directors

Having regard to each Director's contribution and performance, the NRC raises the re-nomination of directors to the Board and the Board discusses and seeks the views and approval of KI, the sole shareholder of the Trustee-Manager, regarding the appointment, election and re-appointment of directors. This process is under review following the Board renewal and reconstitution of Board committees after KIT's acquisition of the assets and liabilities of Crystal Trust in 2015.

Annual review of Directors' independence

The NRC is also charged with determining annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the BTR.

Please refer to page 106 herein on the basis of the NRC's determination as to whether a Director should or should not be deemed independent.

Annual review of Directors' time commitments

The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. As a guide, Directors should not have more than six listed company board representations and/or other principal commitments.

The NRC determines annually whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his or her duties as a director. The NRC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination. The NRC was satisfied that where a Director had other listed company board representations and/or other principal commitments, the Director was able and had been adequately carrying out his or her duties as a Director.

Key information regarding Directors

The following key information regarding the Directors is set out in the following pages of this Annual Report:

Pages 6 to 9: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, directorships or chairmanships both present and past held over the preceding 5 years in other listed companies and other major appointments, whether appointment is executive or non-executive; and

Page 35: unitholding in KIT as at 21 January 2016.

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board and Board Committees and the contribution by each director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, and the contribution by each individual Director to the effectiveness of the Board.

Independent Coordinator: To ensure that assessments are done promptly and fairly, the Board has appointed an independent third party (Independent Coordinator) to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Mr Nelson Tan does not have any business relationships or any other connections with KIT or any of the Directors which may affect his independent judgment.

The evaluation of the Board and of the individual Directors was carried out by the Independent Coordinator in the last quarter of 2015 and presented to the Board in January 2016.

The evaluation processes are disclosed on page 123 of the Appendix to this report.

Objectives and Benefits: The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the NRC in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

ACCESS TO INFORMATION

Principle 6: Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussion may be focused on questions that the Directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Trustee-Manager's management for further clarification if required.

KIT fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning KIT's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing KIT.

Corporate Governance

Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

The Directors have separate and independent access to both company secretaries of the Trustee-Manager. The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Trustee-Manager's constitution, trust deed and relevant rules and regulations are complied with. They also assist the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term unitholder value. They are also the primary channel of communication between KIT and the SGX. At least one of the two Company Secretaries will attend Board meetings and prepare minutes of the Board proceedings. The appointment and removal of each of the Company Secretaries are subject to the approval of the Board as a whole.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties.

REMUNERATION MATTERS
Principle 7: The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent
Principle 8: The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company. The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company
Principle 9: There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out under Principle 4 on page 108. The NRC's responsibilities are set out at page 122 of the Appendix hereto. The NRC currently comprises entirely of non-executive directors, a majority of whom (including the Chairman) are independent.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate the Directors and key management personnel of the Trustee-Manager, without being excessive. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, grant of units and benefits in kind) and the specific remuneration packages for each Director, the CEO and key management personnel. The NRC also reviews the remuneration of the key management personnel of the Trustee-Manager and administers the Trustee-Manager's Unit-based incentive plans. In addition, the NRC reviews the Trustee-Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external remuneration consultants where required. The NRC sought views on market practice and trends from external remuneration consultants, Aon Hewitt. The NRC, through discussions with the external remuneration consultants, has confirmed that the external remuneration consultants had no relationships with KIT which would affect their independence and objectivity.

ANNUAL REMUNERATION REPORT

Although the remuneration and compensation, including any bonus or profit sharing plan, payable to Directors and employees of the Trustee-Manager is paid by the Trustee-Manager (in its personal capacity), and not by KIT, the Trustee-Manager is disclosing the following information on the remuneration of its Directors and key management personnel.

Policy in respect of Directors' remuneration

Directors' fees are established annually for the Directors, the amount of which is dependent on their level of responsibilities on the Board and its committees. Each Director is paid a basic fee. In addition, Directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the Board and of each Board committee is paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office. None of the Directors has any service contracts with the Trustee-Manager.

The framework for determining the Directors' fees is shown in the table below:

Main Board	Chairman Director	S$68,000 per annum S$38,000 per annum
Audit Committee	Chairman Member	S$25,000 per annum S$12,000 per annum
Nominating and Remuneration Committee	Chairman Member	S$12,000 per annum S$6,000 per annum
Conflicts Resolution Committee	Chairman Member	S$12,000 per annum S$6,000 per annum

Remuneration policy in respect of CEO and Key Management Personnel

The Trustee-Manager advocates a performance-based remuneration system that is flexible and responsive to the market and the individual employee's performance.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. There are four scorecard areas identified as key to measuring performance – (a) Commercial/Financial; (b) Customers; (c) Process; and (d) People. The four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out in the performance scorecards have been met. The NRC is of the view that remuneration is aligned to performance for the period assessed.

The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive, and the KIFM Unit Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the individual employee's performance and the performance of KIT. This allows the Trustee-Manager to better align executive compensation towards Unitholders' value creation. The KIFM Unit Plans are in the form of two unit plans, the KIFM Restricted Unit Plan (RUP) and the KIFM Performance Unit Plan (PUP). The KIFM Unit Plans are long term incentive plans. Executives who have a greater ability to influence company outcomes have a greater proportion of overall reward at risk. The performance conditions for the KIFM Unit Plans include cash flow available for distribution, Asset Under Management growth, and Total Unitholders Return. Eligible employees of the Trustee-Manager are granted existing units in KIT, that are or will be owned by the Trustee-Manager. Therefore, no new units are or will be issued by KIT to satisfy the grant of the units under the KIFM RUP and/or the KIFM PUP as the units that are granted under these plans will be taken from the units which are owned by the Trustee-Manager.

The compensation structure is designed such that to stay competitive and relevant, the Trustee-Manager benchmarks the annual fixed salaries of key management personnel at the target market level with the variable compensation being strictly performance-driven.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to KIT. In particular, the remuneration of the CEO of the Trustee-Manager has a component of a deferred bonus plan which is subject to claw-backs in case of financial misstatement or fraud.

Level and mix of remuneration of Directors, Key Management Personnel

Remuneration & Names of Directors	Base/Fixed Salary (S$)	Variable or Performance-Related Income/ Bonuses (S$)	Directors' Fees (S$)	Benefits-in-Kind (S$)	Contingent award of units (S$)	Total Remuneration (S$)
Koh Ban Heng	-	-	$53,721	-	-	$53,721
Quek Soo Hoon	-	-	$38,729	-	-	$38,729
Thio Shen Yi	-	-	$34,981	-	-	$34,981
Daniel Cuthbert Ee Hock Huat	-	-	$31,233	-	-	$31,233
Mark Andrew Yeo Kah Chong [1]	-	-	$26,408	-	-	$26,408
Kunnasagaran Chinniah [2]	-	-	$15,929	-	-	$15,929
Ong Tiong Guan	-	-	$27,485	-	-	$27,485
Alan Tay Teck Loon	-	-	$23,737	-	-	$23,737
Alan Ow Soon Sian [3]	-	-	$12,740	-	-	$12,740
Paul Ma Kah Woh [4]	-	-	$15,411	-	-	$15,411

Corporate Governance

1 Mr Mark Andrew Yeo Kah Chong was appointed as an independent non-executive Director with effect from 1 August 2015. His director's fees are pro-rated.
2 Mr Kunnasagaran Chinniah was appointed as an independent non-executive Director with effect from 1 August 2015. His director's fees are pro-rated.
3 Mr Alan Ow Soon Sian retired as a non-executive Director with effect from 1 August 2015. His director's fees are pro-rated.
4 Mr Paul Ma Kah Woh retired as a non-executive Director with effect from 1 August 2015. His director's fees are pro-rated.

The level and mix of each of the Directors' remuneration and that of the CEO, and each of the key management personnel (who are not also Directors) in bands of S$250,000, for the period assessed are set out at pages 111 and 112.

Due to its confidential and sensitive nature, and for competitive reasons so as not to hamper the Trustee-Manager's efforts to retain and nurture its talent pool, the Trustee-Manager is disclosing the remuneration of the CEO and key management personnel (who are not also Directors) in bands of S$250,000.

