



**SINGAPORE
POWER**

Annual Report 2009

OVERCOMING CHALLENGES

Forging Ahead



OUR MISSION

We provide reliable and efficient energy utility services to enhance the economy and the quality of life.

OUR VALUES

Commitment

We commit to creating value for our customers, our people, and our shareholders.

We uphold the highest standards of service and performance.

Integrity

We act with honesty.

We practise the highest ethical standards.

Passion

We take pride and ownership in what we do.

Teamwork

We support, respect and trust each other.

We continually learn, and share ideas and knowledge.

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ABOUT SP GROUP

Singapore Power Group (SP) is a leading energy utility company in the Asia Pacific. We own and operate electricity and gas transmission and distribution businesses in Singapore and in Australia, primarily in Victoria, New South Wales and Queensland.

Over a million Singapore industrial and domestic customers benefit from SP's world-class electricity and gas transmission and distribution, and market support services. Singapore has one of the fewest and shortest power outages of cities worldwide as rated by international industry indices.

In Australia, SP owns a diversified energy utility company, SPI (Australia) Assets, primarily consisting of the Jemena companies, and 51 per cent of SP AusNet, which is publicly-listed on the Australian and Singapore Stock Exchanges.

As one of Singapore's largest corporations, SP achieved revenue of S\$6.6 billion and managed S\$30.7 billion of assets in FY 09/10.



OVERCOMING CHALLENGES

Forging Ahead



Amidst the economic downturn, we sustained our capabilities and performance, and delivered all-round excellence.

With a keen eye on the future, we develop capacity for tomorrow's demands.

Together, as a group, we seek to capture the opportunities ahead.

We are Singapore Power.

FROM THE CHAIRMAN



OVERCOMING
CHALLENGES

Forging Ahead

Amidst a challenging economic backdrop, the SP Group proved to be resilient in every aspect of its business and operations whilst continuing on a growth path to surpass past performance.

Financial Performance

SP Group's net profit for the financial year ended 31 Mar 2010 was S\$728 million, excluding exceptional and non-recurring items. This represents an 18 per cent increase over the previous year's results, largely driven by higher electricity and gas volumes in Singapore. The Group's return on equity stood at 13.4 per cent, excluding exceptional and non-recurring items.

During the financial year, an adjustment charge of S\$1.0 billion was recognised due largely to changes in cost of capital and assumptions used in the forecasted cash flows in respect of certain assets. The charge relates mainly to goodwill and has no impact on the Group's business operations. As a result of this adjustment charge, the reported profit was a negative S\$238.2 million.

Total assets grew by 17 per cent to S\$30.7 billion, partly due to a strengthened Australia dollar. We continue to invest our network to meet growth demand and to replace and renew ageing assets. To this end, S\$1.7 billion was invested in our networks.

Given the continuing uncertainties in the global financial situation and to further strengthen our capital structure, we increased our equity by S\$1.5 billion during the year. And reflecting our financial strength and the sound fundamentals of our underlying business, we successfully refinanced our maturing debts and secured fresh funding for capital expenditures at competitive terms. A total of S\$3 billion financing was completed in FY 09/10.

Operational Excellence

SP PowerGrid recorded its best ever performance in electricity network in FY 09/10. The System Average Interruption Duration Index (SAIDI) score of 0.31 minute for the electricity grid was a 55 per cent improvement over the FY 08/09 performance. For the third time in the Group's history, electricity SAIDI went below a minute, indicating a network reliability of 99.9999 per cent. The System Average Interruption Frequency Index (SAIFI) score of 0.007 interruption per customer per year was 56 per cent better than the FY 08/09 result of 0.016 interruption per customer per year.

Similarly, the SAIFI score for its gas network was 0.0011 interruption per customer per year, a 45 per cent improvement over FY 08/09's score of 0.0020 interruption per customer per year.

SP Services' efforts in providing customers with hassle-free service were recognised in a global survey. Singapore ranked number one among 26 countries in the ease of setting up utilities accounts. The survey results revealed that 82 per cent of the expatriate community in Singapore found setting up utilities accounts here a fuss-free experience. For its high standard of service and excellence, SP Services was awarded the Service Quality Class (Star) Award.

In Australia, SP AusNet became the first Australian electricity distribution business to introduce a fully-automated Distribution Feeder Automation (DFA) scheme in its power system control. The DFA scheme allows the network to respond to momentary faults, as well as transfer supply on the network automatically and remotely within 60 seconds, enabling SP AusNet to deliver more reliable electricity to its customers.

The Select Solutions group was established in April 2009 as a non-regulated business unit under SP AusNet. It provides Data Measurement Solutions, Technical Services, Telecommunications and Utility Services to help customers manage their energy, water and environmental requirements. The service provision extends across Australia, New Zealand and Asia, with facilities in New South Wales and Victoria.

To address industry challenges more effectively, a group-wide information and communications technology approach was adopted. The IT units of SP Ltd, SP PowerGrid and SP Services were consolidated to form the Infocomm Technology Department (ITD). The move also seeks to better support various functions to achieve business objectives and capture synergies for the SP Group.

Major Developments and Projects

A key focus was preparing the Group to overcome anticipated challenges and seize opportunities in the energy and utilities landscape where energy conservation and smart grid technologies will be important drivers. In line with this direction was the management's priority to put in place human resource and training initiatives towards building the workforce capacity and core competencies to enable SP to meet the requirements of tomorrow's operations and business.

During the year, SP became an active partner in Energy Market Authority (EMA)-led projects, to facilitate and introduce new technologies to the Singapore market. These included the Intelligent Energy System (IES) pilot project to test and evaluate new applications and technologies around a Smart Grid.

FROM THE CHAIRMAN

In Australia, under the Advanced Meter Infrastructure initiative, smart meters are being installed for all residential and small business customers connected to the electricity distribution network, as mandated by the Victorian Government. SP AusNet and Jemena commenced the rollout of the meters in late 2009 and completion is currently scheduled for 2013.

Growing Human Capital

Human capital development continues to be a key activity for the Group. Our efforts in this regard were recognised; SP has been recertified as a 'People Developer' by SPRING Singapore. A number of initiatives have been put in place to build capacity and develop people. Among these were an enhanced Engineering and Technical Career Track to advance the professional development of engineering staff, and our partnership with the Union of Power and Gas Employees (UPAGE), Workforce Development Agency of Singapore (WDA), Employment & Employability Institute (e2i) and major industry players towards the rollout of Workforce Skills Qualifications (WSQ) training for the Energy Utilities Industry.

SP's strong partnership with UPAGE underpinned a collaboration that helped the company weather a volatile and uncertain year. In recognition of the joint effort between SP management and UPAGE to help employees ride out the tough times together through re-skilling and upgrading, SP was conferred the May Day Model Partnership Award 2009 by the National Trades Union Congress (NTUC).

In Australia, SP AusNet and Jemena remained committed to attracting, recruiting, developing and retaining high performing professionals to strengthen their respective talent pool. Jemena introduced the Graduate Development Program which is designed to equip competent professionals with a thorough understanding of Jemena and a broad range of relevant skills and experiences to excel in their careers. SP AusNet continued to keep its sights on building a strong employee engagement culture by implementing a framework which enhances employee engagement on a 'Say, Stay and Strive' methodology.

Caring for the Community

SP reaffirmed its commitment to aiding the needy elderly through our continued support for the Singapore Community Chest through the SP Heartware Fund. In FY 09/10, thanks to the support of our corporate partners, members of the public and staff, S\$707,000 was raised for the Home Help Service, enabling over 1,000 needy elderly to their golden years in their own homes and within their communities with grace and dignity.

SP also contributed nearly S\$130,000 towards some other 20 charities and community groups.

Our dedication and contributions were recognised in the form of the SHARE Corporate Gold Award and 2008 Special Events Platinum Award, conferred by the Community Chest of Singapore.

Appreciation

I would like to thank my fellow Board members for their guidance, support and invaluable advice which helped to steer the company through a difficult year. I also wish to extend my appreciation to Mr Paul Chan who retired from the Board at the SP Annual General Meeting in July 2010. SP has benefited much from Mr Chan's past contributions in the SP Board and Board Risk Management Committee. I am also pleased to welcome Mrs Oon Kum Loon and Mr Ng Yat Chung who joined the Board on 1 April 2010.

To the Executive Committee and members of UPAGE, as well as the Unions representing our employees in Australia, I thank them for fostering the close relationship that we enjoy and for their support through the difficult economic conditions.

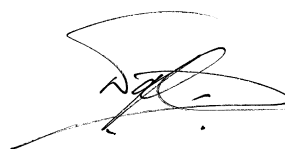
For their dedication and commitment in overcoming the challenges in a recession year, I thank the management and staff of SP in Singapore and Australia.

Not least, my sincere appreciation goes to our business partners and customers for their continued support and patronage.

Forging Ahead

Through prudent financial management, keen business focus, and a committed and competent workforce led by able management, the SP Group has emerged stronger from the recent economic turmoil.

With the support of our stakeholders, we will continue to build resilience to face new challenges while creating the capability to exploit future opportunities. We are on track to delivering greater value and in moving towards our vision of being a leading energy infrastructure company in the Asia Pacific.

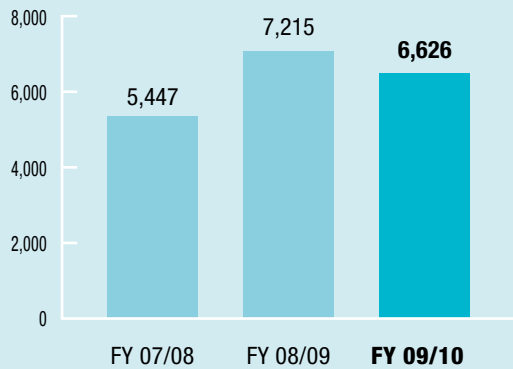


Ng Kee Choe

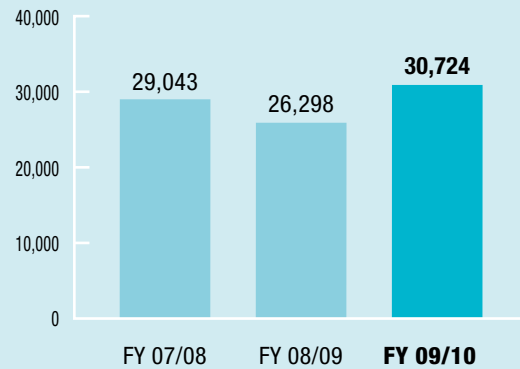
Chairman
5 July 2010

FINANCIAL HIGHLIGHTS

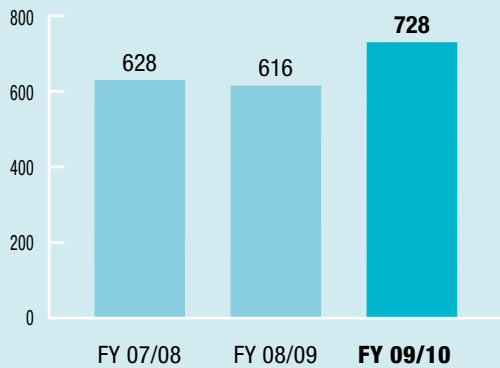
Operating Revenue (S\$million)



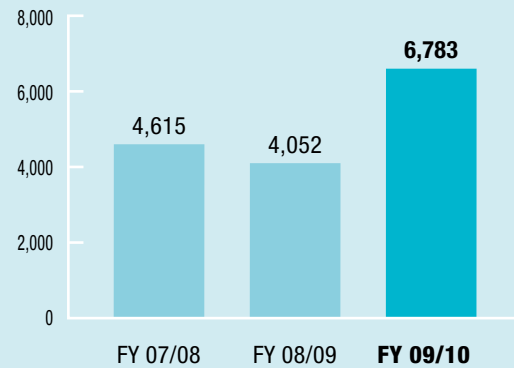
Total Assets (S\$million)



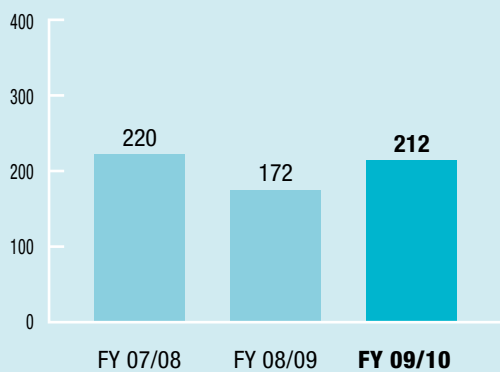
Underlying Net Profit After Tax* (S\$million)



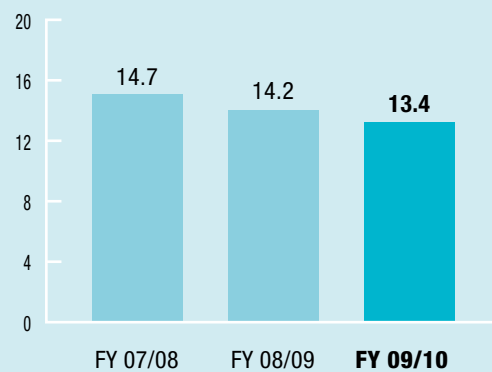
Shareholders' Equity (S\$million)



Economic Value Added (EVA) (S\$million)

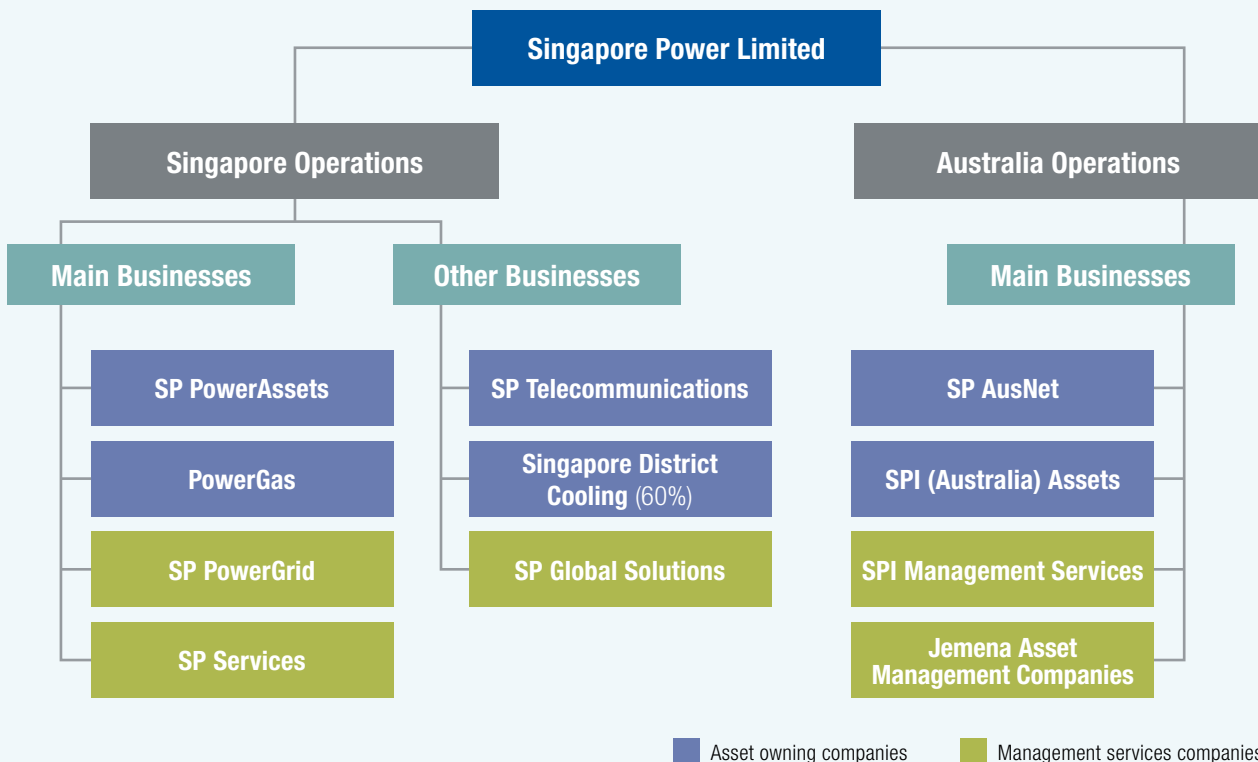


Underlying Return On Equity* (Percentage)



* Excluding Exceptional and Non-recurring items.

GROUP STRUCTURE



Singapore Operations

Our Singapore Operations has four main business units – SP PowerAssets, PowerGas, SP PowerGrid and SP Services. It also has a technical management consultancy arm and related businesses.

SP PowerAssets owns the electricity transmission and distribution assets, while **PowerGas** owns the gas transmission and distribution assets in Singapore.

SP PowerGrid manages and operates the electricity and gas transmission and distribution networks owned by SP PowerAssets and PowerGas.

SP Services provides market support services to electricity, gas and water customers, and facilitates electricity retail market competition.

SP Telecommunications provides telecom infrastructure services, leveraging SP's expertise in managing and developing infrastructure assets.

Singapore District Cooling is a joint venture company providing chilled water for the air-conditioning of commercial buildings.

SP Global Solutions provides consultancy, training and management services, leveraging SP's expertise in developing and operating energy utility infrastructure and businesses.

Australia Operations

Our Australia Operations has four main business units – SP AusNet, SPI Management Services, SPI (Australia) Assets and Jemena Asset Management Companies.

SP AusNet owns and operates Victoria's primary electricity transmission network, an electricity distribution network in eastern Victoria, and a gas distribution network in western Victoria.

SPI (Australia) Assets is the holding company for assets acquired from the former Alinta Ltd. SPIAA and its subsidiaries own gas transmission pipelines, gas and electricity distribution networks, and an asset services provider business.

SPI Management Services is the management company operating the business of SP AusNet under a management services agreement.

Jemena Asset Management Companies manage the assets owned by SPI (Australia) Assets and its subsidiaries. They also provide third party asset development, construction and management services.

AWARDS & ACCOLADES

ISO 9001:2008 Certification for Quality Management System

- **SP PowerGrid** (Distribution Control & Customer Services Section) by Certification International, FY 06/07 to present
- **SP PowerGrid** (Network Development) (Electricity) by Certification International, FY 02/03 to present
- **SP PowerGrid** (Network Management) (Electricity) by Certification International, FY 02/03 to present
- **SP PowerGrid** (Gas Operations) by SGS International Certification Services Singapore Pte Ltd, FY 00/01 to present
- **SP Services** by BSI Management Systems, FY 04/05 to present

Singapore Quality Class Certification (STAR)

- **SP Services** by SPRING Singapore, 2010 to 2013

Singapore Service Class Certification

- **SP Services** by SPRING Singapore, 2010 to 2013

ISO/IEC 17025 for Calibration and Measurement of Gas Meters

- **PowerGas** by Singapore Accreditation Council-Singapore Laboratory Accreditation Scheme, 2005 to present

BSI PAS 55 Certification to British Asset Management Specification

- **SP AusNet** by Asset Management Consulting Limited, 2008 to 2013

Innovation in Utility Services Engineering Award

- **Jemena Sydney Primary Loop Project** by Institute of Public Works Engineering Australia (NSW)

Team of Excellence in a Long Term Alliance

- **CLM Infrastructure** (a member of the Jemena Group of Companies) by Alliancing Association of Australasia

Safety Initiative Award

- **Jemena Gas and Water operations** by New South Wales Gas Excellence Awards

SAP Most Outstanding Project Award

- **SP Services**, 2009

OHSAS Certification for Occupational Health & Safety Management System

- **Singapore District Cooling** by TÜV SÜD PSB Pte Ltd, 2008 to 2011

People Developer by SPRING Singapore

- **Singapore Power**, 2000 to 2013
- **SP PowerGrid**, 2005 to 2012
- **SP Services**, 2005 to 2013

Singapore H.E.A.L.T.H. (Helping Employees Achieve Life-Time Health) Award, Gold

- **Singapore Power Group** by Health Promotion Board, 2004 to 2010

Work-Life Achiever Award

- **Singapore Power Group** by Ministry of Manpower, 2006 to 2010

Leading HR Practices Awards in Strategic HR, Employee Relations & People Management, Compensation and Rewards Management, Learning & Human Capital Development and The Corporate HR Award

- **Singapore Power Group** by Singapore Human Resources Institute, 2009

Minister for Defence Award

- **Singapore Power Group** by Ministry of Defence, 2005 to 2010

The Minister's Honours Roll & Minister for Home Affairs Award

- **Singapore Power Group** by Ministry of Home Affairs, 2008 to 2010

2009 Equal Opportunity for Women in the Workplace Agency (EOWA) Business Achievement Award for Outstanding Equal Employment Opportunity (EEO) Practice

- **SP AusNet** by Equal Opportunity for Women in the Workplace Agency (EOWA), 2009

SHARE Corporate Gold Award

- **Singapore Power Group** by Community Chest, 2003 to 2008

Special Events Platinum Award

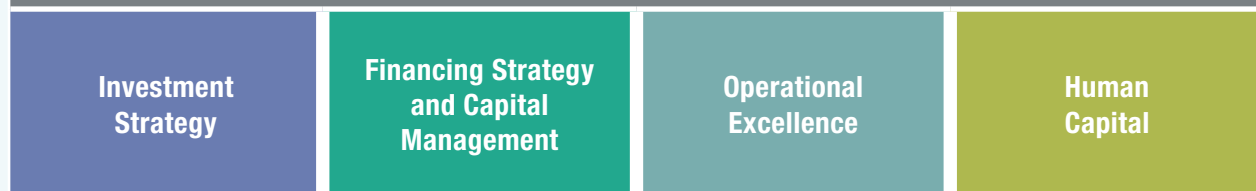
- **Singapore Power Group** by Community Chest, 2006 to 2008

CORPORATE REVIEW

The second half of FY 09/10 witnessed the nascent recovery of economies following the 2007 global financial crisis. The upturn is, however, uneven with Asian economies finding a firmer footing than the US and EU economies.

The SP Group's strategic focus on transmission and distribution segments of electricity and gas industries has stood us in good stead, providing us with defensive, stable and predictable revenues and earnings even during a volatile period. Despite the economic slowdown, we continued to strengthen our core capabilities and expertise in operations by continuing to invest in the development of our people and technical competencies. These serve to strengthen our business and better engage our customers.

The strength of SP stems from four key pillars, namely



Investment Strategy

SP continuously seeks to improve returns and deliver sustainable, long term value to our stakeholders by optimising its capital structure, enhancing the regulatory framework, streamlining operations and improving business efficiencies.

Australia remains the focus of SP's overseas strategic investments. The earning contribution from Australia was 33 per cent in FY 09/10 and was primarily driven by the regulated network businesses.

The past year also saw the completion of three major regulatory revenue applications, namely the Electricity Distribution Price Review for the Jemena Electricity Network and SP AusNet Electricity Network in Victoria, and the Gas Access Arrangement Review for the Jemena Gas Network in New South Wales.

During the year in review, we reinforced our Australian portfolio through a further injection of capital into Jemena.

The optimised capital structure would enable Jemena to focus on building a long term sustainable business, growing in tandem with the Australian economy and expansion of the energy infrastructure sector.

In seeking to enhance shareholder value, SP looks within to realise synergies among our units. Enterprise Business Services (Australia) Pty Ltd, established in October 2008, represents a major step forward in creating efficiencies and economy in IT operations for the Australian entities in the SP Group. Further progress is being made as the Singapore and Australian entities explore more opportunities for shared services within the Group.

At the same time, in Singapore as well as in Australia, SP seeks to assimilate emerging technologies with the promise of efficiency gains or revenue potential in both the regulated and unregulated sectors. One such example is the rollout of state-of-the-art Advanced Metering Infrastructure by SP AusNet and Jemena in Victoria. The expertise and experience gained from implementing this programme will put SP in good stead as the development of Smart Grid technology gathers momentum in Singapore and Asia.

Financing Strategy and Capital Management

Despite a challenging financing environment with constrained lending capacity, particularly in the first half of 2009, SP managed to successfully refinance our maturing debts and fund our capital expenditure at competitive rates. The following financial transactions were completed during the year:

- SP PowerAssets Limited (SPPA) issued S\$875 million of bonds through a series of private bond placements. These issuances comprised notes with maturities ranging from 3.5 to 20 years in three different currencies, and were issued under SPPA's Global Medium Term Note Programme.
- SP AusNet raised A\$325 million of credit facilities in April 2009 and issued an equivalent of A\$920 million of bonds through a combination of CHF, HKD and AUD issues in February and March 2010.
- SPI (Australia) Asset Pty Ltd secured a total of A\$370 million in bank debt facilities in June 2009.

The favourable response to SP's financing initiatives reflects the strength of our underlying business fundamentals and the market's recognition of our prudent and disciplined debt strategy.

The Group is committed to an optimal capital structure and to maintaining our strong credit ratings. SP is rated AA- by Standard & Poor's and Aa3 by Moody's Investors Service.

Operational Excellence

SPPA's electricity network in Singapore is rated one of the world's best in international benchmarking. In Singapore, our electricity network achieved its best ever network reliability performance, where a customer experienced an average of 0.31 minute of unplanned electricity interruptions during the year. Similarly, the average number of unplanned gas supply interruptions experienced in the year was only 0.0011 interruption per customer, which is equivalent to one unplanned gas interruption every 909 years. These stellar network performances were a result of SP's quality management of the network in delivering a highly reliable and quality supply.

In Australia, collaboration between SP AusNet and Jemena has yielded operational efficiencies for both. Operational agreements concluded between SP AusNet and Jemena in 2009 have resulted in SP AusNet providing services in which it has a natural competitive advantage to Jemena, and vice versa, thus achieving cost savings for mutual benefit.

Building Human Capital

SP's sustained competitive advantage resides in our competent and committed workforce. At the end of FY 09/10, SP Group had a total workforce of 6,866 employees in Singapore and Australia.

The development and nurturing of our people is given priority even in an economic downturn.

In FY 09/10, employee training exceeded what we had targeted. Remaining firmly committed to enabling our people to realise their full potential and advance in their careers, SP provided opportunities for higher education, on-the-job training, involvement in special projects, overseas postings, job rotations and mentorship programmes.

SP's approach to building human capital recognises the need to maintain a balanced workforce in terms of experience and youth. To help older employees remain relevant, we support them in their pursuit of lifelong learning. We also recognise the importance of more experienced staff sharing and passing on their knowledge to their younger colleagues. To renew our talent pool, we actively reach out to fresh prospects at scholarship fairs, career fairs and through internships, and nurture and develop them.

BOARD OF DIRECTORS



From left:

Mr Alan Chan Heng Loon, Mr Ng Kee Choe and Prof Jeremy Guy Ashcroft Davis AM

Mr Ng Kee Choe

Mr Ng Kee Choe, 66, is the non-executive Chairman of Singapore Power Limited. He was appointed Director on 1 September 2000 and became its Chairman on 15 September 2000. He is also the non-executive Chairman of SP AusNet*.

Mr Ng is also Chairman of NTUC Income Insurance Co-operative Limited and President Commissioner of PT Bank Danamon Indonesia Tbk.

His other directorships include those of Singapore Airport Terminal Services Limited, Singapore Exchange Limited, Fullerton Financial Holdings Pte Ltd and CapitalLand Limited.

He is also a member of the Temasek Advisory Panel, a member of the International Advisory Council of China Development Bank and Chairman of Tanah Merah Country Club.

Mr Ng was the Vice-Chairman of DBS Group Holdings. He retired from his executive position in July 2003 after 33 years of service with DBS.

Mr Ng was conferred the Public Service Star in 2001 for his contributions to the public service.

Mr Alan Chan Heng Loon

Mr Alan Chan Heng Loon, 57, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 June 2001 and is also the Chairman of SP PowerAssets Limited and PowerGas Limited.

Mr Chan is currently the Chief Executive Officer and a Director of Singapore Press Holdings Limited. He is the Chairman of the Urban Redevelopment Authority and SPH Magazines Pte Ltd. He is a member of the Board of Governors of The Singapore-China Foundation and the Board of the Casino Regulatory Authority of Singapore. He was appointed Chairman of the Corporate Governance Council which was established in February 2010 by the Monetary Authority of Singapore.

Previously, Mr Chan was the Permanent Secretary for the Ministry of Transport and held directorships in DBS Group Holdings Ltd, The Development Bank of Singapore Ltd and PSA Corporation Ltd. He sits on the boards of MediaCorp TV Holdings Pte Ltd, MediaCorp Press Ltd, Singapore Press Holdings Foundation Limited, TP Ventures Pte Ltd, GMM Times Company Limited, OpenNet Pte Ltd, Business China, Magazines World Sdn Bhd, Blu Inc Holdings Malaysia Sdn Bhd, Blu Inc Media Sdn Bhd and World Association of Newspaper – IFRA. Mr Chan was awarded the Public Administration Medal (Gold) in 2002.

Prof Jeremy Guy Ashcroft Davis AM

Prof Jeremy Guy Ashcroft Davis, 67, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 August 2006 and is also a Director of SP AusNet*.

Prof Davis is the Chairman of UNSW Professorial Superannuation Pty Ltd and the Deputy Chairman of AMWIN Management Pty Ltd. He currently serves as a Director of the Transurban Group, CHAMP Ventures Pty Ltd, Australian Institute of Management NSW & ACT Ltd, the Australian Institute of Management Canberra and Asian Renewable Energy Management Ltd.

He was the former AMP Society Professor at the Australian Graduate School of Management. Prof Davis earlier spent 10 years as a management consultant with the Boston Consulting Group. He also served as a Director of the Australian Stock Exchange from 1990 to 1996, and as a Director and Chairman of AIDC Limited and Amdel Holdings Pty Ltd.

BOARD OF DIRECTORS



From left:

Mr Ho Tian Yee, Mr Tan Chee Meng, SC, Mr Bobby Chin Yoke Choong and Mr Eric Gwee Teck Hai

Mr Ho Tian Yee

Mr Ho Tian Yee, 58, is a non-executive independent Director of Singapore Power Limited. He joined the Board on 1 May 2003 and is also a Director of SP AusNet*. Currently, Mr Ho is the Managing Director of Pacific Asset Management (S) Pte Ltd and holds directorships in publicly-listed companies including Fraser and Neave, Limited and Singapore Exchange Limited.

He is a member of the Risk Committee of The Government of Singapore Investment Corporation Pte Ltd and the Chairman of Times Publishing Limited. Mr Ho was a former director of Great Eastern Holdings Limited, The Overseas Assurance Corporation Limited and The Great Eastern Life Assurance Company Limited. He was awarded the Public Service Medal in 1997.

Mr Tan Chee Meng, SC

Mr Tan Chee Meng, 53, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 August 2005. He is also a Director of SP PowerAssets Limited and PowerGas Limited.

Mr Tan is the Deputy Managing Partner of WongPartnership LLP and Chairman of its Middle East Practice. He was appointed Senior Counsel in January 2006, and a Specialist Judge in July 2006 for a period of two years. Mr Tan is a Fellow of the Singapore Institute of Arbitrators and an Accredited Adjudicator of the Singapore Mediation Centre. He is a Regional Panel Arbitrator of the Singapore International Arbitration Centre and is on the Panel of Accredited Arbitrators of Badan Arbitrase Nasional Indonesia.