The aggregate remuneration paid to the CEO and key management personnel (who are not also Directors) for the period assessed was S$1,947,930. The level and mix of the CEO and key management personnel (who are not also Directors) in bands of S$250,000 are set out below:

Remuneration Band & Names of CEO and Key Management Personnel	Base/Fixed Salary	Performance-Related Bonuses Earned (including EVA[2] and non-EVA[2] Bonuses)		Benefits-in-Kind	Contingent award of units [1]	
		Paid	Deferred & at risk		PUP	RUP
Above S$500,000 to S$750,000						
Khor Un-Hun	34%	22%	3%	n.m.[3]	23%	18%
Above S$250,000 to S$500,000						
Malcolm Eccles [4]	72%	17%	-	11%	-	-
Teo Kwan Hai [5]	69%	31%	-	n.m.[3]	-	-
Below S$250,000						
Chua Lionel	56%	22%	-	n.m.[3]	-	22%
Foo Chih Chi [6]	63%	32%	5%	n.m.[3]	-	-
Ong Tee Yin Jacqueline	74%	26%	-	n.m.[3]	-	-

1 Based on the KIFM Unit Plans, units awarded under the KIFM PUP and KIFM RUP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. As at 28 July 2015 (being the grant date), the estimated fair value of each unit granted in respect of the contingent awards under the KIFM PUP and KIFM RUP were S$0.30 and S$0.48 respectively. For the KIFM PUP, the figures are based on the fair value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
2 "EVA" means Economic Value Added.
3 "n.m." means not material.
4 Mr Malcolm Eccles' remuneration is in respect of the Financial Year, that is, 1 April 2015 to 31 December 2015. His cash bonus is pro-rated.
5 Mr Teo Kwan Hai's remuneration is in respect of the Financial Year, that is, 1 April 2015 to 31 December 2015. His cash bonus is pro-rated.
6 Ms Foo Chih Chi was previously seconded from Keppel Corporation to the Trustee-Manager and transferred to KIFM on 1 July 2015.

Remuneration of employees who are immediate family members of a Director or the CEO

No employee of the Trustee-Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 during the Relevant Period. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT
Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects
Principle 12: Establishment of Audit Committee with written terms of reference

The Board is responsible to Unitholders for providing a balanced and understandable assessment of KIT's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of KIT's affairs, whilst preserving the commercial interests of KIT. Financial reports and other price-sensitive information are disseminated to Unitholders through announcements via SGXnet, press releases, KIT's website as well as media and analyst briefings.

KIT's Annual Report is accessible on KIT's website. KIT also sends its Annual Report to all its Unitholders in CD-ROM format. In line with KIT's drive towards sustainable development, KIT encourages Unitholders to read the Annual Report from the CD-ROM or on KIT's website. Unitholders may however request for a physical copy at no cost.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KIT's performance, position and prospects on a periodic basis and as the Board may require from time to time. Such reports keep the Board members informed of KIT's performance, position and prospects.

Audit Committee

The Audit Committee (AC) comprises the following non-executive Directors, all of whom are independent:

Mr Mark Andrew Yeo Kah Chong	Chairman
Mr Koh Ban Heng	Member
Ms Quek Soo Hoon	Member

All members of the AC have accounting or related financial management expertise or experience.

The AC's primary role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems. The AC's responsibilities are set out on page 121 of the Appendix herein.

The AC has explicit authority to investigate any matter within its responsibilities, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. During the period 1 April 2015 to 31 December 2015 (Financial Year), the Trustee-Manager's internal audit function was performed by Keppel Corporation's Group Internal Audit department (Group Internal Audit) and BDO LLP. Group Internal Audit and BDO LLP, together with the external auditors, reported their findings and recommendations independently to the AC. For the financial year ending 31 December 2016, the Trustee-Manager's internal audit function will be performed by Group Internal Audit.

KIT had obtained Unitholders' approval on 28 July 2015 to appoint Messrs Deloitte & Touche LLP as the auditors of KIT in place of the retiring auditors, Ernst & Young LLP, to hold office until the conclusion of the next annual general meeting of KIT.

The AC met the external auditors twice in the Relevant Period. The AC also met with the internal auditors on two occasions. At least one of the meetings with each of the external auditors and internal auditors was held without the presence of management.

The AC performed independent review of the financial statements of KIT before the announcement of KIT's quarterly results and full year results. In the process, the AC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have had a material impact on the financials.

Changes to accounting standards and issues which have a direct impact on the financial statements were reported to the AC by the Trustee-Manager and highlighted by the external auditors in their report to the AC. In addition, the AC members were also invited to the annual finance seminars hosted by Keppel Corporation's Group Control & Accounts where relevant changes to the accounting standards that will impact the Keppel Group of companies are shared by, and discussed with accounting practitioners from one of the leading accounting firms.

The AC also reviewed and approved the internal auditors' plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KIT and the Trustee-Manager. Such significant controls comprise financial, operational, compliance and information technology controls, and risk management. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

The AC reviewed and approved the external auditors' audit plans for the Financial Year. The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors. No non-audit services were performed and accordingly no non-audit fees were payable to the external auditors for the Financial Year. The AC concluded that the external auditors were independent.

The aggregate fees payable to the external auditors, broken down into audit services and non-audit services paid or payable for the Financial Year have been disclosed at page 96.

KIT has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual (Listing Manual) in relation to its auditing firms.

The AC reviewed the "Whistle-Blower Protection Policy" which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the AC reviews the Whistle-Blower Protection Policy yearly to ensure that it remains current. The details of the Whistle-Blower Protection Policy are set out on pages 124 and 125 hereto.

Corporate Governance

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with KIT's Unitholders' Mandate for IPTs. The IPTs were reviewed by the internal auditors. All findings were reported during the AC meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11: Sound system of risk management and internal controls

The Board of Directors, supported by the AC, oversees the Trustee-Manager's system of internal controls and risk management.

The AC assists the Board in the effective discharge of its responsibilities in ensuring that KIT and the Trustee-Manager maintain a sound system of risk management and internal controls to safeguard KIT's assets and Unitholders' interests. The AC reviews and guides the Trustee-Manager in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and ensures that the Trustee-Manager has put in place internal controls policies and procedures in areas such as financial, operational, compliance and information technology controls, and risk management.

Recognising and managing risk is central to the business of KIT and to protecting Unitholders' interests and value. The Trustee-Manager has experienced and well-qualified Operation and Maintenance (O&M) teams or has appointed experienced and well-qualified O&M contractors to handle its day-to-day operations.

The Trustee-Manager's internal and external auditors also conduct an annual review of the adequacy and effectiveness of KIT's and the Trustee-Manager's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and significant risk matters, and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors.

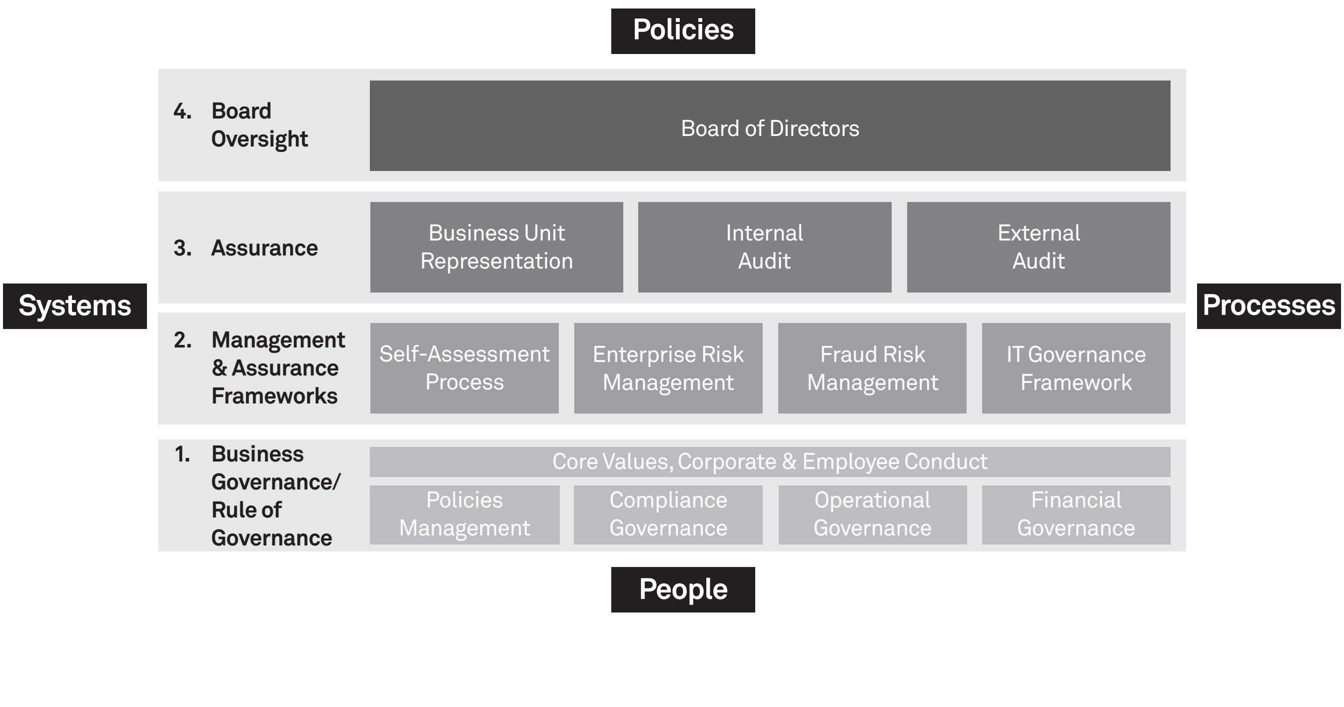
The Board met 2 times in the Relevant Period to review the financial performance of KIT during the Relevant Period. During the Relevant Period, the Board also discussed the key business risks in KIT and the risk management policies and procedures that management had put in place.