Mr Tan is also a board member of the National Council of Social Service, Urban Redevelopment Authority, St Gabriel's Foundation, All Saints Home and WOPA Services Pte Ltd.

Mr Bobby Chin Yoke Choong

Mr Bobby Chin Yoke Choong, 58, is a non-executive independent Director of Singapore Power Limited. He was appointed on 23 January 2006. Mr Chin is the Chairman of Singapore Totalisator Board.

Mr Chin serves on the boards of the Competition Commission of Singapore and Singapore Labour Foundation. He is a director of several listed companies including Oversea-Chinese Banking Corporation Limited, AV Jennings Limited, Yeo Hiap Seng Ltd, Ho Bee Investment Limited, Neptune Orient Lines Limited and Sembcorp Industries Limited. He also sits on the Board of Trustees of the Singapore Indian Development Association (SINDA). He was appointed to the Council of Presidential Advisers in January 2010.

Mr Chin was the Managing Partner of KPMG Singapore from 1992 to 2005. He served as Chairman of the Urban Redevelopment Authority from April 2001 to March 2006. In 2003, Mr Chin was awarded the Public Service Medal.

Mr Eric Gwee Teck Hai

Mr Eric Gwee Teck Hai, 71, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 January 2001. He is the Chairman of SP Services Limited and a Director of SP AusNet*.

Mr Gwee is also a Director of WorleyParsons Ltd. He was the Chairman of the Board of Governors for the Institute of Technical Education (ITE) and the Public Transport Council until 2001.

For his many years of dedicated service to the community, Mr Gwee was awarded the Public Service Star in 1994 and the Public Service Star (Bar)[BBM(L)] in 2004. He was also honoured with the Meritorious Service Medal in 2007.

BOARD OF DIRECTORS



Clockwise from top left:

Mr Choi Shing Kwok, Mr Ng Yat Chung, Mr Quek Poh Huat, Mr Paul Chan Kwai Wah and Mrs Oon Kum Loon

Mr Paul Chan Kwai Wah

Mr Paul Chan Kwai Wah, 56, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 August 2006. He was appointed to the Board of SP Services Limited on 1 April 2010.

He is a Director of SIA Engineering Company Limited, National Healthcare Group Pte Ltd and Integrated Health Information Systems Pte Ltd. He was a former Director of Verigy Ltd, the Singapore Economic Development Board, Noel Gifts International Ltd and Singapore Telecommunications Limited.

Mr Chan was formerly the Senior Vice President & Managing Director (Asia Pacific & Japan) of Hewlett-Packard Asia Pacific Pte Ltd and the Vice President & Managing Director (Asia Pacific) of Compaq Computer Asia Pacific Pte Ltd. He was also a member of the Tax Review Committee, Ministry of Finance and the Listings Committee of the Stock Exchange of Singapore. Mr Chan sat on the Advisory Board of the Lee Kong Chian School of Business at the Singapore Management University. He was awarded the Public Service Star (BBM) in 2005.

Mr Choi Shing Kwok

Mr Choi Shing Kwok, 51, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 August 2006. He is the Permanent Secretary of the Ministry of Transport.

He was formerly a Director of Singapore Technologies Electronics Limited, Sembawang Resources Development Corporation Ltd, Singapore Automotive Engineering Ltd and Chartered Ammunition Industries Pte Ltd. He has also served as a Board member of the National University of Singapore Council, the Singapore Broadcasting Authority and the Jurong Town Corporation.

Mr Choi was awarded the Meritorious Service Medal in 2000 and the Long Service Award (25 years) in 2004 by the Government of Singapore, and has also received state awards from foreign governments.

Mrs Oon Kum Loon

Mrs Oon Kum Loon, 59, is a non-executive independent director of Singapore Power Limited. She was appointed on 1 April 2010.

Mrs Oon currently serves on the boards of China Resources Microelectronics Limited and Keppel Corporation Limited. She was formerly a director of PSA International Pte Ltd and SP PowerGrid Limited.

Mrs Oon has approximately 30 years of extensive experience with DBS Bank Ltd, having held a number of management and executive positions. During her career with the Bank, she was involved with treasury and markets, corporate finance and credit management activities. She was the Chief Financial Officer of DBS Bank Ltd before she retired in 2003. Prior to serving as Chief Financial Officer, she was the Managing Director and Head of Group Risk Management, responsible for the development and implementation of a group-wide risk management framework.

Mr Ng Yat Chung

Mr Ng Yat Chung, 48, is a non-executive director of Singapore Power Limited. He was appointed on 1 April 2010. Mr Ng is currently Head, Portfolio Management and Operations and Co-Head, Singapore of Temasek Holdings (Private) Limited.

Mr Ng is the Chairman of the Board of Trustees for the Singapore Institute of Technology and a Trustee of the National University of Singapore. He is also a board director of publicly-listed Fraser and Neave, Limited. Mr Ng was formerly a Director of PSA Corporation Ltd, ST Aerospace Supplies Pte Ltd, publicly-listed Singapore Technologies Engineering Ltd, ST Kinetics Ltd and Singapore Technologies Electronics Limited.

Prior to joining Temasek Holdings, Mr Ng was the Chief of Defence Force of the Singapore Armed Forces (SAF). During his career in the SAF, Mr Ng commanded various units and served in senior staff positions including the Chief of Staff (Joint Staff) and Chief of Army respectively.

Mr Quek Poh Huat

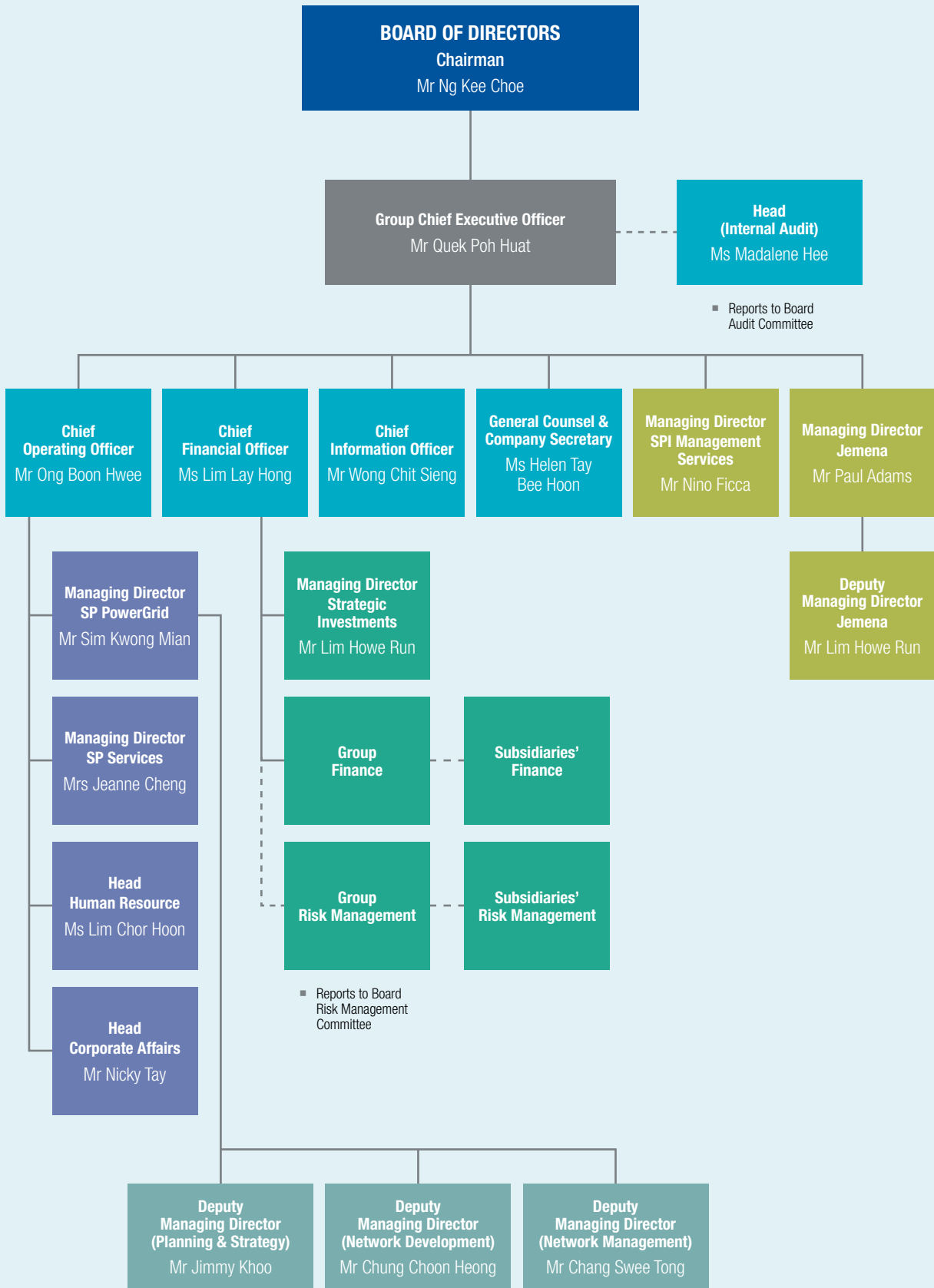
Mr Quek Poh Huat, 63, was appointed a Director of Singapore Power Limited in November 2001 and Group Chief Executive Officer in May 2004. Within the Singapore Power Group, Mr Quek serves as Director on the boards of SP PowerAssets Limited, PowerGas Limited and SP Services Limited. He is currently Chairman of SP PowerGrid Limited, SPI Management Services Pty Ltd, SPI (Australia) Assets Pty Ltd and Enterprise Business Services (Australia) Pty Ltd. He retired as Director of SP AusNet* in July 2008.

Mr Quek is also a board director of publicly-listed Singapore Technologies Engineering Ltd and Chairman of ST Kinetics Ltd.

Mr Quek is Singapore's non-resident Ambassador to Sweden. He was conferred the Public Service Star in 1994.

* A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual-listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

ORGANISATIONAL STRUCTURE



CORPORATE GOVERNANCE

ETHICS & ACCOUNTABILITY

The SP Board is committed to good corporate governance. The Group adheres closely to the principles set out in the revised Code of Corporate Governance 2005 (the Code) for listed companies.

The Company has adopted the Code as its guide for best practice standards and put in place an internal framework to ensure good corporate governance in its business practices and activities. The Whistleblower Policy, implemented since 2005, seeks to strengthen ethical business conduct in the Group.

The Group endeavours to enhance shareholder value by ensuring the highest standards of corporate governance, transparency, accountability and integrity.

Setting Directions

The Board provides broad strategic directions for the Group and undertakes key investment and funding decisions. In addition, the Board ensures that Management maintains a robust system of internal controls to protect the Group's assets and reviews the Group's financial performance. The Board meets at least four times a year to review the Group's business performance. In the last financial year, the Board met six times and held a Board Strategic Review in October 2009.

Access to Information

The Board is provided with relevant information prior to Board meetings and on an ongoing basis. Board papers include management financial reports, annual budgets and performance against budget, announcement of results, matters requiring the Board's decision, updates on key outstanding issues and disclosure documents as well as updates on new legislative developments.

Newly-appointed Board Directors attend an orientation programme to familiarise themselves with the Group's business and governance practices. The Group also provides ongoing education on legislative updates and best practices.

The Board has separate and independent access to the Senior Management and the Company Secretary. Should the Directors, whether as a group or individually, require independent professional advice to carry out their duties, the Company will arrange to appoint, at the Company's expense, professional advisors to render due advice.

Accountability

In presenting the annual financial statements to the shareholder, the Board aims to provide the shareholder with a balanced and comprehensive assessment of the Group's position and prospects.

Management provides the Board with appropriately detailed management accounts of the Group's performance, prospects and a risk dashboard on a monthly basis.

There is a strong element of independence in the Board composition with independent non-executive Directors constituting more than three-quarters of the entire Board.

The independence of each Director is reviewed annually by the Nominating Committee in accordance with the Code.

The current size of twelve Board members is appropriate for effective decision-making, taking into account the scope and nature of the Group's operations. Collectively, the Directors have a wealth of expertise and experience in the management of business at senior and international levels.

SP AusNet, as a publicly-listed stapled entity on the Australian Securities Exchange and the Singapore Exchange Securities Trading Limited, has established its own Audit and Risk Management Committee, Nomination Committee, Remuneration Committee as well as Compliance Committee to ensure a high standard of corporate governance.

CORPORATE GOVERNANCE

Board Committees

The SP Board is supported by specialised board committees to facilitate effective supervision of Management. These are the Audit Committee, the Board Risk Management Committee, the Finance Committee, the Nominating Committee and the Staff Development and Compensation Committee respectively.

As and when required for specific projects, special board steering committees and due diligence committees are formed to provide support and guidance to Management.

Audit Committee

The Audit Committee (AC) comprises three non-executive Directors and a co-opted external member, all of whom are independent Directors as defined in the Code. The Board is of the view that the members of the AC have the financial management expertise and experience to discharge the AC's responsibilities.

The main function of the AC is to assist the Board in discharging its statutory and oversight responsibilities relating to the financial reporting and audit processes, the systems of internal controls and the process of monitoring compliance within applicable laws, regulations and codes of conduct.

The AC holds at least three meetings each year and is responsible for the following:

- Review and approval of the audit plans of external and internal auditors;
- Review of the adequacy of the internal audit function;
- Review of the financial accounts of the Group and the Company;
- Review of the independence and objectivity of the external auditors; and
- Nomination of external auditors for re-appointment.

The members are:

Mr Bobby Chin Yoke Choong (Chairman)
Mr Tan Chee Meng
Mr Choi Shing Kwok
Mr Timothy Chia Chee Ming (co-opted external member)

Board Risk Management Committee

The Board Risk Management Committee (BRMC) assists the Board in fulfilling its oversight responsibilities by reviewing:

- the type and level of business risks that the Company, its subsidiaries and associated companies undertake on an integrated basis to achieve their business strategy; and
- the policies, procedures and methodologies for identifying, assessing, quantifying (where appropriate), monitoring and managing risks.

The BRMC meets at least three times a year.

The members are:

Mr Ho Tian Yee (Chairman)
Mr Paul Chan Kwai Wah
Mr Tan Chee Meng
Mrs Oon Kum Loon
Mr Quek Poh Huat (ex-officio)*

The BRMC is supported by the Group Risk Management Office in its governance of SP Group risks.

Although the risk management responsibilities of the Board are executed through the organisational set-up mentioned above, the ultimate risk ownership rests with the business groups.

Finance Committee

The Finance Committee (FC) assists the Board in reviewing proposed mergers, acquisitions, disposals and corporate restructuring and financing for the SP Group.

The responsibilities of the FC are to:

- consider and recommend, for the Board's approval, SP's annual operating and capital expenditure budgets, and business and financing plans;
- approve or endorse mergers, acquisitions, divestments or corporate restructuring;
- approve or endorse SP's borrowing and financing-related matters; and
- approve or endorse such other matters as provided from time to time in the SP Authority Manual.

The FC holds at least two meetings a year.

The members are:

Mr Ng Kee Choe (Chairman)*
Mr Ho Tian Yee
Mr Eric Gwee Teck Hai
Mr Ng Yat Chung (appointed wef 1 April 2010)*
Mr Quek Poh Huat (ex-officio)*

Nominating Committee

The Nominating Committee (NC) is responsible for formulating policies and guidelines on matters relating to Board appointments, re-appointments, retirement and rotation of Directors. The Directors' performance, contribution and independence are taken into consideration in the NC's review and assessment.

The NC, in consultation with the Chairman of the Board, considers and makes recommendations to the Board concerning the appropriate size and needs of the Board. New Directors are currently appointed by way of a Board resolution after the NC has endorsed their appointment. New Directors must submit themselves for re-election at the next Annual General Meeting (AGM) of the Company pursuant to the Articles of Association of the Company. The Articles of Association of the Company also require not less than one-third of Directors to retire by rotation at every AGM.

The NC meets at least twice a year. The NC comprises three Directors. The Chairman of the NC is an independent non-executive Director.

Board Composition

Board Members	Audit Committee	Board Risk Management Committee	Finance Committee	Nominating Committee	Staff Development & Compensation Committee
Mr Ng Kee Choe, Chairman*	—	—	Chairman	Member	Chairman
Mr Alan Chan Heng Loon	—	—	—	Chairman	Member
Mr Eric Gwee Teck Hai	—	—	Member	—	—
Mr Ho Tian Yee	—	Chairman	Member	—	—
Mr Tan Chee Meng	Member	Member	—	—	—
Mr Bobby Chin Yoke Choong	Chairman	—	—	—	Member
Prof Jeremy Guy Ashcroft Davis	—	—	—	—	—
Mr Paul Chan Kwai Wah	—	Member	—	—	—
Mr Choi Shing Kwok	Member	—	—	—	—
Mrs Oon Kum Loon	—	Member	—	—	—
Mr Ng Yat Chung*	—	—	Member	—	—
Mr Quek Poh Huat*	—	Ex-officio	Ex-officio	Member	—
Board Committee Members					
Mr Timothy Chia Chee Ming	Co-opted Member	—	—	—	—

The members are:

Mr Alan Chan Heng Loon (Chairman)
Mr Ng Kee Choe*
Mr Quek Poh Huat*

Staff Development and Compensation Committee

The Staff Development and Compensation Committee (SDCC) oversees the remuneration of the Group Chief Executive Officer and senior executives. The SDCC establishes and maintains an appropriate and competitive level of remuneration to attract, retain and motivate senior executives to manage the Group successfully.

No Director is involved or has participated in any proceedings with respect to his own remuneration. The SDCC meets at least twice a year. The SDCC comprises three Directors, two of whom are independent Directors.

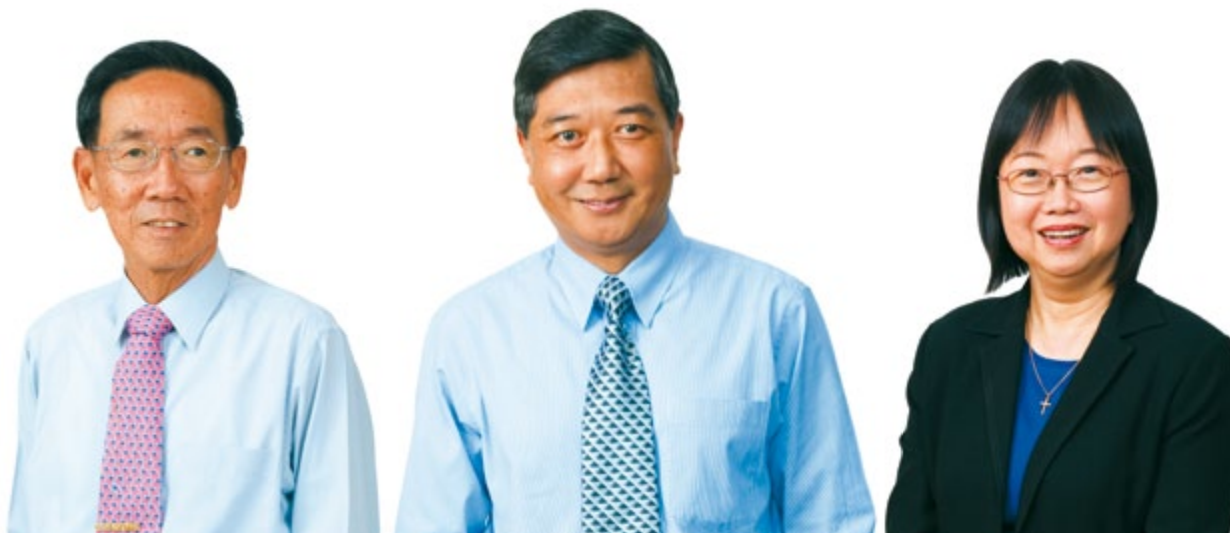
The members are:

Mr Ng Kee Choe (Chairman)*
Mr Alan Chan Heng Loon
Mr Bobby Chin Yoke Choong

Communication with Shareholder

The Company values communication and ensures that timely and adequate disclosures of material information on the Company are made available to its shareholder. It holds regular dialogue and liaison sessions with the shareholder.

SENIOR MANAGEMENT



Mr Quek Poh Huat

Mr Quek Poh Huat, Group Chief Executive Officer, is also Chairman of SP PowerGrid Limited, SPI Management Services Pty Ltd, SPI (Australia) Assets Pty Ltd and Enterprise Business Services (Australia) Pty Ltd, and a Director on the boards of Singapore Power Limited, SP PowerAssets Limited, PowerGas Limited and SP Services Limited. He retired as Director of SP AusNet* in July 2008.

Mr Quek has a Bachelor of Science (Chemical Engineering) degree with First Class Honours from University of Leeds, UK and a Master of Science (Management) with Distinction from the Naval Postgraduate School, Monterey, US. He has also completed the Advanced Management Program at the Harvard Business School, US.

Mr Ong Boon Hwee

Mr Ong Boon Hwee, Chief Operating Officer, oversees SP's business units in Singapore as well as corporate services at the Group level. He also drives business development initiatives in the region.

Prior to joining SP, he was Temasek's Managing Director for Strategic Relations, and concurrently CEO of Temasek Management Services.

Mr Ong is Director of ST Kinetics, Aetos Security Management and Singapore Institute of Management. He also serves on the committees of non-profit organisations such as the National Volunteer & Philanthropy Centre, A*STAR and Temasek Foundation.

Mr Ong graduated from the National University of Singapore with a First Class Honours in Economics, and holds a Masters in Military Art & Science from the US Leavenworth General Staff College.

Ms Lim Lay Hong

Ms Lim Lay Hong is the Chief Financial Officer of the SP Group where she is responsible for providing financial strategy and leadership. This includes overseeing the corporate finance, treasury, financial management, tax planning and risk management functions of the Group. She is also responsible for corporate planning and strategic investments and has oversight of the SP Group's overseas investments, including its Australia operations.

Prior to joining SP, Ms Lim held a number of management and executive positions in a Singapore bank.

Ms Lim holds a Bachelor of Accountancy degree from the National University of Singapore and a Master of Business Administration (Finance) from New York University.

*From far left:***Mr Quek Poh Huat**

Group Chief Executive Officer

Mr Ong Boon Hwee

Chief Operating Officer

Ms Lim Lay Hong

Chief Financial Officer

Mr Sim Kwong MianManaging Director
SP PowerGrid**Mr Nino Ficca**Managing Director
SPI Management Services**Mr Sim Kwong Mian**

Mr Sim Kwong Mian, Managing Director, SP PowerGrid, has been with SP for 15 years. Prior to this, he was with the Public Utilities Board for 18 years.

Mr Sim represents Singapore in the Heads of ASEAN Power Utilities/Authorities (HAPUA), which leads the power interconnection project to link the member countries' electricity networks. Between June 2009 and June 2010, Mr Sim was Chairman of the HAPUA Council. He also represents Singapore in the Association of Electricity Supply Industry of East Asia and Western Pacific (AESIEAP).

Mr Sim is a registered Professional Engineer with the Professional Engineers Board, Singapore, and a Senior Member of the Institution of Engineers, Singapore. He holds a Bachelor of Engineering (Electrical) degree from the University of Singapore, a Master of Science (Technology) from the University of Manchester Institute of Science & Technology, UK, and a Diploma in Management Studies from the Singapore Institute of Management. He has also completed the Advanced Management Program at the Harvard Business School, US.

Mr Nino Ficca

Mr Nino Ficca, Managing Director, SPI Management Services, is also Managing Director, SP AusNet. He is a Director of SP Australia Networks (Transmission), SP Australia Networks (Distribution), SP Australia Networks (RE) and SP PowerGrid, as well as Managing Director of SPI PowerNet.

Mr Ficca has worked in the energy industry for over 25 years, including in a number of senior management roles. He was a Director and Deputy Chairman of the Energy Supply Association of Australia until December 2007, and a member of the National Electricity Market Operations Committee. Mr Ficca holds a Bachelor of Engineering (Electrical) Honours degree and a Graduate Diploma in Management from Deakin University, Australia. He has also completed the Advanced Management Program at the Harvard Business School, US.

* A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

SENIOR MANAGEMENT



Mr Paul Adams

Mr Paul Adams was appointed Managing Director of Jemena Ltd in November 2008. He was previously General Manager, Network Services Group at SP AusNet.

Mr Adams has a breadth of experience having worked in various roles in the electricity and gas industries for more than 25 years, including transmission, distribution, generation, trading and retailing.

Mr Adams holds a Bachelor of Engineering Degree (First Class Honours) and a Graduate Diploma of Financial Management. He has completed courses in Leading Change and Organisational Renewal (Harvard), Executive Development Program (Australian Graduate School of Management) and Company Directors Course (Australian Institute of Company Directors). Mr Adams is also a Director of the Energy Networks Association of Australia and Member of the Institution of Engineers (Australia).

Mr Wong Chit Sieng

Mr Wong Chit Sieng, Group Chief Information Officer, oversees the group wide delivery of Information and Communications Technology applications and services for SP's Singapore and Australia businesses. He has over 30 years' experience in strategic business IT planning and the development and management of banking and utilities application systems.

Prior to his appointment as Group Chief Information Officer, Mr Wong was Head (Information Systems), Singapore Power Ltd, and Managing Director, SP Services. Before joining SP, Mr Wong was Director of Operations and Principal Consultant, Asia Pacific & Japan, at a US banking software company. He was also with the Overseas Union Bank for nine years as its Senior Vice President & Deputy CIO, and Vice President of Chase Manhattan Bank for 10 years.

Mr Wong has a Bachelor of Business Administration with Distinction and a Master of Business Administration from the Royal Melbourne Institute of Technology, Australia. He also graduated from the Harvard Business School's Advanced Management Program in 2009.

Mrs Jeanne Cheng

Mrs Jeanne Cheng was appointed Managing Director of SP Services Ltd in September 2009. In her eight years with SP Services, she helped establish the company in its new role as the market support services licensee with the restructuring of the electricity market in 2003.

Mrs Cheng has been with the SP Group for more than 14 years and has held senior positions in Corporate Communications and Business Development.

Prior to joining the SP Group, Mrs Cheng worked as a media and communications specialist in both private and public sector entities.

*From far left:***Mr Paul Adams**

Managing Director
Jemena Ltd

Mr Wong Chit Sieng

Group Chief Information Officer

Mrs Jeanne Cheng

Managing Director
SP Services

Mr Lim Howe Run

Managing Director
Strategic Investments
& Deputy Managing Director
Jemena Ltd

**Ms Helen Tay
Bee Hoon**

General Counsel &
Company Secretary

Ms Lim Chor Hoon

Head
(Human Resource)



Mrs Cheng graduated from the National University of Singapore with a degree in Economics. She was awarded the Public Service Medal in 2009 for her community work.

Mr Lim Howe Run

Mr Lim Howe Run, Managing Director, Strategic Investments and Deputy Managing Director, Jemena Ltd, is responsible for the management of SP's overseas investments.

Prior to his appointment as Managing Director and Deputy Managing Director, he held various positions in risk management, asset management and business development within the Group. Mr Lim holds a Bachelor of Engineering (Mechanical) degree from the National University of Singapore.

Ms Helen Tay Bee Hoon

Ms Helen Tay Bee Hoon, General Counsel & Company Secretary, provides legal advice on all the Group's major deals and transactions. She is responsible for implementing policies involving board governance.

Prior to joining SP, Ms Tay was Director, Legal & Regulations, at Temasek Holdings. In her legal career of more than 20 years, Ms Tay has held several key legal and secretarial positions in the Singapore Technologies/ SembCorp Group including Head of Legal Department and Company Secretary of the SembCorp Logistics Group. She has also served in private practice for several years.

Ms Tay is a member of the Singapore Law Academy. She has a Bachelor of Law degree with Honours from the National University of Singapore and was called to the Singapore Bar in 1990.

Ms Lim Chor Hoon

Ms Lim Chor Hoon, Head (Human Resource), has over 20 years' experience in human resource. Ms Lim is overall responsible for the Human Resource policies, programmes and services of SP.

Before joining the Group, she was with the NOL Group as Vice President, Talent Management and Global Learning and Development and Temasek Holdings as Director, Human Resource. She has also worked in GuocoLand Limited, United Overseas Bank Group, and the National University of Singapore.

Ms Lim holds a Bachelor of Science in Psychology from the University of Wisconsin at Madison and a Graduate Diploma in Personnel Management.





OPERATIONS REVIEW

SINGAPORE OPERATIONS

Singapore Operations has four main business units – SP PowerAssets, PowerGas, SP PowerGrid and SP Services. It also has a technical management consultancy arm, SP Global Solutions, and related businesses such as Singapore District Cooling and SP Telecommunications.

OPERATIONS REVIEW



SP POWERASSETS

Expanding the Electricity Network

SP PowerAssets owns the electricity transmission and distribution assets in Singapore. Its fixed assets base valued at S\$7.3 billion comprises modern and robust networks at 400kV, 230kV and 66kV for transmission, and 22kV, 6.6kV and 400V for distribution.

In FY 09/10, SP PowerAssets continued to plan ahead to meet the growing electricity needs of the Singapore economy. Network infrastructure projects to expand capacity were commissioned, and existing transmission assets progressively replaced or upgraded to ensure continued reliability of the national grid.

- Two 400kV circuits from Seraya were commissioned to transport generation output via the 400kV network, bringing more power from western to central Singapore.
- A new 66kV substation with three 230/66kV 200MVA transformers at Labrador was commissioned. The Labrador II 230kV Extension substation supplements the existing Labrador I 66kV substation in meeting the rapidly growing demand for electricity in southern Singapore.
- A new 66kV substation at Tuas was commissioned to serve the extensive industrial development, including pharmaceutical plants, in the southern part of Tuas.
- As part of an ongoing network renewal programme for existing 66kV substations, six substations were commissioned.

A new 400kV substation at Rangoon Road serving as a power injection node for bulk power transmission to the load centres in central Singapore is expected to be commissioned by December 2014. The new substation will help meet the rapid growth in demand for electricity.

Three 230kV substations are currently under construction. When commissioned in 2012, the new Marina South substation will serve as another primary power source supplying to Marina South's future downtown area. Meanwhile, new 230kV switchboards to replace the existing aged ones will be commissioned in 2010 and 2011.

SP PowerAssets is working closely with the Economic Development Board, Jurong Town Corporation, Urban Redevelopment Authority and Energy Market Authority on the proposed 230kV substation at Tembusu, Jurong Island. Targeted for completion in December 2014, the substation will cater to new customer connections as well as manage the fault level margin for distributed generation connections on Jurong Island.

The development of two major cable tunnels – a 17 km East-West tunnel and an 18 km North-South tunnel – for the future installation of transmission cables on the island is in progress. Soil investigation works were completed in the third quarter of 2009. When completed, the two tunnels will provide secure corridors for faster and more efficient installation of transmission cables, and enable the orderly and controlled replacement of ageing 230kV circuits.