In assessing business risks, the Board takes into consideration the economic environment, the risks relevant to the infrastructure industry, the risks particular to KIT and the procedures put in place by the O&M team and contractors. The Trustee-Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Trustee-Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management" section at pages 137 and 138 of this Annual Report.

KIT is guided by a set of Risk Tolerance Guiding Principles, approved by the Board, as detailed under the "Risk Management" section of pages 137 and 138 of this Annual Report.

In addition, the Trustee-Manager has adopted the Keppel's System of Management Controls Framework (the "Framework") outlining its internal control and risk management processes and procedures. The Framework comprises three lines of defence towards ensuring the adequacy and effectiveness of the Trustee-Manager's system of internal controls and risk management.

KEPPEL'S SYSTEM OF MANAGEMENT CONTROLS (KSMC)



Under the first Line of Defence, the Trustee-Manager is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to KIT's business scope and environment. Such policies and procedures govern financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Employees are also guided by the Keppel Group's Core Values and expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, the Trustee-Manager is required to conduct a self-assessment exercise on an annual basis to assess the status of the internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under the Enterprise Risk Management Framework, significant risks areas were also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third Line of Defence, the CEO and Chief Financial Officer (CFO) are required to provide KIT with written assurance as to the adequacy and effectiveness of the Trustee-Manager's system of internal controls and risk management. Such assurances are sought from the internal and external auditors based on their independent assessments.

The Board has received assurance from the CEO and CFO that, amongst others:

(a) the financial records of KIT have been properly maintained and the financial statements give a true and fair view of KIT's operations and finances;

(b) the internal controls of the Trustee-Manager are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and

(c) they are of the view that the Trustee-Manager's risk management system is adequate and effective.

Based on the review of the Trustee-Manager's governing framework, systems, policies and processes in addressing the key risks under the Group's Risk Management Assessment Framework, the monitoring and review of KIT's overall performance and representation from management, the Board, with the concurrence of the AC, is of the view that, as at 31 December 2015, the Trustee-Manager's risk management system is adequate and effective.

Based on the Trustee-Manager's framework of management control, the internal control policies and procedures established and maintained by the Trustee-Manager, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that, as at 31 December 2015, the Trustee-Manager's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Trustee-Manager provides reasonable, but not absolute, assurance that the Trustee-Manager will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT
Principle 13: Effective and independent internal audit function that is adequately resourced

The Trustee-Manager's internal audit function was performed by Group Internal Audit and BDO LLP. The role of Group Internal Audit and BDO LLP is to assist the AC to ensure that KIT and the Trustee-Manager maintain a sound system of internal controls by reviewing key controls and procedures and ensuring their effectiveness, and undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Group Internal Audit and BDO LLP have direct access to the AC and unrestricted access to all documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the chairman of the AC.

Corporate Governance

As corporate members of the Institute of Internal Auditors Incorporated (IIA), Group Internal Audit and BDO LLP are guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. In addition, Group Internal Audit performs a yearly declaration to confirm their adherence to the Code of Ethics established by IIA, from which, the principles of objectivity, competence, confidentiality and integrity are based. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, data analytics, and accounting pronouncements. External quality assessment reviews are carried out at least once every 5 years by qualified professionals, with the last assessment conducted in 2011 and the results reaffirmed that the internal audit activity conforms to the International Standards.

Group Internal Audit and BDO LLP adopted a risk-based auditing approach that focused on key internal controls, including financial, operational, compliance and information technology controls. Group Internal Audit and BDO LLP's reports are submitted to the AC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit and BDO LLP's summary of findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

The AC reviewed and is satisfied that Group Internal Audit and BDO LLP are adequately resourced to perform its functions and have appropriate standing within KIT and the Trustee-Manager.

UNITHOLDER RIGHTS AND COMMUNICATION WITH UNITHOLDERS
Principle 14: Fair and equitable treatment of unitholders and protection of unitholders' rights
Principle 15: Regular, effective and fair communication with unitholders
Principle 16: Greater unitholder participation at general meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Trustee-Manager regularly communicates with Unitholders and receives and attends to their queries and concerns.

KIT treats all its Unitholders fairly and equitably and keeps all its Unitholders and other stakeholders informed of its corporate activities, including changes in KIT or its business which would be likely to materially affect the price or value of its units, on a timely basis.

KIT has in place an Investor Relations Policy which sets out the principles and practices that KIT applies in order to provide Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on KIT's website at www.kepinfratrust.com.

The Trustee-Manager meets with investors to solicit and understand the views of the investment community. In the Relevant Period, the Trustee-Manager hosted 75 meetings and conference calls with institutional investors. Management also travelled for non-deal roadshows to meet investors in Hongkong, Kuala Lumpur and Tokyo.

As part of efforts to educate investors on the combination between Crystal Trust and CitySpring Infrastructure Trust as well as the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd, the Trustee-Manager met with and attended to enquiries from both retail and institutional Unitholders, as well as held a teach-in session for retail investors on the above transactions.

The Trustee-Manager also keeps equity research analysts apprised of corporate developments through quarterly results conference calls to encourage and facilitate research coverage. During the Relevant Period, three brokerage houses, namely Credit Suisse, UOB Kay Hian and DBS Vickers Securities, initiated coverage on KIT, thereby improving investors' access to research on KIT's strategic developments and performance.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXnet and the press. To ensure a level playing field and provide confidence to Unitholders, unpublished price sensitive information are not selectively disclosed, and on the rare occasion when such information are inadvertently disclosed, they are immediately released to the public via SGXnet and the press.

The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meeting. Unitholders are informed of Unitholders' meetings through notices published in the newspapers and via SGXnet, and reports or circulars sent to all Unitholders. Unitholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Unitholders are also informed of the rules, including voting procedures, governing such meetings.

In accordance with the BTA and the KIT trust deed, if any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. To ensure transparency, the Trustee-Manager conducts electronic poll voting for Unitholders/proxies present at the meeting for all the resolutions proposed at the general meeting. Votes cast for and against and the respective percentages, on each resolution will be displayed 'live' to Unitholders/proxies immediately after each poll conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXnet.

The Chairman of the Board and each Board committee is required to be present to address questions at general meetings of Unitholders. External auditors are also present at such meetings to assist the Directors to address Unitholders' queries, if necessary.

The Trustee-Manager will not be implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of Unitholders' meetings, which incorporates substantial comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon their requests.

USE OF PROCEEDS FROM EQUITY FUND RAISING COMPLETED ON 30 JUNE 2015

Of the proceeds of approximately S$525 million raised from the equity fund raising (comprising of a private placement and preferential offering), approximately S$510 million had been utilised to fund the acquisition of a 51% equity stake in Keppel Merlimau Cogen Pte Ltd by KIT as announced on 30 June 2015 (KMC Acquisition). The remaining proceeds of approximately S$15 million were largely utilised in accordance with the intended uses and allocation of amounts set out in the same announcement of 30 June 2015 in relation to professional and other fees payable in connection with the equity fund raising and the KMC Acquisition.

SECURITIES TRANSACTIONS

Insider Trading Policy

The Trustee-Manager has a formal insider trading policy on dealings in the securities of KIT, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealing with KIT's securities on short-term considerations. The policy has been distributed by KIT to its directors and officers. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Trustee-Manager issues circulars to its directors and officers informing that the Trustee-Manager and its officers must not deal in listed securities of KIT one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

CONFLICTS OF INTERESTS

General

The Board has formed a Conflicts Resolution Committee (CRC), consisting entirely of independent Directors:

Mr Daniel Cuthbert Ee Hock Huat	Chairman
Ms Quek Soo Hoon	Member
Mr Thio Shen Yi	Member

The CRC's primary role is to review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual). The CRC's responsibilities are set out at page 123 of the Appendix herein.

The CRC has adopted the following framework to resolve such conflicts or potential conflicts of interest:

(a) first, to identify the conflict or potential conflict and then assess and evaluate its nature and extent; and

(b) then, to develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict.

The CRC will apply this framework both in the course of day-to-day conduct of business, as well as in the specific instances when a particular acquisition or disposal is contemplated. In the course of day-to-day conduct of business, all Directors, officers and employees of the Trustee-Manager are obliged to keep strictly confidential all matters received by them in the course of their service to the Trustee-Manager (including without limitation information relating to potential acquisition or disposal opportunities) and not disclose any such matter to any other person.

Corporate Governance

As an example, when the Trustee-Manager identifies an acquisition or disposal target and seeks the approval of the Board to pursue the transaction:

(a) Each Director and officer of the Trustee-Manager will be obliged to disclose to the CRC whether he or, as far as he is aware, his affiliates (including family members, companies of which he is a significant shareholder, director or employee) have an interest in pursuing the same target (Potential Conflict of Interest);

(b) If any Director discloses to the CRC that he or his affiliates have a Potential Conflict of Interest, the CRC will consider the nature and extent of the Potential Conflict of Interest and develop such measures as may be appropriate to address these issues (including, where material, disclosure of such measures to Unitholders at the appropriate time);

(c) As part of such measures, the CRC may require the relevant Director to either abstain from participating in the deliberations of the Board on the transaction, or abstain from voting in the transaction, or both;

(d) The CRC will monitor the implementation by the Trustee-Manager of the measures imposed by the CRC in order to resolve or mitigate the Potential Conflict of Interest; and

(e) The obligation on the Director to make disclosures to the CRC, and on the CRC to review, a Potential Conflict of Interest in relation to any particular transaction is an ongoing obligation and lasts for so long as that transaction is still on-going. This obligation is not imposed only at the start of the transaction. Thus, if in the course of considering the transaction, a Director should learn of a Potential Conflict of Interest, then that Director is required forthwith to make the necessary disclosure to the CRC so that the CRC may consider such matters and take the necessary actions.

The CRC will periodically review the framework to ascertain how it has worked out in practice and, where appropriate, will consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions, disposals or other transactions in a manner contrary to the interests of Unitholders as a whole.

The CRC will have the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the Unitholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner.

The CRC and the framework will be in place for so long as (i) the Trustee-Manager remains as the Trustee-Manager of KIT and (ii) KI, its related corporations and/or any of its associates remain as controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager or in fact exercise control (as defined in the Listing Manual) over the Trustee-Manager.

The CRC also adopted additional guidelines as set out at page 123 of the Appendix hereto.

Specific potential conflict of interest

There may be potential conflict of interests between KIT, KI and other KI Group Entities (ie. a subsidiary entity, trust or undertaking of KI, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings).

Although the Trustee-Manager is a wholly-owned subsidiary of KI, its Board composition includes six independent Directors which make up more than the majority of the Board. All the Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceeding of the Board unless expressly invited to by the Board and shall abstain from voting in respect of any such transaction where the conflict arises, unless the AC (in the case of interested person transactions) or the CRC (in the case of a conflict of interests) has determined that there is no such interest or conflict of interest.

In respect of matters of KIT which Keppel Corporation, KI and/or their subsidiaries have an interest, direct or indirect, Chairman and the non-independent Directors shall abstain from voting in view of their directorship or employment (where applicable) with Keppel Corporation, KI and/or their subsidiaries. In such matters, the quorum will comprise a majority of the rest of the independent Directors of the Trustee-Manager and shall exclude Chairman and the non-independent Directors. Such matters will fall also within the purview of the AC.

KI and its associates cannot vote their Units at, or be part of a quorum for, any meeting of Unitholders convened to approve any matter in which KI or any of its associates has a material interest in the business to be conducted.

In addition, if the Trustee-Manager is required to decide whether to take action against any person in relation to a breach of any agreement entered into by the Trustee-Manager for and on behalf of KIT with an interested party of the Trustee-Manager, the Trustee-Manager shall consult with a reputable law firm for legal advice on the matter. For example, if there is a breach of an O&M agreement, the Trustee-Manager will be required to consult a reputable law firm for legal advice on the matter.

Disclosure of conflicts or potential conflicts of interest

During the Relevant Period, there were no conflicts or potential conflicts of interest in the course of KIT's business or operations between (i) KIT and any (ii) director or officer of the Trustee-Manager, controlling Unitholder, or controlling shareholder of the Trustee-Manager, that were subject to the CRC's review.

INTERESTED PERSON TRANSACTIONS

The Trustee-Manager's Internal Control System

The Trustee-Manager has established an internal control system to ensure that all interested person transactions are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

On 28 July 2015, the Trustee-Manager obtained a general mandate from KIT's Unitholders pursuant to Chapter 9 of the Listing Manual (Unitholders' Mandate) to enable KIT, a subsidiary of KIT or an associated company of KIT (collectively the "Entities at Risk" or "EAR Group"), as the term is used in the Listing Manual, in the ordinary course of their business, to enter into interested person transactions with interested persons which are necessary for the day-to-day operations of KIT, provided that such transactions are made on normal commercial terms and are not prejudicial to KIT and its minority Unitholders. The Unitholders' Mandate remains in force until the next Annual General Meeting.

In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group and KIT's interested persons, it would be advantageous to KIT to renew the above Unitholders' Mandate and the Trustee-Manager will seek Unitholders' approval for the same during the forthcoming Annual General Meeting.

Interested Person Transactions Transacted for the Financial Year

Name of interested person/ Nature of transaction	Aggregate value of all interested person transactions during the Financial Year under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the Financial Year under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	9M FY15 [12] S$'000	12M FY14/15 [13] S$'000	9M FY15 [12] S$'000	12M FY14/15 [13] S$'000
1. Temasek Holdings (Private) Limited and its Associates				
General Transaction				
(a) Sales of Goods and Services	-	-	8,244	6,512
(b) Management Fee Income	-	-	3,102	4,143
(c) Reimbursement of Expenses	-	-	4,787	6,241
(d) Purchases	-	-	145,848	225,089
(e) Leasing of Assets (Rental Charge)	-	-	872	943
(f) Management Fee Expense (including Reimbursement of Expenses)	-	-	1,204	8,523
Total	-	-	164,057	251,451
2. Keppel Corporation Group				
General Transaction				
(a) Sales of Goods and Services	1,052,456	-	-	-
(b) Management Fee Expense (including Reimbursement of Expenses)	-	-	6,493	-
(c) Purchases	194,213	-	30,288	-
(d) Acquisition of Subsidiary	510,000	-	-	-
(e) Acquisition Fee	4,335	-	-	-
Treasury Transactions	-	-	145,299	-
Total	1,761,004	-	182,080	-

The interested person transactions transacted for the Financial Year by KIT are as above.

[12] For the 9 months ended 31 December 2015.
[13] For the 12 months ended 31 March 2015.

Corporate Governance

MATERIAL CONTRACTS

For the Relevant Period, there was no material contract that was not in the ordinary course of business, entered into by KIT or any of its subsidiaries involving the interest of the CEO, any Director, or controlling Unitholder.

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established policies and practices in relation to its management and governance of KIT to ensure that KIT is managed in the interest of the Unitholders. These policies and practices include:

(a) the trust property of KIT is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. The Trustee-Manager maintains different bank accounts in its personal capacity and in its capacity as the Trustee-Manager of KIT.

(b) the Board reviews and approves all investments and acquisitions by KIT in accordance with the business objectives and investment scope as set out in KIT's trust deed.

(c) the Board has set up the Conflicts Resolution Committee, consisting entirely of independent Directors, to deal with conflicts or potential conflicts of interest between KIT and the Trustee-Manager. The details of the measures taken are as set out at pages 117, 118, 119 and 123.

(d) the Trustee-Manager has established internal control systems to ensure that all interested person transactions are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders. The internal auditors carry out a review of interested person transactions and submit a report to the AC (comprising entirely of independent Directors). The AC reviews the report submitted and ensures compliance with applicable legislation and the relevant provisions of the Listing Manual. The details of the interested person transactions for the Financial Year have been set out above.

(e) the Trustee-Manager has adopted a Whistle-Blower Protection Policy, an Employee Code of Conduct, a Code of Practice on Safeguarding Information and an Insider Trading Policy which reflects the management commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

(f) the expense and cost allocations (if any) payable to the Trustee-Manager in its capacity as Trustee-Manager of KIT out of the trust property of KIT are reviewed and approved by the Board, to ensure that the fees and expenses charged to KIT are appropriate and in accordance with the KIT trust deed. The fees and expenses paid to the Trustee-Manager relate to Management Fees and Performance Fees disclosed at page 95.

(g) the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA, BTR and the Listing Manual.