Network assets are inspected regularly to ensure good condition and maintain the electricity grid's high reliability.

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OPERATIONS REVIEW



POWERGAS

Expanding the Gas Network

PowerGas is the sole licensed gas transporter, system operator and owner of the gas transmission and distribution networks in Singapore. Among its network assets are two onshore natural gas receiving facilities and 3,100 km of underground town gas and natural gas pipelines.

PowerGas operates the web-based round-the-clock Gas Transportation IT System Solution (GTSS), which manages the transportation of natural gas according to the rules of the Gas Network Code (GNC).

During the year in review, there were no major issues with regard to capacity booking, nomination and scheduling of gas transportation services and imbalance settlement. The operation and maintenance of the pipelines, gas transmission and distribution facilities also remained relatively trouble-free.

Gas Network Extension and Reinforcement

In FY 09/10, PowerGas extended the natural gas network by 7 km and successfully connected six new transmission customers and six new distribution customers.

The town gas network was also extended by 16 km, reaching more customers in new public housing estates as well as private residential and commercial premises.

In addition, PowerGas renewed 18 km of pipelines and diverted 17 km of pipelines affected by the Mass Rapid Transit system construction, Housing & Development Board upgrading programmes and other third-party construction works.



PowerGas is the sole licensed gas transporter and gas system operator in Singapore, delivering both natural gas and town gas.

New Transmission Infrastructure Development

PowerGas is working closely with the Energy Market Authority and Singapore Liquefied Natural Gas Corporation Pte Ltd to connect the proposed Liquefied Natural Gas (LNG) Terminal to the existing gas transmission networks.

When completed, re-gasified natural gas from the LNG Terminal will be transported to end-users via PowerGas' gas transportation system. The first phase of the S\$380 million project is targeted for completion by end 2012.

The 24/7 web-based GTSS system enables PowerGas to manage the transportation of natural gas.



OPERATIONS REVIEW

SP POWERGRID *Management*



- 1 Mr Sim Kwong Mian**
Managing Director
- 2 Mr Chang Swee Tong**
Deputy Managing Director
(Network Management)
- 3 Mr Jimmy Khoo**
Deputy Managing Director
(Planning & Strategy)
- 4 Mr Chung Choon Heong**
Deputy Managing Director
(Network Development)
- 5 Mr Chew Min Lip**
General Manager
(Network Management)
- 6 Mr Cheng See Tau**
General Manager
(Operations & Maintenance)
- 7 Mr Han Tek Fong**
General Manager
(Planning & Strategy)
- 8 Mr Peter Leong**
General Manager
(Projects)
- 9 Mr Law Chin Ho**
Director (Finance) &
Head (Regulatory)
- 10 Dr Yoon Kok Thean**
Director
(Procurement)

SP POWERGRID

Delivering Reliable and Quality Supply

SP PowerGrid manages and operates the electricity and gas transmission and distribution networks in Singapore.

Network Performance – Electricity

The network performance in FY 09/10 was well within regulatory targets and a significant improvement over FY 08/09's performance. This improvement was largely attributed to SP PowerGrid's success in averting potential failures through diligent condition monitoring and condition-based maintenance of the network.

For FY 09/10, the Network Performance Indicators – System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) were 0.31 minute and 0.007 interruption per customer respectively. These results were all-time best and were 55 per cent and 56 per cent better than FY 08/09's SAIDI and SAIFI respectively.

Network Performance – Gas

Gas network performance for FY 09/10 was well within regulatory targets. Gas SAIDI and SAIFI scores were 0.142 minute and 0.0011 interruption respectively. These were 13.6 per cent higher and 45 per cent lower than FY 08/09's SAIDI and SAIFI respectively.

SAIDI measures the average duration of unplanned electricity or gas interruptions a consumer experiences in a year and SAIFI, the average number of such interruptions.

Smart Grid Developments

The growing concern over energy efficiency coupled with advancements in telecommunication technology has propelled the smart grid into the limelight. The smart grid offers new potential for the optimisation of grid performance and forms the focus for the development of the future power grid.

SP PowerGrid has embarked on the following smart grid initiatives:

- **Enhancing existing intelligent systems**

SP PowerGrid is building upon existing systems to extend its Supervisory Control and Data Acquisition system (SCADA) monitoring to 6.6kV substations and enhance its successful online partial discharge monitoring system to cover more substations.

- **Leveraging smart grid initiatives by Energy Market Authority (EMA)**

SP PowerGrid is participating in the project management of the Intelligent Energy System (IES) pilot project spearheaded by EMA. The project seeks to test and evaluate new applications and technologies in a smart grid. Through its involvement in the IES, SP PowerGrid seeks to gain in-depth knowledge, experience and insights into smart grid solutions.

- **Collaborating with research institutes**

SP PowerGrid is also working with relevant research institutes such as A*STAR to develop other smart grid solutions to enhance its technical know-how.



SP PowerGrid officers carry out an OWTS test in a substation.

OPERATIONS REVIEW

Condition Monitoring for Better Performance

SP PowerGrid successfully carried out Oscillating Wave Testing System (OWTS) test for the condition monitoring of 230kV cables. This was the world's first OWTS test at 230kV voltage level.

For distribution cables, OWTS has successfully averted 107 potential failures. In FY 09/10, OWTS tests were conducted on a total of 832 230kV, 66kV, 22kV and 6.6kV circuits.

SP PowerGrid continued to expand its online partial discharge monitoring system for 230kV and 66kV substations. During the year, two 230kV and four 66kV substations were retrofitted with online condition monitoring systems.

In FY 09/10, a total of 55 potential failures were averted through concerted efforts in condition monitoring, contributing to improved network performance.

SP PowerGrid is also working on a pilot project to monitor the water level in gas syphons located in flood-prone areas. The wireless remote monitoring of water levels in syphons enables timely intervention to prevent choking in gas pipes, which can cause gas supply disruption. A trial project will be carried out in FY 10/11.

Customer Management Programme

SP PowerGrid continued to engage key customers under its Customer Management Programme whereby engineers double-up as customer managers to serve them as a single point of contact. In addition, SP PowerGrid has been in close interaction with the high-tech industries on power quality through the workings of the five Power Quality Interest Groups (PQIGs) for the semiconductor, pharmaceutical, petrochemical and banking sectors and essential services.

Formation of New Operational Units

FY 09/10 saw the formation of a Cable Jointing Unit (CJU) and a Mass Rapid Transit Diversion Unit (MRTU) within SP PowerGrid.

The CJU was formed to retain the strategic capability of cable jointing and to strengthen quality management in jointing work. The CJU manages all jointing work and training, thereby ensuring consistency in jointing practices and joint quality. The unit also audits jointers' competency and conducts investigations of joint failures.



SP POWERGRID

A Cable Jointing Apprenticeship Scheme was introduced to attract and train young technicians as jointers. Under the scheme, trainees undergo a one-year cable jointing course in order to qualify as junior cable jointers. They are then assigned to carry out low voltage jointing work before progressing to on-the-job training for high voltage jointing.

The MRTU was formed to coordinate and manage the extensive diversion of cables and gas pipes affected by the construction of the MRT Downtown Lines. A total of 200 km of cables and pipes are expected to be diverted in the next five years.

The MRTU provides a one-stop service on electricity and gas matters relating to the Downtown Lines construction, working closely with the Land Transport Authority and its contractors to minimise the extent of diversion and prevent damage to services during the construction of MRT lines.

Cable and Gas Pipe Damage Prevention Programme

With the integration of electricity and gas operations in SP PowerGrid, cable and gas pipe damage prevention efforts were streamlined under the Earthworks Monitoring and Cable Protection (EMCP) Section, which oversees the surveillance of transmission cables and natural gas pipelines.

In FY 09/10, Cable Protection Management Teams (CPMT) comprising management staff from SP PowerGrid and government agencies took a leading role in cable damage prevention at construction sites.

Regular meetings were held with the government agencies involved and their contractors to safeguard underground services at construction sites. A total of 55 sites were monitored by the CPMT.

Wireless Remote Monitoring and Control of 6.6kV Network

To further improve its network performance, SP PowerGrid introduced the use of wireless technology for the remote control and monitoring of its 6.6kV network, starting in public housing estates. In FY 09/10, wireless remote monitoring and control capabilities were installed in 340 substations. SP PowerGrid targets to equip another 530 substations in FY 10/11.

Inline Inspection of Gas Transmission Pipelines

SP PowerGrid completed the inline inspection of three gas transmission pipelines – from Attap Valley to Admiralty, Sakra to Mandai and Sakra to Tembusu – using the Magnetic Flux Leakage technology to check the internal pipelines for signs of corrosion, coating defects or metal loss.

During the year, an inline inspection of the submarine pipeline linking Plentong in Johor to the Onshore Receiving Facility in Singapore was jointly carried out by SP PowerGrid and Petronas, Malaysia's gas transporter.

All the pipelines inspected were found to be in good condition.

Transmission cables along worksites are patrolled daily to prevent cable damage.



OPERATIONS REVIEW

ISO Certification

SP PowerGrid first obtained its ISO 9001:2000 certifications in 2002. In FY 09/10, it received the ISO 9001:2008 certification for the development and management of its transmission and distribution networks, distribution control and customer services as well as for its gas operations covering network management and system operations.

These certifications affirm SP PowerGrid's institutionalised quality processes that drive consistently high performance standards.

Electricity Demand

The volume of electricity transmitted and distributed in FY 09/10 grew by 4.8 per cent over the previous financial year to 39,259 GWh. The increase in electricity consumption reflects the recovery in the domestic economy from the second half of 2009 as manufacturing activity grew. Demand for electricity from both manufacturing and non-manufacturing sectors was higher compared to a year ago.

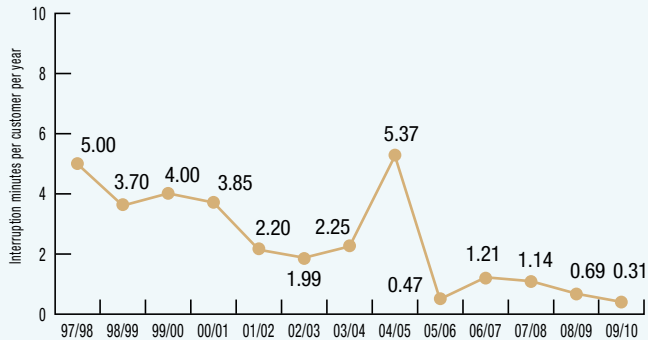


A team from the newly-formed Cable Jointing Unit carries out maintenance work on cable oil equipment.

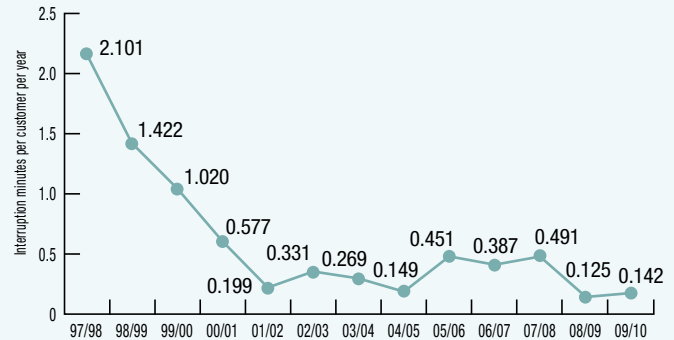
SP POWERGRID

SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)

measures the average duration of unplanned interruptions a consumer experiences in a year



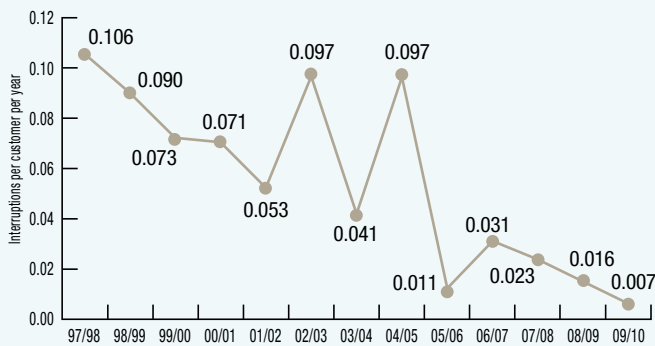
Electricity SAIDI – Singapore



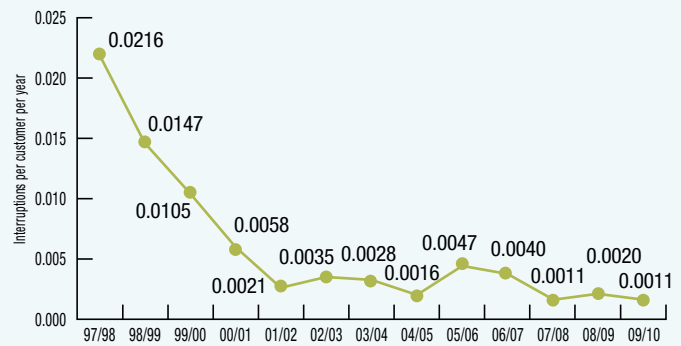
Gas SAIDI – Singapore

SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)

measures the average number of unplanned interruptions a consumer experiences in a year

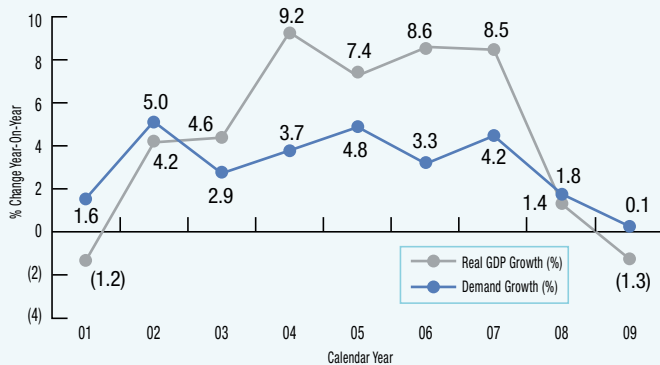


Electricity SAIFI – Singapore



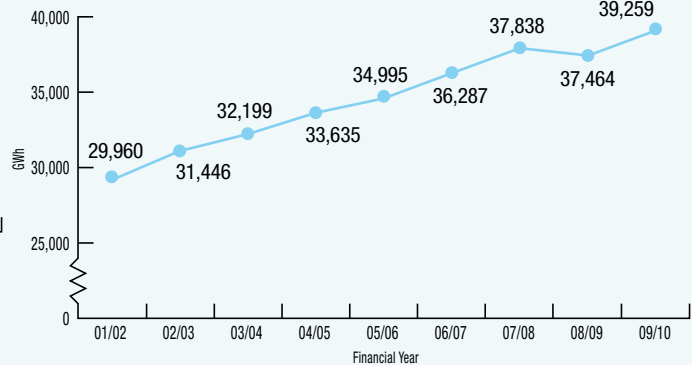
Gas SAIFI – Singapore

KEY NETWORK INDICATORS – SINGAPORE



Real GDP Vs Electricity Demand Growth (% Change)

Source: Singapore Department of Statistics



Electricity Transmitted and Distributed (GWh)

Revenue rose by 3.4 per cent in FY 09/10 due to higher electricity consumption.

OPERATIONS REVIEW

SP SERVICES *Management*



- 1 Mrs Jeanne Cheng**
Managing Director
- 2 Mr Lawrence Lee**
Director
(Operations)
- 3 Ms Shirley Tan Lee Cheng**
Director
(Customer Relationship
Management)
- 4 Ms Lee Chui Ping**
Acting Director
(Finance & Accounts)



SP SERVICES

A One-Stop Shop for Electricity, Water and Piped Gas Supplies

SP Services provides every household and business in Singapore with a convenient and efficient one-stop service for electricity, water and piped gas supplies.