APPENDIX

BOARD COMMITTEES – TERMS OF REFERENCE

A. Audit Committee

(1) Review and report to the Board at least annually the adequacy and effectiveness of the Trustee-Manager's internal control system, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties);

(2) Perform a review of Keppel Infrastructure Trust's (KIT) financial statements and announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for assurance of the integrity of such statements and announcements;

(3) Review audit plans and reports of the external and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations;

(4) Monitor the procedures established to regulate interested person transactions, including reviewing any interested person transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing Manual (this review will exclude conflicts of interest, which are dealt with by the Conflicts Resolution Committee);

(5) Monitor the implementation of the foreign exchange hedging policy approved by the Board as well as review and recommend to the Board all other hedging policies and instruments before implementation by KIT;

(6) Review the independence and objectivity of the external and internal auditors annually and as part of the review of independence, to review the nature and extent of non-audit services performed by the external auditors;

(7) Meet with external and internal auditors, without the presence of Management, at least annually;

(8) Review the adequacy and effectiveness of the Trustee-Manager's internal audit function, at least annually;

(9) Review and ensure at least annually that the internal audit function is adequately resourced and has appropriate standing within the Trustee-Manager;

(10) Approve the hiring, removal, evaluation and compensation of the accounting / auditing firm or corporation to which the internal audit function is outsourced;

(11) Recommend to the Board on the proposal to the Unitholders on the appointment, re-appointment and removal of the external auditor;

(12) Approve the remuneration of the external auditor;

(13) Investigate any matters within the Audit Committee's terms of reference, whenever it deems necessary;

(14) Obtain, at the Trustee-Manager's or KIT's expense, external professional advice on any matter within its terms of reference;

(15) Report to the Board on material matters, findings and recommendations;

(16) Review the policy and arrangements (such as whistle-blowing policy) by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(17) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit Committee may deem fit;

(18) Carry out all other functions of the Audit Committee in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations.

Corporate Governance

B. Nominating and Remuneration Committee

(1) Review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment/re-appointment/removal of Directors on Trustee-Manager's Board and KIT's subsidiaries.

(2) Re-nomination for re-election of the Directors on the Trustee-Manager's Board and Keppel Infrastructure Trust's subsidiaries in accordance with the Trustee-Manager's Articles of Association, having regard to the Director's contribution and performance.

(3) Review annually the composition of the Board of the Trustee-Manager and conduct an annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.

(4) Determine annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the Business Trust Regulations. In this connection, the Nominating and Remuneration Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.

(5) Ensure that the Board of the Trustee-Manager comprises:

(a) at least a majority of the Directors who shall be independent from management and business relationships with the Trustee-Manager;
(b) at least one-third of the Directors who shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
(c) at least a majority of the Directors who shall be independent from any single substantial shareholder of the Trustee-Manager.

(6) Decide, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Trustee-Manager.

(7) Decide how the Trustee-Manager's Board performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director and thereafter carry out annual assessment of the Board and individual Directors based on the criteria set.

(8) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the Chief Executive Officer).

(9) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel.

(10) Review the Trustee-Manager's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.

(11) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).

(12) Report to the Board on material matters and recommendations.

(13) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board.

(14) Perform such other functions as the Board may determine.

(15) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Nominating and Remuneration Committee may deem fit.

Save that a member of the Nominating and Remuneration Committee shall not be involved in the deliberations in respect of any matter in which he has a personal interest in. Where a member of the Nominating and Remuneration Committee is asked to consider remuneration or a form of benefits that applies generally to the Board or committee members as a whole rather than specific to that member, then the member shall be deemed not to have a personal interest in the matter.

C. Conflicts Resolution Committee

(1) Review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual);

(2) Consider declarations made by a Director and/or officer of the Trustee-Manager when they declare a potential conflict of interest, identify conflict or potential conflict of interest issues and then assess and evaluate its nature and extent;

(3) Develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict (including, where material, disclosure of such measures to Unitholders at the appropriate time);

(4) Monitor the implementation by the Trustee-Manager of the measures imposed by the Conflicts Resolution Committee in order to resolve or mitigate conflict or potential conflict of interest;

(5) Periodically review the framework to resolve conflict or potential conflict of interest and ascertain how it has worked out in practice and, where appropriate, to consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions or disposals in a manner contrary to the interests of Unitholders as a whole; and

(6) Where appropriate, appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the Conflicts Resolution Committee to discharge its duties to the Unitholders.

Save that the terms of reference of the Conflicts Resolution Committee would exclude review of interested person transactions which fall within the purview of the Audit Committee.

Additional Guidelines to the CRC framework

(1) A conflict of interest situation that arises should be brought to the attention of the CRC immediately, which will consider the situation against the guidelines and if the CRC is of the view that the compliance with the guidelines are not adequate to control, avoid or mitigate the conflict of interest, a CRC meeting will be convened to discuss the conflict.

(2) A distinction is to be made between the processes of participation in deliberation and the voting in the transaction as a Director on the Board. An interested Director will be required to abstain from voting on the transaction where there exists a conflict of interest but it should not prohibit the interested Director from participating in the deliberations of the relevant transaction.

(3) However, if an interested Director is also a direct counterparty (for example, if the Director is an officer or sits on the board of directors of the counterparty), such a Director will be required to not only abstain from voting, but also abstain from deliberation of the transaction. The Board may nonetheless invite such an interested director, on a case by case basis, particularly where he has the relevant expertise in the subject matter of the transaction, to attend Board meetings and discussions to assist the Board in its deliberation of the transaction, and in such event, the Board should excuse the interested director who is also a counterparty from deliberations which involves sensitive information of the transaction.

(4) It is acknowledged that a Director has a right to information but the decision whether to disclose such sensitive information (for instance, where the transaction is that of a competitive bid between interested persons) must be made in the best interests of KIT and this is to be decided on a case-by-case basis. Management should consult the CRC in this respect.

BOARD ASSESSMENT

Evaluation Processes

Each Board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct to the Independent Coordinator. Based on the returns of each Director, the Independent Coordinator prepares a consolidated report to brief the Chairman of the Nominating and Remuneration Committee and the Board Chairman on the report. The Independent Coordinator will thereafter present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Corporate Governance

WHISTLE-BLOWER PROTECTION POLICY

Whistle-Blower Protection Policy

The Whistle-Blower Protection Policy (the "Policy") encourages reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle Blower acting in good faith, is:

(a) dishonest, including but not limited to theft or misuse of resources within the Group;
(b) fraudulent;
(c) corrupt;
(d) illegal;
(e) other serious improper conduct;
(f) an unsafe work practice; or
(g) any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The Head of Group Internal Audit is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the AC Chairman on all matters arising under the Policy.

Reporting Mechanism

The Policy emphasises that the role of the Whistle Blower is as a reporting party, and that Whistle Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation

The AC Chairman will review the information disclosed, interview the Whistle Blower(s) when required and, either exercising his own discretion or in consultation with the other AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, KIFM or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave.
All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle Blower, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

(a) dismissal;
(b) demotion;
(c) suspension;
(d) termination of employment /contract;
(e) any form of harassment or threatened harassment;
(f) discrimination; or
(g) current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

Corporate Governance

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of (i) the re-nomination process of directors which is under review following the acquisition by Keppel Infrastructure Trust of the assets and liabilities of Crystal Trust; and (ii) the guidelines on disclosure of remuneration where the Trustee-Manager has disclosed the information under the Annual Remuneration Report in pages 110 to 112 of the Corporate Governance Report even though the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager and not by Keppel Infrastructure Trust.
	b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The information under the Annual Remuneration Report in pages 110 to 112 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors, CEO and key management personnel, and performance.
Board Responsibility Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Trustee-Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters that require the approval of the Board.
Members of the Board Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Nominating and Remuneration Committee (NRC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Yes. The NRC is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge for KIT, and the core competencies such as accounting or finance, legal and regulatory, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge which are required for the Board and the Board committees to be effective.

	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	**For new directors** a. The NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. b. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment. c. The NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. d. The NRC makes recommendations to the Board for approval. **For incumbent directors** Having regard to each Director's contribution and performance, the NRC raises the re-nomination of directors to the Board and the Board discusses and seeks the views and approval of Keppel Infrastructure Holdings Pte Ltd (KI), the sole shareholder of the Trustee-Manager, regarding the appointment, election and re-appointment of directors. This process is under review following the Board renewal and reconstitution of Board committees after KIT's acquisition of the assets and liabilities of Crystal Trust in 2015.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, continuing listing obligations and industry-related matters.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NRC takes into account other factors in deciding on the capacity of a director.