As the Market Support Services Licensee, SP Services provides metering and billing services to the electricity market. It also facilitates competition in the retail market by enabling consumers to switch seamlessly between retailers and to buy electricity at wholesale market prices.

For the convenience of customers, SP Services also provides metering, billing and payment collection, and customer service on behalf of other utility service providers, including PUB for water charges, City Gas for gas charges, and various refuse collection companies for refuse removal fees.

In the year under review, SP Services continued to re-engineer operations and business processes aimed at increasing productivity and improving its services and operations to keep pace with the rising expectations and needs of customers.

Tapping Technology to Enhance Services

With modern technology changing the way people go about their daily lives, SP Services explored ways to improve its customer service, combining the use of technology with service innovation to cater to the needs of today's IT-savvy customers.

Through the Wireless Work Force Management System (WWMS), SP Services implemented the Work-From-Home Scheme for its field operations staff. Under the scheme, technicians receive their daily job orders for supply turn-on and cut-off through their Personal Digital Assistants (PDAs), which are connected to WWMS via GPRS at home.

The Work-From-Home Scheme has also been extended to SP Services' customer service staff. Staff at the Integrated Call Centre (ICC) can now attend to calls from their homes, accessing the same IT systems to process transactions for customer service accounts remotely. This enables the ICC to extend its operation hours beyond office hours, providing more accessibility to customers.



SP Services implemented the Work-From-Home scheme for its field operations staff through the Wireless Workforce Management System.

The implementation of the scheme led to an improvement in employee productivity by an average of 10 per cent. The higher productivity has resulted in cost savings while benefiting employees in terms of reduced travelling time and the flexibility of working from home. Currently, 51 field staff and another 17 customer service staff are under the Work-from-Home Scheme. The scheme has resulted in customer service being enhanced with extended service hours and shorter waiting time.

Tapping on the widespread use of SMS messaging, SP Services has added SMS technologies as another avenue to reach customers. A residential customer may request for utility supplies turn-on via SMS and the date and time of the appointment would in turn be confirmed via SMS. The year also saw the successful completion of the pilot project for the SMS payment reminder service which would be extended to all customers.

Delivering Service Excellence

Demonstrating its strong commitment towards service excellence, SP Services achieved certification in SPRING Singapore's Singapore Quality Class (SQC) and the Singapore Service Class (S Class), and the re-certification of the People Developer Standard (PDS). For demonstrating a high standard of service excellence in the SQC assessment, SP Services was conferred the SQC (Star) Award. The award recognises SP Services' use of technology to achieve operational efficiency as well as the effective deployment of customer service strategies to achieve customer satisfaction.

OPERATIONS REVIEW

During the year, SP Services also retained its ISO 9001 certification for Quality Management System. Key business areas covered top management responsibilities, system maintenance, improvement processes, staff training and operations. Well-established quality control and processes and confident staff who demonstrated good knowledge of work procedures were but some of the key findings leading to SP Services retaining its ISO certification.

SP Services' efforts in providing a hassle-free service experience were well regarded by the expatriate community in Singapore. In a global survey of over 3,000 expatriates in over 50 countries about their quality of life and experience assimilating into a new culture away from home, Singapore topped the league table of 26 countries when it came to ease of setting up utilities accounts and supply. An overwhelming 82 per cent of expatriates here found it a hassle-free experience.

Pursuing Service Excellence

In FY 09/10, SP Services' Customer Service Centre was relocated within the Woodlands Civic Centre. The new location saw the introduction of self-help kiosks where customers can access an array of utilities account services, including meter reading submission, updating mailing addresses, and application/termination of GIRO.

Co-located with the SP Services' Customer Service Centre at Somerset Road is the City Gas Gallery. This is a result of SP Services' efforts to establish a win-win business proposition together with its utility service partner. This convenient one-stop service hub now allows piped gas customers to arrange for turn-on or cut-off appointments, purchase gas appliances and arrange electricity and water supplies all at one location.

SP Services also made the payment of utility bills even more convenient by expanding its payment channels to include iNets. Customers can now pay their utility bills via iNets Mobile using Nets Cheque, or at any of the iNets kiosks conveniently located island-wide at any time using NETS, NETS CashCard or NETS Flashpay.

Broader Scope of Services

As part of its efforts to promote the use of GIRO facilities, SP Services conducted a GIRO promotion for all existing and new GIRO/POSB Everyday Card customers from February to end May 2009 during which GIRO participation increased by more than 20 per cent, in comparison with previous months.

The year under review also saw SP Services participate in the Energy Market Authority's (EMA) Electricity Vending System (EVS) pilot project trial run. Initiated by EMA, the EVS tested the concept of an efficient retailing scheme to small consumers incorporating smart meter technologies and e-payment system. The project trial runs involving household volunteers at selected areas of Marine Parade and West Coast Group Representation Constituency were completed in November 2009.

SP Services is also participating in an Intelligent Energy System (IES) pilot project launched by EMA in November 2009. The pilot project is aimed at testing and evaluating new applications and technologies around a smart grid to enable the rolling out of more innovative solutions for Singapore's power system.

During the year, SP Services, together with SP Global Solutions, provided consultancy and training services to utility companies in the region, including China and India. In the year ahead, SP Services will continue to provide advisory services to companies looking to improve their customer service management.

As part of its continuing drive to improve performance, SP Services has embarked on a project to upgrade its Market Support Services Licensee (MSSL) System with the aim of expanding current system capabilities to enhance customer service and operational effectiveness.

Rising to the Challenge

In the years ahead, SP Services will, in its relentless pursuit of operational and service excellence, seek to leverage technology and draw the best from its people, complementing innovations in systems and processes while managing rising business costs.



Customers can access an array of utilities account services through the self-help kiosks at SP Services' Customer Service Centre in Woodlands Civic Centre.

SP GLOBAL SOLUTIONS

New Markets, New Opportunities

SP Global Solutions (SPGS) is the consultancy and training arm of Singapore Power. Leveraging the expertise and knowledge within the SP group, SPGS offers consultancy and training to utilities clients in Singapore and overseas.

FY 09/10 was a fruitful year for SPGS. New initiatives and collaborative efforts resulted in consultancy projects for new markets.

New programmes were also developed to meet the training demand of different segments of customers in Singapore and beyond.

1 PARTNERSHIPS: In the year, SPGS established linkages with new partners overseas. These partnerships paved the way for new collaboration in projects undertaken by SPGS as well as in ongoing professional exchanges.



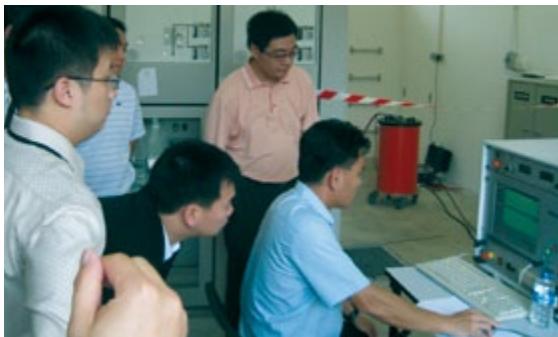
An MOU was signed between SPGS and China Southern Power Grid Ltd (CSG), which manages the power networks in the rapidly-growing provinces of Guangdong, Guangxi, Yunnan, Guizhou and Hainan.



SPGS and Calcutta Electric Supply Corporation (CESC) collaborated to offer a range of joint programmes on Distribution Network Management for practitioners in the industry. The joint programmes were kicked off at a launch event in New Delhi, India.

OPERATIONS REVIEW

2 TRAINING IN SINGAPORE: During the year, delegates from foreign utilities companies came to Singapore to participate in a variety of training programmes in technical competencies, services skills and system management. They included management and staff from utilities in China, India and Africa.



Demonstration of Partial Discharge Mapping for cables.



Practical training conducted outside of classrooms at distribution installations.



An SP PowerGrid engineer conducted hands-on training on Condition Monitoring techniques for overseas trainees.



A safety briefing conducted for overseas delegates at an outdoor deployment.

3 PROJECTS CONDUCTED OVERSEAS: Through customised training and consultancy projects, SPGS developed new initiatives in niche areas of expertise so as to reach new markets and to meet clients' requirements. These included projects that assisted our partners in their preparation for significant large-scale events.



SP PowerGrid engineers conducting Condition Monitoring tests in Johannesburg, South Africa.



SP PowerGrid engineers conducting Condition Monitoring tests in Guangzhou, China.

SP GLOBAL SOLUTIONS

- 4 LOCAL INDUSTRY TRAINING:** During the year, over a thousand participants from the local energy utilities sector attended various courses organised by the SP Training Institute (SPTI).



Technical training by experienced instructors at the SPTI.

- 5 INTERACTIONS:** As part of our continual interaction with friends and partners, SPGS coordinated and hosted delegations from various countries when they visited SP for professional exchange and exploration of collaboration. These interactions included delegations from China, India, Africa, Mongolia and New Zealand.



Government officials from Mongolia during a visit to SP.



A delegation of government officials and industry representatives from New Zealand engaged in lively exchange of views and exploring possible collaborations with SP.

Operations

The aggregate supply capacity requirement declared by customers increased from 17.4 MWr in March 2009 to 68.7 MWr in March 2010. The increase was due primarily to the commencement of supplies to the Marina Bay Sands (MBS) in October 2009.

FY 09/10's Supply Availability Index (measured in terms of the ability to maintain supply temperature within specifications) was 99.99 per cent against the regulatory standard of 99.50 per cent.

Business Development

SDC completed its scope of work for commencement of supplies to MBS in August 2009, two months ahead of the actual turn-on to the first intake in the development in October 2009. In addition to chilled water, as a business enhancement, SDC also commenced the provision of hot water supplies to MBS under a separate heat supply agreement.

Phase 1 of the Marina Bay Financial Centre (MBFC) also started receiving chilled water supplies from 1 April 2010.

Another development, Asia Square, will require chilled water supplies from 2011. The technical scheme for the development was finalised during the year.

SDC made significant progress in extending its services to premises outside the mandated zone. Keppel Land has signed the agreement for supplementary/back-up supplies for its Ocean Financial Centre to commence in January 2011. NParks has also committed to subscribing for the district cooling service to supplement its in-fence chiller plant for the Gardens by the Bay commencing in June 2011.

Going Forward

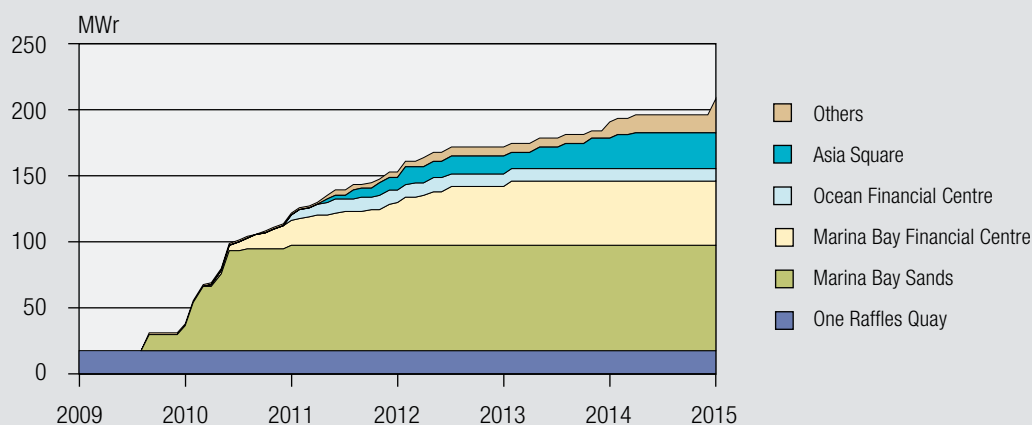
Demand for district cooling is expected to expand robustly in the next few years with the progressive completion of new developments in the new downtown.

SDC's primary focus in near term will be the continued building up of the district cooling system at Marina Bay Business District to serve developments in the mandated zone.

For system operations, SDC will continue to ensure a high service level to its customers in an effort to build strong market credentials for the new utility service. SDC will continue its capability building for production optimisation. The operation of two district cooling plants as a coordinated system will create new opportunities for optimising production scheduling for lower production costs.

SDC's vision is to grow district cooling as an essential utility service in commercial districts in Singapore. It will continue its marketing effort to extend its service to existing buildings outside the mandated zone and work with government agencies for replicating the district cooling system in new business districts.

COOLING DEMAND PROJECTION



Cooling demand is expected to robustly expand in the next few years with the progressive completion of developments in the new downtown.





OPERATIONS REVIEW

AUSTRALIA OPERATIONS

Australia Operations has four main business units – SP AusNet, SPI Management Services, SPI (Australia) Assets and Jemena Asset Management Companies. Its business activities span Victoria, Queensland, New South Wales and Western Australia.

OPERATIONS REVIEW

SP AUSNET *Management*



- 1 Mr Nino Ficca**
Managing Director
- 2 Mr Charles Popple**
Group General Manager
(Networks Strategy & Development)
- 3 Mr Norm Drew**
Group General Manager
(Integrated Network Services)
- 4 Mr Geoff Nicholson**
Chief Financial Officer & General Manager
(Finance & Strategy)
- 5 Ms Susan Taylor**
General Counsel & Company Secretary
- 6 Mr John Kelso**
General Manager
(Select Solutions)
- 7 Ms Claire Hamilton**
General Manager
(Risk and Assurance)
- 8 Ms Geraldine Leslie**
General Manager
(People and Safety)

SP AUSNET

Victoria's largest diversified energy infrastructure business

As the owner and operator of Victoria's electricity transmission network and two distribution networks, SP AusNet is committed to enhancing network safety and reliability for its customers, employees and the communities in which it operates.

SP AusNet's infrastructure delivers energy to more than one million customers across Victoria, with approximately 87 per cent of revenue coming from the operation of these regulated assets.

Following the establishment last year of Select Solutions, a consolidated commercial arm focused on emerging technologies and solutions, SP AusNet continued to build on and expand its non-regulated service-based businesses.

Electricity Transmission

The Victorian transmission network, owned and operated by SP AusNet, consists of more than 6,500 km of transmission lines carrying electricity from power stations to electricity distributors and large customers around Victoria. The network is centrally located among Australia's five eastern states that form the National Energy Market, providing key connections between South Australia, New South Wales and Tasmania's electricity transmission networks.

In FY 09/10, the electricity transmission network contributed A\$531.3 million in regulated revenue to SP AusNet's financial performance. SP AusNet invested A\$162.5 million to improve network performance on the transmission system during the year.

Upgrades and Extensions

As part of ongoing efforts to upgrade and augment the electricity transmission network to meet demand, SP AusNet successfully completed a A\$9 million project at the Cranbourne Terminal Station. More than 110,000 Victorians benefited from the upgrade.

In November 2009, SP AusNet connected the Bogong Hydro Power Station to its electricity transmission network which, as part of the larger Kiewa hydroelectric scheme, creates an additional 94,000 MWh of renewable electricity each year.

The multi-million dollar Hazelwood Terminal Station 500kV circuit breaker and current transformer replacement project will replace infrastructure at this key terminal station, which is on the 500kV transmission backbone between the Latrobe Valley and Melbourne. Most of the power generated in the Latrobe Valley is transmitted via Hazelwood Terminal Station to the load centre in Melbourne.



SP AusNet's electricity transmission network delivers power to regional Victoria as well as Melbourne's CBD.

OPERATIONS REVIEW

Electricity Distribution

The 47,000 km electricity distribution network carries electricity from SP AusNet's transmission network to substations for distribution to approximately 620,000 connected electricity customers in outer eastern metropolitan Melbourne and eastern Victoria across an area of approximately 80,000 square kilometres.

In FY 09/10, the electricity distribution network contributed A\$626.2 million in revenue to SP AusNet's financial performance, and distributed 7,780 GWh of electricity. SP AusNet invested approximately A\$350.6 million in capital expenditure to extend SP AusNet's electricity distribution network and improve its performance, further connecting 11,417 new customers across eastern Victoria.

Performance and Reliability

Even as SP AusNet continues to invest in strengthening and upgrading its electricity distribution network, a number of severe weather events during the year caused service disruptions to customers. To reduce the impact of such storm-related interruptions, SP AusNet is reinforcing its focus on the S-Factor reliability programme to assist in the delivery of safe and continuous electricity supply.

The recent introduction of a number of network 'self-healing' schemes, known as Distribution Feeder Automation (DFA), will continue to see SP AusNet deliver electricity to customers with greater reliability. SP AusNet is the first Australian electricity distribution business to implement fully-automated DFA schemes, which enable the network to respond to momentary faults and transfer supply on the network automatically and remotely within 60 seconds.

Smart Meters

In late 2009, SP AusNet commenced the rollout of smart meters to all residential and small business customers in its electricity distribution network, as mandated by the Victorian Government. SP AusNet is on track to having more than 680,000 smart meters installed by the end of 2013, with over 19,000 already installed in Melbourne's northern suburbs.

The ability for smart meters to measure energy consumption remotely every 30 minutes means customers will be able to manage their energy use more efficiently. This will also allow SP AusNet to better oversee its electricity distribution network.

Gas Distribution

SP AusNet's 9,757 km of gas distribution and transmission pipeline networks deliver natural gas to more than 572,000 customers across 60,000 square kilometres of central and western Victoria.

In FY 09/10, the gas distribution network contributed A\$190.8 million in revenue and distributed 71.4 PJ of gas. SP AusNet invested A\$67.6 million to expand the network and connected 17,181 new customers across central and western Victoria.

Upgrades and Extensions

As part of its commitment to the replacement of aged low pressure gas assets, SP AusNet invested more than A\$10 million in its gas mains renewal programme during the year to enhance the safety and reliability of the natural gas network.



SP AusNet apprentice Alex Gray assists with undergrounding electricity cables in a new housing development.

SP AUSNET



SP AusNet carries out extensive maintenance work to ensure a reliable supply of energy throughout the year.

Select Solutions

The establishment of Select Solutions brought together existing niche services into one SP AusNet division, which continues to deliver non-regulated end-to-end services to utilities, government, energy and water retailers, and commercial and industrial customers.

Select Data and Measurement Solutions under the Selection Solutions group is managing the installation of 680,000 smart meters across SP AusNet's electricity distribution network, ensuring the installations meet all operational and market requirements involved in the collection of meter data for SP AusNet.

Following long-term agreements reached with Jemena in 2009, the Select Utility Solutions group under the Selection Solutions group has been successfully providing asset management services to the utility. These services include managing Jemena's conductor assessment programme using a 21-metre Hi-Mast to inspect 3,500 poles. This industry-leading inspection technique allows optical zoom high resolution photographic inspection and accurate assessment of the condition of Jemena's assets.

Safety

SP AusNet is a major employer with 1,500 employees located across Victoria, often in the local communities in which it operates. The safety and well-being of SP AusNet's people is a top priority, so there is a commitment to ensuring a safe workplace for all employees and a safe environment for the communities in which it operates.

A key measure of safety performance is the Recordable Injury Frequency Rate, which measures lost time and medical treatment injuries on a rolling 12-month basis. The company achieved a result of 11.12 against a target of ≤ 18 .

A safety observation programme was introduced in FY 09/10, based on the belief that everyone is responsible for leading safety and that together they seek out and correct all unsafe behaviours and situations whilst aiming for zero injuries. This programme is part of SP AusNet's safety plan implemented after the engagement of safety experts DuPont. This is a lead indicator of safety and has assisted in bringing down the number of reportable incidents.

OPERATIONS REVIEW

SPI (AUSTRALIA) ASSETS / JEMENA *Management*



- 1 Mr Paul Adams**
Managing Director
- 2 Mr Lim Howe Run**
Deputy Managing Director
- 3 Mr Tony Beach**
Executive General Manager
(Asset Strategy)



- 4 Mr Patrick Patterson**
Executive General Manager
(Infrastructure Services)
- 5 Ms Joanne Pearson**
Chief Financial Officer
- 6 Dr Shaun Reardon**
Executive General Manager
(Infrastructure Investments)



- 7 Mr David Clerk**
Executive General Manager
(Strategy & Business
Development)
- 8 Ms Jodie Blake**
Executive General Manager
(People, Safety and Services)
- 9 Ms Tina Ooi**
General Counsel &
Company Secretary



SPI (AUSTRALIA) ASSETS / JEMENA

Growing Capabilities and Developing Possibilities

A number of significant objectives were accomplished for SPI (Australia) Assets Pty Ltd and its Jemena subsidiaries in FY 09/10. Overall business activity was focused on a number of strategic priorities, including optimising its core business, pursuing new growth paths and strengthening customer focus. Achieving 'Zero Harm, Safety First' remained a priority through the implementation of a behavioural driven approach to safety.

A New Organisational Structure

On 1 April 2009, Jemena began operating under a new organisational structure, designed to build a stronger commercial and customer service focus for the business.

The new structure is a step towards growing the contracting services business by ensuring it is focused on understanding customer needs and the costs of delivering high quality service. The new structure also brings out the focus on safety and ensures the creation of long term value for the assets Jemena owns and manages.

Jemena Electricity Network (JEN)

In FY 09/10, the JEN electricity distribution network contributed A\$208.5 million in revenue (net cost of sales) and distributed 4,419 GWh of energy. Demand for connections to the network was very strong with A\$30.2 million being invested to meet demand for customer initiated projects. In addition A\$41.3 million was invested to maintain reliability and capacity in the network. The customer base continued to grow with the connection of 4,416 new customers.

Jemena Gas Network (JGN)

In FY 09/10, the gas distribution network contributed A\$381.9 million in revenue and distributed 97.4 PJ of gas. A significant investment of A\$98.2 million was made to maintain and expand the network. This investment was across a range of activities including market expansion, capacity development, facilities renewal and upgrade, metering, mains and services renewals, and ancillary equipment. The customer base continued to grow with the connection of 28,986 new customers.

In preparation for its revised Access Arrangement submission, JGN successfully applied to the Australian Competition Tribunal to have its transmission pipelines connecting Sydney, Newcastle and Wollongong reclassified as distribution pipelines for the purposes of access regulation. This reclassification will enable JGN to price its distribution services more efficiently and in a manner compatible with the Short Term Trading Market to be introduced in 2010.



Replacing a pole in Melbourne.

OPERATIONS REVIEW



Working on the expansion of the QGP.

New Growth Paths

In 2009, Jemena secured significant wins in the Tasmanian market, including a place on the Transend Networks Pty Ltd panel, which provided Jemena with the opportunity to undertake substation design and construction work over the next five years. Transend owns and operates the electricity transmission system in Tasmania. In addition, Jemena secured a minimum two-year electricity distribution networks contract with Aurora, Tasmania's government-owned electricity distribution and retail company.

In Western Australia, the Cape Cable Layers Pty Ltd operation was merged into Outback Power Pty Ltd from September 2009, to enable Jemena to be eligible to become a Distribution Partner with Western Power. The Outback Power business has been renamed Jemena Contracting Services (West) Pty Ltd.

In September 2009, Jemena also commenced the mass rollout of the Advanced Metering Infrastructure Programme, on the United Energy and Jemena networks. The rollout is part of a State Government initiative to fully integrate smart meters into electricity networks using two-way communication capabilities. This also provides a unique opportunity to improve customer service using leading edge technology. To date, Jemena has installed over 85,000 smart meters across the Jemena and United Energy networks. Completion of the full rollout is scheduled for 2013, where nearly 1 million customers will benefit from this new infrastructure.

In January 2010, the multi-million dollar expansion of the Queensland Gas Pipeline (QGP) was completed ahead of schedule and under budget. The capacity of the QGP was increased to meet economic and industrial growth in the Gladstone region in Queensland.

SPI (AUSTRALIA) ASSETS / JEMENA



Working on the Sydney Primary Loop Project for which Jemena won an award.

Customer Focus

A number of initiatives were launched in FY 09/10, aimed at leveraging Jemena's asset strategy and service delivery capabilities, winning utility network contracts and developing offerings that reflect internal capabilities and market demands.

Following the development of a Project Management Methodology, a project management office was established to provide support to managers and project managers through the continual improvement of procedures, process, training and reporting for projects within Jemena.

In September 2009, Jemena introduced a mobile telephone SMS service through which customers could contact the call centre during storm events. The SMS service would advise on any storm impact to specific areas and the estimated time for restoration of service.

Safety

During the year, Jemena remained focused on improving safety performance, with an increased emphasis on safety culture and leadership following the Deloitte audits and surveys undertaken in February 2009. Health and safety personnel were incorporated into Infrastructure Services as a result of these audits. Jemena also developed a health and safety strategic plan underpinned by key health and safety change models.

Safety remained a focus in key development programmes, such as the Manager Development Programme and the Leadership Development Programme. The Safety Hero Award programme continued to recognise individuals and teams for their outstanding contribution to safety at Jemena.

Of particular note was the lost time injury frequency rate that declined from 8.6 lost time injuries per million hours to 4.6, representing a significant improvement of 46 per cent.

OPERATIONAL SUPPORT

HUMAN RESOURCE

SP's Competitive Advantage – Competent and Engaged Human Capital

Amidst a challenging economic landscape, SP continued to develop, reward and engage its people, so as to equip them to take the business to greater heights.





The enhanced Engineering & Technical Tracks are designed with more progression paths for engineers to meet their different aspirations and aptitudes.

Investing in Human Capital

SP's S\$1.66 million learning budget for FY 09/10 focused on delivering continued operational excellence, equipping staff with the right skill sets and bringing out the best in them. The average number of learning hours was 48.8 per employee.

As the largest employer in the energy utilities industry, SP is pioneering a first-ever national partnership with the Workforce Development Agency (WDA), Union of Power and Gas Employees (UPAGE), Employment & Employability Institute (e2i) and industry players. The collaboration seeks to develop Workforce Skills Qualifications (WSQ) for the Energy Utilities Industry, making SP an instrumental partner in this significant milestone for Singapore's energy sector.

Recognising its dedication towards building and developing human capital, SP once again received re-certification from SPRING Singapore as a 'People Developer'.

Building Its Leadership and Talent Pipeline

SP continued to bolster its leadership and talent pipeline. Its pool of undergraduate scholars currently stands at 16. In FY 09/10, six graduating scholars who joined SP broadened their horizon through varied postings to different aspects of SP's business. Through working trips, they gained first-hand experience in SP's Australia operations.

To hone leadership capabilities and widen perspectives in today's changing global business environment, high performing employees were sponsored for Executive Development Programmes, such as Temasek's Leaders! Programme and the Harvard Advanced Management Programme. Employees who performed well were also placed on overseas attachments and postings to enable them to acquire international experience, widen their professional exposure and share technical expertise with colleagues from different regions. Ten employees were posted to SP's Australian business units in FY 09/10.

At Jemena, an alumnus from the Manager and Leadership Development Programmes was established. Known as 'Connected Development', this was launched to encourage networking, self-directed learning, informal mentoring and coaching among employees, and to continue to drive a learning culture in the company.

Jemena remained committed to the process of attracting, recruiting, developing and retaining high performing young professionals into the organisation to develop a strong talent pool in the business. The Jemena Graduate Development Programme remains a key method of meeting this objective by developing competent professionals who have a thorough understanding of Jemena's businesses and a broad range of relevant skills and experiences to excel in their careers. New graduates were successfully recruited for the engineering and finance tracks through these programmes.

Jemena also offers a successful Vacation Student programme for engineering students in Melbourne and Sydney. The number of applications for both the Graduate Development and Vacation Student Programmes continue to grow each year, indicating the attractiveness of these programmes and Jemena as a career launch pad.



SP is committed to the process of attracting, recruiting, developing and retaining high performing professionals into the organisation to develop a strong talent pool in the business.

OPERATIONAL SUPPORT

Rewarding and Engaging Human Capital

As an engineering company, engineers are SP's key assets. During the year, a taskforce was set up to study and recommend schemes to enhance the professional development and career opportunities for SP's engineers. The study resulted in the enhanced Engineering & Technical Tracks, which are designed with more progression paths for engineers to meet their different aspirations and aptitudes. Greater headroom in each grade was created to reward experienced engineers. SP also put in place an intensive learning and development pathway that would best prepare and develop engineers for their operational roles. Moving forward, similar reviews will be carried out for the non-engineering schemes.

At Jemena, a new on-boarding approach was implemented to fully engage new employees and enhance their individual performance. The On-boarding Framework provides line managers with a comprehensive toolkit of checklists and guides to help them effectively manage a range of orientation and induction activities for new employees. This new framework focuses on a holistic approach to on-boarding, aimed at increasing engagement of new employees.

In a further development, Jemena's Performance Review processes were complemented with a Performance Cycle Process Guide, which aims to encourage consistent, meaningful conversations and performance review activities. The Guide includes a range of quick reference maps, toolkits and an annual events calendar focused on a year-round cycle of activities.

SP AusNet recognises the importance its employees play in the delivery of safe and reliable energy to businesses and homes and therefore has a number of programmes in place to attract and retain the best quality employees.

SP AusNet remains committed to building a strong organisational culture with high employee engagement. Using a Hewitt framework that assesses employee engagement on a 'Say, Stay and Strive' methodology, the company lifted its engagement score to 57 per cent in 2010, up from 51 per cent in the previous survey. This broadly equates to improved employee satisfaction and higher retention rates.

SP AusNet's Accelerated Development Programme, launched in mid-2008, continues to ensure the development and retention of a talent pool to support the growth of its business. This programme is also vital for building a leadership pipeline.

In FY 09/10, 31 apprentices and trainees began work with SP AusNet as part of its 'Skilling for the Future' programme, which has been in place since 2000. Almost 200 apprentices and trainees have now been employed since this time in a concerted effort to help the energy industry develop the skills it needs now and into the future.

SP AusNet's Skilling for the Future programme was acknowledged when a premier Victorian training facilitator named an SP AusNet employee as the 2009 Lineworker Apprentice of the Year.

Strategic Union-Management Collaboration

SP continued to nurture its strong partnership with the Union of Power and Gas Employees (UPAGE) through a shared industrial relations vision and mutual trust. In spite of a difficult and uncertain year, the partnership successfully overcame the odds to motivate employees with a can-do attitude. Employees supported the cost management exercise initiated to reduce wastage, contain costs and save jobs. They were also up-skilled and re-skilled in preparation for new challenges and opportunities ahead.

In recognition of the partnership and joint effort between SP management and UPAGE in helping employees ride out the tough times together, SP was conferred the May Day Model Partnership Award 2009 by the National Trades Union Congress (NTUC). SP was also accorded the highest level of the four-tier recognition framework by NTUC, given to companies that proactively seek out new, sustainable and scalable re-employment initiatives.



SP was conferred the May Day Model Partnership Award 2009 by the National Trades Union Congress (NTUC).

INFOCOMM TECHNOLOGY

Competitive Advantage through ICT

During the year, SP continued to provide value to its business units by implementing new Information and Communications Technology (ICT) initiatives and enhancing current capabilities.