Corporate Governance

	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NRC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in determining annually whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his or her duties as a director.
Board Evaluation Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (Independent Co-ordinator) was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Based on the returns of each Director, the Independent Co-ordinator prepared a consolidated report and briefed the Chairman of the NRC and the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively. The detailed process is set out on page 123 of the Corporate Governance Report.
Independence of Directors Guideline 2.1	(b) Has the Board met its performance objectives?	Yes.
Guideline 2.3	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	The following Directors are deemed to be independent by the Board, notwithstanding the existence of a relationship under the Business Trust Regulation (BTR): (i) Mr Koh Ban Heng is an independent non-executive director of KI, the substantial shareholder of the Trustee-Manager; and (ii) Ms Quek Soo Hoon is an operating partner of iGlobe Partners (II) Pte Ltd (Fund Manager), that manages a fund that Keppel Corporation Limited (Keppel Corporation), the shareholder of KI, through a wholly owned subsidiary, invested into in 2010.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(i) Although Mr Koh Ban Heng is strictly not considered to be independent from KI according to the definition in the BTR, nonetheless, the Board considers that Mr Koh is independent from KI and is therefore an independent Director. Under the BTR, a director is considered not to be independent from a substantial shareholder of the Trustee-Manager if he is connected to that substantial shareholder. Mr Koh is currently an independent non-executive director of KI, the substantial

shareholder of the Trustee-Manager. According to the BTR, Mr Koh is connected to KI. After review, the Board is satisfied that the connection to KI will not interfere with Mr Koh's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Koh is an independent non-executive director of KI, (ii) Mr Koh is joining the Board in his personal capacity, not as KI's representative, (iii) Mr Koh has declared that he does not act in accordance with the instructions of KI, and (iv) Mr Koh has declared that he does not derive any compensation from KI other than remuneration received for his service as a director of KI. Mr Koh has also shown independent judgment in his deliberation of the interests of KIT. Mr Koh's participation in the Board will benefit KIT given his expertise. Mr Koh will however, abstain from the Board's decisions in relation to any matter which involves KI in which he is an independent director.

(ii) although Ms Quek Soo Hoon is considered to have a business relationship with the Trustee-Manager and its related corporations according to the definition used in the BTR, nonetheless, the Board considers that Ms Quek is independent from business relationships with the Trustee-Manager and/or its related corporations and is therefore an independent Director. Ms Quek Soo Hoon is currently an operating partner of the Fund Manager, that manages a fund that Keppel Corporation (through a wholly owned subsidiary) invested into in 2010. In accordance with the BTR, Ms Quek is deemed to have a business relationship with a related corporation of the Trustee-Manager. After review, the Board is satisfied that the business relationship described above will not interfere with Ms Quek's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that Ms Quek did not derive any direct benefit from Keppel Corporation's investment. The Fund Manager did not have direct interest in the investment invested by Keppel Corporation in the fund. Keppel Corporation had not paid and will not be paying any monies to the Fund Manager directly. Ms Quek's benefits and interest as an operating partner of the Fund Manager are contingent on many other factors and not solely dependent on Keppel Corporation's investment, which is small. Any benefit that Ms Quek might receive is paid by the Fund Manager and not by Keppel Corporation and the benefit that Ms Quek might receive is also not determined by the Trustee-Manager or any of its related corporations. As the benefit that Ms Quek might receive (which is dependent on the performance of the fund) is not determined by the Trustee-Manager or any of its related corporations, decisions made by the Trustee-Manager or any of

Corporate Governance

		its related corporations has no direct effect on the same, and her share of the carried interest benefit is small, it is not contemplated that the duties required to be performed by Ms Quek as a Director of the Trustee-Manager would be compromised. Ms Quek, in the course of her service as a Director to the Trustee-Manager, has shown independent judgment in her deliberation of the interests of KIT. Ms Quek's participation in the Board will benefit KIT given her expertise. Ms Quek will abstain from the Board's decisions in relation to any matter which involves the Fund Manager in which she is an operating partner.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager (in its personal capacity) and not by KIT, the Trustee-Manager has disclosed the level and mix of the remuneration of the Directors, CEO and each of the other top five key management personnel on pages 111 and 112 of the Corporate Governance Report.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Aggregate remuneration paid to the CEO and key management personnel for the period assessed was S$1,947,930. The level and mix of the remuneration of the CEO and each of the other top five key management personnel, in bands of S$250,000, is set out on page 112 of the Corporate Governance Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The compensation structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. There are four scorecard areas identified as key

		to measuring performance – (a) Commercial/ Financial; (b) Customers; (c) Process; and (d) People. The four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	The annual performance incentive is tied to the individual employee's performance and the performance of KIT. The performance conditions for the KIFM Unit Plans include cash flow available for distribution, Asset Under Management growth, and Total Unitholders Return.
	(c) Were all of these performance conditions met? If not, what were the reasons?	In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out in the performance scorecards have been met. The NRC is of the view that remuneration is aligned to performance for the period assessed. Please refer to pages 110 to 112 of the Corporate Governance Report for details.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. As a general rule, Board papers are required to be sent to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussion may be focused on questions that the Directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Trustee-Manager's management for further clarification if required. KIT fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning KIT's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing KIT. Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

Corporate Governance

Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. During the period 1 April 2015 to 31 December 2015 (Financial Year), the Trustee-Manager's internal audit function was performed by Keppel Corporation's Group Internal Audit department and BDO LLP.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, supported by the Audit Committee, oversees the Trustee-Manager's system of internal controls and risk management. The Board's view on the adequacy and effectiveness of the Trustee-Manager's risk management system is based on the review of the Trustee-Manager's governing framework, systems, policies and processes in addressing the key risks under the Group's Risk Management Assessment Framework, the monitoring and review of KIT's overall performance and representation from management. The Audit Committee has concurred with this view. The Board's view on the adequacy and effectiveness of the Trustee-Manager's internal controls is based on the Trustee-Manager's framework of management control, the internal control policies and procedures established and maintained by the Trustee-Manager, and the regular audits, monitoring and reviews performed by the internal and external auditors. The Audit Committee has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. The Board has received assurance from the CEO and the CFO on points (i) and (ii). The Board has received assurance from the internal auditor on the adequacy and effectiveness of the Trustee-Manager's internal control systems.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The audit fees payable to the external auditors for the Financial Year is S$390,000. The external auditors did not provide any non-audit services during the Financial Year and therefore no non-audit fees were payable to the external auditors for the Financial Year.

	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The external auditors did not provide any non-audit services during the Financial Year.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Meetings with existing and potential new investors take place throughout the year.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	This role is performed by Group Corporate Communications Department.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Trustee-Manager meets with investors to solicit and understand the views of the investment community. In the period 18 May 2015 (when the Trustee-Manager was appointed as trustee-manager of KIT) to 31 December 2015 (Relevant Period), the Trustee-Manager hosted 75 meetings and conference calls with institutional investors. Management also travelled for non-deal roadshows to meet investors in Hongkong, Kuala Lumpur and Tokyo. As part of efforts to educate investors on the combination between Crystal Trust and CitySpring Infrastructure Trust as well as the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd, the Trustee-Manager met with and attended to enquiries from both retail and institutional unitholders, as well as held a teach-in session for retail investors on the above transactions. The Trustee-Manager also keeps equity research analysts apprised of corporate developments through quarterly results conference calls to encourage and facilitate research coverage. During the Relevant Period, three brokerage houses, namely Credit Suisse, UOB Kay Hian and DBS Vickers Securities, initiated coverage on KIT, thereby improving investors' access to research on KIT's strategic developments and performance.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable.

Corporate Governance

CODE OF CORPORATE GOVERNANCE 2012

Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in Corporate Governance Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Pages 103 to 105
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 104
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 105
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 105
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 105 and 106
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Not applicable
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 108, 109 and 122
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 109
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Page 108
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 6 to 9, 105 and 106
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 109 and 123
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 108, 110, 111 and 122

Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 110
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 110 to 112
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 111 and 112
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 111 and 112
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Page 112
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	Page 112
Guideline 9.5 Details and important terms of employee share schemes	Page 111
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 110 to 112
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	Pages 114 and 115

Corporate Governance

Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 113 and 121
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Pages 96 and 113
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 124 and 125
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Page 113
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 116 and 117
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not applicable

Risk Management

Strengthening Enterprise Risk Management
KIT's Enterprise Risk Management (ERM) framework provides a holistic and structured approach towards assessing, monitoring and mitigating risks. During the Relevant Period, the Board adopted the three risk tolerance guiding principles for KIT. These risk tolerance guiding principles serve to determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The three risk tolerance guiding principles are:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with the Trustee-Manager core strengths and strategic objectives.

2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the Trustee-Manager.

3. The Trustee-Manager does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

A robust ERM framework enables KIT to manage risks systematically and remain nimble in capitalising on opportunities. Reference is made to practices in risk management set out in the ISO31000 standards, ISO standards for Business Continuity Management (BCM), as well as the Code of Corporate Governance 2012.

The Board, supported by the Audit Committee, is responsible for the governance of risk and ensures that the Trustee-Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and KIT's assets. The Board and Audit Committee provide valuable advice to the Trustee-Manager in formulating various risk policies and guidelines. For the Relevant Period, the Board, with the concurrence of the Audit Committee, is of the opinion that KIT's risk management system is adequate and effective, in addressing the key risks identified.

The Trustee-Manager's risk governance is set out in pages 114 to 115 under Principle 11 (Risk Management and Internal Controls).

The Trustee-Manager has identified and managed the following key risks to KIT:

Investment Risk
Distribution growth is dependent on KIT's ability to grow its asset base. Timing of new acquisitions is dependent on market opportunities and funding environment. The Trustee-Manager evaluates all investment opportunities according to KIT's stated investment criteria and investment mandate. Investment evaluation will look at the asset quality, expected returns, sustainability of asset performance and security of the cash flows.

The Trustee-Manager aims to manage and mitigate risks by diversifying the asset classes and geographic regions in which KIT will invest. To mitigate against country concentration risks, the investment mandate is global.

KIT's current portfolio mainly consists of assets with contracted cash flows based on availability that are not sensitive to fluctuations in utilisation, this provides stable and predictable cashflows to support KIT's distributions to Unitholders. The Trustee-Manager intends to pursue further acquisitions that provide regular and/or predictable cash flows, and/or backed by long-term contracts with creditworthy and reputable off-takers.

Interest Rate Risk
KIT's exposure to interest rate risk is minimal, as the majority of its floating rate borrowings have been hedged. In the event KIT is exposed to interest rate risk on the loans drawn under the working capital facility or additional loans that it may undertake, the risk is managed by maintaining an appropriate level of borrowings and mix between fixed and floating rate borrowings. The Trustee-Manager will also monitor the interest rate exposure of KIT and will consider restructuring KIT's credit facilities or use derivative financial instruments to hedge interest rate risks should the need arise.

Foreign Exchange Risk
KIT's exposure to foreign exchange risk is minimal as KIT has adopted a natural hedge strategy for Basslink. In addition, KIT does not rely on Basslink for its distributions as any excess A$ cash flows are used to amortise the A$ debt in Australia. If KIT acquires other assets in future with cash flows denominated in foreign currencies, the Trustee-Manager may utilise foreign currency hedging instruments to hedge KIT's exposure to specific currency risks relating to future investments, receivables, payables and other commitments.

Risk Management

Credit Risk
KIT's credit risk is mainly on a few customers, the Singapore and Australian Governments, and a related Keppel entity, which are of good credit standing. Credit risk is also mitigated by the diversified customer base of City Gas. The Trustee-Manager monitors the credit risk by ensuring payments are received by the contracted date. New assets must also have creditworthy or reputable off-takers.

Liquidity Risk
The Trustee-Manager monitors and maintains adequate cash and cash equivalents to finance KIT's operations and mitigate the effects of cash flow fluctuations. The Trustee-Manager manages liquidity risk by maintaining adequate reserves, monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Operational Risk
Our assets are built to operate within certain input specifications. Deviations from the specifications may affect the performance of the assets or the production processes. Each asset is also subject to wear and tear and there may be periodic downtime for repairs and maintenance. If downtime exceeds the time anticipated, affecting availability or production, cashflows may be affected.

Each asset has a set of standard operating procedures including the implementation of various quality management systems such as ISO9001, Hazard Analysis Critical Control Point (HACCP) that are for the day-to-day operations and regular maintenance of the assets to ensure that the assets are performing at optimal efficiency. The Trustee-Manager monitors, reviews and manages, with the Operations & Maintenance (O&M) team or contractors, the operational risks of these assets regularly.

KIT, together with the O&M team or contractors, continues to scan and assess threats that could disrupt operations. The Trustee-Manager reviews the insurance plan and ensures that adequate insurance is put in place. Business continuity plans (BCP) are tested, reviewed and refined regularly to ensure the assets are ready to respond to these threats. In 2015, various drills were conducted to address threats such as pandemic flu, chemical spillage, fire, haze and power outage. KIT will continue to enhance the robustness of its business continuity plans to ensure operational resilience. As a countermeasure to the recurrent haze in Singapore over the last few years, a BCM plan for haze for the Singapore plants was developed. The resurgence of the haze in 2015 saw these plans being implemented by our respective Singapore plants. In addition, KIT also organised a full day crisis communication training for key management in October 2015, as internal and external communication are crucial to support the BCP activation process in times of crisis.

Health, Safety & Environment (HSE) Risk
HSE is one of the core values for KIT and the O&M team and contractors. KIT does not condone safety breaches or lapses. KIT, together with the O&M team and contractors, embrace a safety culture within the work environment and constantly strive to create safety awareness and share best practices. Emphasis is placed on HSE training to foster safety awareness.

The O&M team and contractors have developed strong HSE policies and practices including the implementation of various quality management systems such as ISO9001, HACCP and ensure safe working practices and environment are integrated in all of KIT's operations.

Compliance Risk
KIT's operations are subject to various government regulations and licensing regimes. In particular, those relating to environmental protection and safety, such as emission levels, noise, hazardous substances, fire safety and employment legislation, have the potential to impact the operations and profitability of the Trust. The Trustee-Manager maintains close working relationships with the O&M team/ contractors and authorities to keep abreast of developments in regulatory frameworks and the business environment. The Trustee-Manager also attends regular operations meetings to ensure that assets are meeting contractual requirements and in compliance with regulations.

Statistics of Unitholdings

As at 1 March 2016

Issued and Fully Paid Units

3,857,063,631 Units (Voting rights: 1 vote per Unit)
There is only one class of units in Keppel Infrastructure Trust

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	381	0.88	13,106	0.00
100 - 1,000	9,783	22.56	6,497,975	0.17
1,001 - 10,000	17,893	41.26	74,330,634	1.93
10,001 - 1,000,000	15,201	35.05	943,338,036	24.46
1,000,001 and above	109	0.25	2,832,883,880	73.44
Total	**43,367**	**100.00**	**3,857,063,631**	**100.00**

Country	No. of Unitholders	%	No. of Units	%
Singapore	42,738	98.55	3,829,814,103	99.29
Malaysia	373	0.86	21,645,114	0.56
Others	256	0.59	5,604,414	0.15
Total	**43,367**	**100.00**	**3,857,063,631**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1.	Keppel Infrastructure Holdings Pte Ltd	702,361,054	18.21
2.	DBS Nominees (Private) Limited	512,610,131	13.29
3.	Bartley Investments Pte. Ltd.	383,124,592	9.93
4.	Citibank Nominees Singapore Pte Ltd	337,516,140	8.75
5.	Raffles Nominees (Pte) Limited	182,176,073	4.72
6.	Nassim Investments Pte Ltd	133,423,297	3.46
7.	Napier Investments Pte. Ltd.	95,396,538	2.47
8.	HSBC (Singapore) Nominees Pte Ltd	63,726,503	1.65
9.	United Overseas Bank Nominees (Private) Limited	58,264,063	1.51
10.	DBSN Services Pte. Ltd.	42,429,560	1.10
11.	Bank of Singapore Nominees Pte. Ltd.	32,818,961	0.85
12.	DB Nominees (Singapore) Pte Ltd	18,819,126	0.49
13.	HL Bank Nominees (Singapore) Pte Ltd	17,043,700	0.44
14.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	13,551,944	0.35
15.	OCBC Nominees Singapore Private Limited	12,825,895	0.33
16.	DBS Vickers Securities (Singapore) Pte Ltd	9,546,080	0.25
17.	Teh Lip Bin	9,029,181	0.23
18.	Phillip Securities Pte Ltd	8,790,048	0.23
19.	BNP Paribas Nominees Singapore Pte Ltd	7,182,242	0.19
20.	Yap Mui Cheng, Angela	6,493,307	0.17
Total		**2,647,128,435**	**68.62**

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 1 March 2016, the Substantial Unitholders of Keppel Infrastructure Trust and their interests in the Units of Keppel Infrastructure Trust are as follows:

	Direct Interest		Deemed interest	
Name	No. of units	%	No. of units	%
Keppel Infrastructure Holdings Pte. Ltd.	702,361,054	18.21	-	-
Keppel Corporation Limited [1]	-	-	702,361,054	18.21
Bartley Investments Pte. Ltd.	383,124,592	9.93	-	-
Tembusu Capital Pte. Ltd. [2]	-	-	611,944,427	15.87
Temasek Holdings (Private) Limited [3]	-	-	1,314,305,681	34.08

Notes:
1 Keppel Corporation Limited is deemed to have an interest in the Units which its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd., has interest.
2 Tembusu Capital Pte. Ltd. is deemed to have an interest in the Units in which its subsidiaries have interests.
3 Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in the Units in which the Keppel Corporation Limited group and other subsidiaries and associated companies of Temasek hold or have deemed interests.

Public Unitholders

Based on the information available to the Trustee-Manager as at 1 March 2016, approximately 65.9% of the issued Units in Keppel Infrastructure Trust is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Infrastructure Trust is at all times held by the public.

As at 1 March 2016, there are no treasury units held.

Financial Calendar

FY 2015

Financial year-end	31 December 2015 [1]
Announcement of 2015 1Q results	28 July 2015
Announcement of 2015 2Q results	19 October 2015
Announcement of 2015 full year (1 April to 31 December) results	18 January 2016
Distribution payout to Unitholders for the period 29 May to 30 June 2015	
- Books closure date	5 August 2015
- Payment date	21 August 2015
Distribution payout to Unitholders for the period 1 July to 30 September 2015	
- Books closure date	27 October 2015
- Payment date	20 November 2015
Distribution payout to Unitholders for the period 1 October to 31 December 2015	
- Books closure date	26 January 2016
- Payment date	19 February 2016
Despatch of Annual Report to Unitholders	23 March 2016
Annual General Meeting	14 April 2016

FY 2016

Financial year-end	31 December 2016
Announcement of 2016 1Q results	April 2016
Announcement of 2016 2Q results	July 2016
Announcement of 2016 3Q results	October 2016
Announcement of 2016 full year results	January 2017

1 On 19 October 2015, the Trustee-Manager announced on SGXnet, the change of Keppel Infrastructure Trust's ("KIT") financial year end from 31 March to 31 December. Henceforth, the financial year of KIT will end on 31 December each year.

Notice of Annual General Meeting

Keppel Infrastructure Trust

(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 5 January 2007 (as amended))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the holders of units of Keppel Infrastructure Trust ("KIT", and the holders of units of KIT, "Unitholders") will be held at Raffles City Convention Centre, Canning Room (Level 4), 80 Bras Basah Road, Singapore 189560 on Thursday, 14 April 2016 at 10.30 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Trustee-Manager's Statement and the Audited Financial Statements of KIT for the period 1 April 2015 to 31 December 2015, and the Independent Auditors' Report thereon. **Ordinary Resolution 1**

2. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of KIT to hold office until the conclusion of the next AGM of KIT, and to authorise the Trustee-Manager to fix their remuneration. **Ordinary Resolution 2**

(B) AS SPECIAL BUSINESS

To consider, and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

3. That pursuant to Clause 6.1 of the trust deed dated 5 January 2007 constituting KIT, as amended and restated by an Amendment and Restatement Deed dated 18 May 2015 (the "Trust Deed"), Section 36 of the Business Trusts Act (Chapter 31A of Singapore) (the "Business Trusts Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Trustee-Manager be authorised and empowered to: **Ordinary Resolution 3**

(a) (i) issue units in KIT ("Units") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and on such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting

(2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the Business Trusts Act;

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (a) the conclusion of the next AGM of KIT or (b) the date by which the next AGM of KIT is required by applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Trustee-Manager and any of its Directors, Chief Executive Officer or Chief Financial Officer be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer or Chief Financial Officer may consider expedient or necessary or in the interest of KIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note 1)

4. That: **Ordinary Resolution 4**

(a) approval be and is hereby given for the renewal of, the Unitholders' general mandate for KIT, its subsidiaries and associated companies that are "entities at risk" as defined under Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST, or any of these entities, to enter into any of the transactions falling within the categories of interested person transactions described in the Appendix accompanying this Notice dated 23 March 2016 (the "Appendix"), and generally on the terms set out in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, and are entered into in accordance with the review procedures for such interested person transactions as set out in the Appendix (the "Unitholders' Mandate");

(b) the Unitholders' Mandate shall, unless revoked or varied by the Unitholders in a general meeting, continue in force until the date that the next AGM of KIT is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Trustee-Manager be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

(d) the Trustee-Manager and any of its Directors, Chief Executive Officer or Chief Financial Officer be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer or Chief Financial Officer may consider expedient or necessary or in the interest of KIT to give effect to the Unitholders' Mandate and/or this Resolution.

(Please see Explanatory Note 2)

(C) AS OTHER BUSINESS

5. To transact such other business as may be transacted at an AGM of KIT.

BY ORDER OF THE BOARD
Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration No. 200803959H)
as Trustee-Manager of Keppel Infrastructure Trust

Ng Wai Hong/Winnie Mak
Company Secretaries

Singapore
23 March 2016

Notice of Annual General Meeting

Explanatory notes:

1. Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Trustee-Manager from the date of the AGM until (i) the conclusion of the next AGM of KIT, (ii) the date by which the next AGM of KIT is required by law to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units, of which up to 20% may be issued on other than on a pro rata basis to Unitholders (in each case, excluding treasury Units, if any).

For determining the aggregate number of Units that may be issued, the total number of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Ordinary Resolution 3 above, if passed, will empower the Trustee-Manager from the date of this AGM until the date of the next AGM of KIT, to allot and issue Units to itself instead of cash in the event the Trustee-Manager elects in accordance with Clause 11 of the Trust Deed to receive all or any part of the fees due and payable to it in Units, provided that such allotment and issue shall be in accordance with the provisions of the Trust Deed, the Business Trusts Act and applicable regulations.

2. Ordinary Resolution 4

Ordinary Resolution 4 relates to the renewal of a mandate given by the Unitholders on 28 July 2015, approving KIT, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of these entities, to enter into transactions falling within the types of interested person transactions described as Interested Person Transactions (as defined in the Appendix) with any party who is of the class of interested persons described in the Appendix. Please refer to the Appendix for details.

Notes:

1. In accordance with the Business Trusts Act and the Trust Deed, a Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) of Units concerned to be represented by each proxy.
3. In accordance with the Business Trusts Act and the Trust Deed, the proxy form must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time fixed for the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a unitholder of KIT (i) consents to the collection, use and disclosure of the unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the unitholder discloses the personal data of the unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents or service providers), the unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Proxy Form

Keppel Infrastructure Trust

(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 5 January 2007 (as amended))

IMPORTANT

1. For CPF investors who hold units in Keppel Infrastructure Trust, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominees may register, within the specified timeframe, with Keppel Infrastructure Trust's Unit Registrar. CPF Approved Nominees, please refer to Note 12 on the reverse side of the Proxy Form for further details.
4. CPF Investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.
5. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder of KIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 March 2016.

ANNUAL GENERAL MEETING

I/We ____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (address)

being a Unitholder/Unitholders of Keppel Infrastructure Trust ("KIT") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of KIT ("AGM") to be held at Raffles City Convention Centre, Canning Room (Level 4), 80 Bras Basah Road, Singapore 189560 on Thursday, 14 April 2016 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	No. of Votes For *	No. of Votes Against *
	Ordinary Business		
1.	To receive and adopt the Trustee-Manager's Statement and the Audited Financial Statements of KIT for the period 1 April 2015 to 31 December 2015, and the Independent Auditors' Report thereon.		
2.	To re-appoint Messrs Deloitte & Touche LLP as the Auditors of KIT and authorise the Trustee-Manager to fix the Auditors' remuneration.		
	Special Business		
3.	To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments.		
4.	To approve the renewal of the Unitholders' Mandate.		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✔) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the respective boxes provided.

Dated this ______ day of ____________ 2016

Total Number of Units held	

____
Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

Fold and glue along dotted line

Fold and glue along dotted line

Fold and glue along dotted line

Notes to proxy form:

1. In accordance with the Business Trusts Act and the Trust Deed, a unitholder of KIT ("Unitholder") entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint one or two proxies to attend and vote in his/her stead, provided that, in the case of Units entered in the Depository Register, the Trustee-Manager shall be entitled and bound:

   (a) to reject any Proxy Form lodged if the Unitholder, being the appointer, is not shown to have any Units entered against his name in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KIT; and

   (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Unitholder is or are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KIT, whether that number is greater or smaller than the number specified in any Proxy Form executed by or on behalf of that Unitholder.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) of Units concerned to be represented by each proxy.

3. A proxy need not be a Unitholder.

4. A Unitholder should insert the total number of units in KIT ("Units") held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of KIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 5 below) will be deemed to relate to all the Units held by the Unitholder.

5. In accordance with the Business Trusts Act and the Trust Deed, the instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the AGM.

6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretaries
Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of Keppel Infrastructure Trust)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

7. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Trustee-Manager shall have regard to any instructions and/or notes set out in the Proxy Form.

8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

9. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

12. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach KIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than 48 hours before the time fixed for the AGM.

General:
The Trustee-Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by the CDP to the Trustee-Manager.

Notes

Notes

Keppel Infrastructure Fund Management Pte Ltd
(as Trustee-Manager of Keppel Infrastructure Trust)
(Incorporated in the Republic of Singapore)
1 HarbourFront Avenue
#06-09 Keppel Bay Tower
Singapore 098632

Tel: (65) 6499 0599
Fax: (65) 6265 1953
www.kepinfratrust.com

Co Reg No: 200803959H