Formation of Infocomm Technology Department

2 January 2010 marked the completion of a major reorganisation exercise to consolidate the IT units of SP PowerGrid and SP Services with the Information Systems Department of SP Ltd, forming the Infocomm Technology Department (ITD). This consolidation exercise marks a significant progress in SP's endeavour to derive synergies for the SP Group. It also recognises the need for a group-wide consolidated ICT approach in addressing the challenges facing the industry. The new and enlarged ITD will work with business units to harness the power of ICT to achieve their business objectives.

This reorganisation is estimated to achieve savings totalling S\$6 million from the elimination of duplicated spending, infrastructure costs and services. It will also yield greater economies of scale in purchasing.

With the consolidation of IT manpower, SP will be able to provide its IT staff with greater opportunities for skills development, job enlargement, and career advancement. This will also enhance the Group's ability to attract and retain IT professionals.



OPERATIONAL SUPPORT



Common shared systems and infrastructure across SP drive greater synergies.

Financial and Logistics Information System (FLINS)

A new Financial and Logistics Information System (FLINS) was implemented in May 2009. Running on the latest version of SAP's Enterprise Resource Planning (ERP) Platform, FLINS provides enhanced processes in asset accounting, monthly closing, and payment processing. The primary goal of the project was to ensure ease of future upgrades and support by adopting as much of the standard SAP processes as possible. Through close collaboration with SP's business units, ITD was able to reduce customisation in the new system by 48 per cent. Moreover, by upgrading FLINS to the latest version of the SAP software platform similar to the Human Resource Management System, SP will be able to tap on an enlarged pool of software developers trained on the new platform. This gives SP the resourcing flexibility to meet different business needs.

Identity Management System (IDMS)

An IDMS was implemented in November 2009 to improve the productivity and accuracy of computer systems user account management. Through the use of electronic workflows for account requests and approvals, SP is able to replace manual paper-based processes, thereby minimising human error and reducing turnaround time needed to request and approve such requests. The system is also integrated with the Human Resource Management System to automatically trigger removals of access to computer systems upon changes to staff roles or staff resignations. This further enhances the integrity and security of SP's computer systems.

In Australia, the IT departments of Jemena and SP AusNet were consolidated to form Enterprise Business Services (Australia) Pty Ltd. This move is aimed at providing more effective and efficient support to facilitate the operation and growth of both businesses.

A significant business improvement programme, 1-SAP, commenced in March 2010, to migrate the current legacy ERP systems in Jemena onto one new SAP platform. By mid-2011, Jemena's Finance, Human Resources and Operations (Works & Asset Management) functions will be upgraded to the latest version of SAP's ERP system. This is expected to significantly improve the operating efficiency and effectiveness of the business as a whole.

RISK MANAGEMENT

Enhance Stakeholders' Value through Effective Risk Management

SP is committed to Enterprise Risk Management and recognises risk management as an essential tool for effective corporate governance, sound decision making and efficient operational management.

SP's business, which is highly capital intensive with returns generated over the long-term, requires close management of its assets and resources to ensure business continuity and to sustain its prudent financial position. As many risks are inherent in SP's business functions, an active and disciplined risk management approach is adopted as an integral part of day-to-day activities at all levels across the organisation.

An institutionalised and comprehensive enterprise-wide risk management framework within SP ensures that its practices protect and maximise stakeholders' value. A systematic and holistic approach is adopted to identify, assess, mitigate, report and monitor the different types of risks, including strategic, financial, operation, regulatory, legal, reputational, and safety.

The Group's guiding principle is that all employees are responsible for risk management in their respective areas of work. The roles and responsibilities of risk escalation and communication are therefore clearly defined.

Risk management in SP is an evolving and continuous process. An active risk-aware culture is inculcated through a group-wide communication strategy via company periodicals, staff training, workshops and joint exercises in qualitative or quantitative risk reviews.

SP has embarked on analytical and quantitative approaches in risk assessment since 2006. The SP Risk Management Policy was conceptualised to provide Group Risk Management with the authority and guidance on risk practices and principles. This laid the foundation for the development of the SP Group Risk Manual, which institutionalises SP's risk management framework and processes.

SP has further strengthened the development of its risk management framework with full-time risk management teams at the subsidiary level, advocating accountability for risk issues and promoting the establishment of risk compliance, communication and escalation procedures.

Staff employ a systematic and holistic approach to identify, assess, mitigate, report and monitor risks.



COMMUNITY & ENVIRONMENT

Through two mailer inserts to its utility customers in May and November 2009, SP raised significant public donations for the SP Heartware Fund.



SP Cares

Both in Singapore and Australia, SP is committed to participating in deserving causes in the communities in which it operates as well as doing its part for the environment. In ways small and big, through investing time and resources, SP lights up lives beyond fulfilling the energy needs of the people and economy.

Charitable Giving

In Singapore, SP's philanthropic focus is on aiding the needy elderly.

During the year, SP raised S\$707,000 for the SP Heartware Fund. The Fund is dedicated to helping senior citizens in need of home care assistance through seven Home Help Service programmes supported by the Community Chest of Singapore. Through SP's sponsorship, these voluntary welfare organisations were able to deliver a range of critical services including meal delivery, housekeeping, laundry service, and transport to medical appointments to some 1,000 frail and needy elderly.

Despite challenging economic conditions, SP's business associates, staff and customers gave their unwavering support to the SP Heartware Fund. Their generosity enabled SP to achieve its fund-raising target, even setting new fund-raising records in the SP Charity Golf 2009 and company-wide Staff Pledge Card Donation Drive.

As with previous years, SP staff made voluntary monthly or one-off contributions to the SP Heartware Fund, of which SP matched dollar-for-dollar. Through two mailer inserts to its utility customers in May and November 2009, SP also raised significant donations from the public for the SP Heartware Fund.

In FY 09/10, SP maintained its practice of underwriting all fund-raising expenses so that every dollar raised would go to the beneficiaries.

SP has supported the Home Help Service programmes since 2005 when it launched the SP Heartware Fund. At the close of FY 09/10, it had disbursed close to S\$4.3 million to the voluntary welfare organisations in aid of the needy elderly. Part of the funds went to purchasing 10 vans and ambulances used by the Home Help Service providers to deliver meals and ferry the elderly to and from their medical appointments.

For its unstinting support to the needy elderly, SP was awarded its sixth SHARE Gold Award and third Special Events Platinum Award by the Community Chest in 2009.

Corporate Sponsorship

During the year, SP also contributed over S\$130,000 in financial assistance to some 20 charitable organisations, community groups and associations.

SP was also a major sponsor of the National Day Parade 2009.

In Australia, Jemena staff organised a number of events to raise money for a variety of charities, including The Salvation Army, The Leukaemia Foundation and The Children's Medical Research Institute during the year.

Volunteer Programmes

SP sees volunteerism as a way to engage staff in helping the less privileged and to foster good values.



SP's business associates gave unwavering support to the SP Heartware Fund through their participation in the SP Charity Golf 2009.

COMMUNITY & ENVIRONMENT

In FY 09/10, SP continued to create volunteering opportunities to encourage staff to devote their time to extend assistance to the needy elderly. Staff volunteers participating in its core volunteer programme – Meals-on-Wheels – clocked over 500 hours delivering cooked meals to the elderly beneficiaries on weekends. In November 2009, SP organised its maiden befriending and house cleaning activity for 39 elderly, drawing the participation of 140 staff and their family members. Senior SP management members led the way in this meaningful event.

As part of the Community Partnership Programme, Jemena trialled a new sponsorship arrangement with Landcare Australia, aimed at providing greater opportunities for staff to take part in volunteer activities. Through this partnership, a number of events were organised across the country for staff to participate in. In December 2009, teams of volunteers kayaked along the Parramatta River to help clean up some of Sydney's waterways, while Brisbane staff and families provided their support at a launch for a rainforest revegetation project. A further eight Landcare projects were launched in FY 09/10 to encourage staff to play a more active role in caring for our Vital Planet.

Through its Community Link Programme, Jemena donated A\$500 for every employee who volunteered 25 hours of their own time to the organisation the employee was supporting. A total of A\$5,000 was contributed under this programme in FY 09/10.

SP AusNet committed in excess of A\$325,000 towards community projects throughout FY 09/10. In addition to financial support, a significant number of employee hours were committed to community initiatives.

SP AusNet continued its commitment to supporting grassroots projects through its Community Development Fund. Funding of A\$30,000 was offered in the Shire of Yarra Ranges and the Shire of Macedon Ranges, with community groups invited to apply for up to A\$5,000 each. Sponsorships ranged from personal lighting for fire brigade volunteers to safety improvements for a kindergarten playground, to contributing towards a community bus for residents in isolated areas.

In late 2009, SP AusNet set a challenge for employees to identify and work with four community organisations, with the aim of improving their buildings' energy efficiency and environmental impact. These organisations included Seymour Youth and Fitness Club, Breakaway Camps in Taggerty, Children First Foundation in Kilmore and Wirilda Environment Community Centre in the Latrobe Valley.

Protecting the Environment

SP Services operates an Electricity Efficiency Centre to educate consumers and the young on the efficient use of electricity. The Centre welcomed 10,000 visitors in FY 09/10. These included students attending SP-organised energy conservation workshops.

In Australia, SP AusNet and Jemena focused on responding responsibly to the issue of climate change. In a significant milestone, their reports for the National Greenhouse and Energy Reporting Scheme (NGERS) were submitted to the Federal Government. This scheme involves mandatory reporting on greenhouse gas emissions, energy consumption and energy production.

In 2009, 90 SP AusNet employees participated in Sustainability Victoria's GreenHouse Games, coming first in the 'Greatest GreenHouse Gas Reduction per Participant' category.

SP AusNet is also involved with two Commonwealth Scientific and Industrial Research Organisation (CSIRO) initiatives. The first initiative involves working with industry and government partners to design, build and monitor zero emission houses that are specific to the Australian climate and lifestyle. The second CSIRO initiative is road trialling Plug-in Hybrid Electric Vehicles (PHEVs) to evaluate their potential to save petrol and reduce power usage during peak times, thereby reducing the overall impact on the environment.



SP Services operates an Electricity Efficiency Centre to educate consumers and the young on the efficient use of electricity.

FINANCIAL SUMMARY

Important Note

The Summary Financial Statements as set out on pages 65 to 75 contains only a summary of the information in the Directors' Report and financial statements of Singapore Power Limited's (the "Company") Annual Report. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Company or of the Company and its subsidiaries (collectively the "Group").

For further information, the full Annual Report, the Independent Auditors' Report on those accounts and the Directors' Report in the Annual Report should be consulted. A copy of the Annual Report can be found on the Group's website www.singaporepower.com.sg.

SUMMARY DIRECTORS' REPORT

Year Ended 31 March 2010

1 Directors

The directors in office at the date of this report are as follows:

Mr Ng Kee Choe
 Mr Alan Chan Heng Loon
 Mr Eric Gwee Teck Hai
 Mr Ho Tian Yee
 Mr Tan Chee Meng
 Mr Bobby Chin Yoke Choong
 Prof Jeremy Guy Ashcroft Davis
 Mr Paul Chan Kwai Wah
 Mr Choi Shing Kwok
 Mrs Oon Kum Loon (Appointed on 1 April 2010)
 Mr Ng Yat Chung (Appointed on 1 April 2010)
 Mr Quek Poh Huat

2 Principal activities

The Company is a holding company. Its subsidiaries are engaged principally in the transmission, distribution and supply of electricity and gas, the provision of related consultancy services and investment in related projects.

3 Unusual items during and after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which would substantially affect the results of the operations of the Group and Company for the financial year in which this report is made, or render any item in the financial statements of the Group and Company for the current financial year misleading, and/or affect the ability of the Group and the Company in meeting the obligations as and when they fall due, except as disclosed in the notes to the full financial statements.

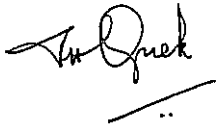
FINANCIAL SUMMARY

SUMMARY DIRECTORS' REPORT (cont'd)

The Summary Financial Statements set out on pages 65 to 75 was approved by the Board of Directors on 1 June 2010 and was signed on its behalf by:



MR NG KEE CHOE
Chairman



MR QUEK POH HUAT
Group Chief Executive Officer/Director

1 June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SINGAPORE POWER LIMITED

We have examined the Summary Financial Statements set out on pages 65 to 75, which have been prepared by the management of the Company.

In our opinion, the Summary Financial Statements are consistent, in all material respects, with the full financial statements and the Directors' Report of Singapore Power Limited and its subsidiaries for the year ended 31 March 2010.

We have issued an unqualified audit report dated 1 June 2010 on the full financial statements of Singapore Power Limited and its subsidiaries for the year ended 31 March 2010. The audit report is as follows:

Independent auditors' report

Member of the Company
Singapore Power Limited

We have audited the financial statements of Singapore Power Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 March 2010, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group and the income statement, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 74 to 75.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

FINANCIAL SUMMARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SINGAPORE POWER LIMITED (cont'd)

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 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
1 June 2010

SUMMARY BALANCE SHEETS

As at 31 March 2010

	Group		Company	
	2010 \$ million	2009 \$ million	2010 \$ million	2009 \$ million
Non-current assets				
Property, plant and equipment	22,405.4	19,014.2	21.9	24.1
Intangible assets	3,702.5	3,865.6	4.8	3.9
Subsidiaries	–	–	6,547.7	6,540.0
Associates and joint ventures	1,193.2	915.6	–	–
Other investments	5.9	0.5	359.0	441.0
Other non-current assets	290.9	785.7	15.4	21.5
Deferred tax assets	194.9	60.2	–	–
	27,792.8	24,641.8	6,948.8	7,030.5
Current assets				
Inventories	140.1	154.1	–	–
Trade and other receivables	1,831.9	1,267.8	6,677.7	5,311.5
Cash and cash equivalents	959.0	234.0	12.0	11.6
	2,931.0	1,655.9	6,689.7	5,323.1
Total assets	30,723.8	26,297.7	13,638.5	12,353.6
Equity attributable to equity holders of the Company				
Share capital	3,911.9	2,411.9	3,911.9	2,411.9
Other reserves	(171.4)	(1,641.0)	–	–
Accumulated profits	3,042.4	3,280.6	4,460.5	4,075.9
	6,782.9	4,051.5	8,372.4	6,487.8
Minority interests	1,451.8	899.6	–	–
Total equity	8,234.7	4,951.1	8,372.4	6,487.8
Non-current liabilities				
Bank loans	6,623.1	8,068.2	577.6	1,017.4
Debt obligations	8,419.3	7,455.2	362.0	440.2
Other financial liabilities	1,393.5	654.6	13.5	11.9
Other non-current liabilities	938.1	915.5	0.4	–
Deferred tax liabilities	1,397.2	1,067.4	3.7	0.7
	18,771.2	18,160.9	957.2	1,470.2
Current liabilities				
Trade and other payables	1,688.3	1,771.9	4,146.3	4,038.3
Bank loans	693.9	652.9	–	253.0
Debt obligations	908.1	351.7	74.8	–
Other financial liabilities	342.8	335.3	73.3	88.9
Provision for taxation	84.8	73.9	14.5	15.4
	3,717.9	3,185.7	4,308.9	4,395.6
Total liabilities	22,489.1	21,346.6	5,266.1	5,865.8
Total equity and liabilities	30,723.8	26,297.7	13,638.5	12,353.6

FINANCIAL SUMMARY

SUMMARY INCOME STATEMENTS

Year ended 31 March 2010

	Group		Company	
	2010 \$ million	2009 \$ million	2010 \$ million	2009 \$ million
Revenue	6,625.8	7,215.4	435.3	970.7
Other income	279.7	234.4	–	2.9
Expenses				
- Purchased power	(2,134.7)	(3,221.3)	–	–
- Depreciation of property, plant and equipment	(842.8)	(755.9)	(3.6)	(3.1)
- Amortisation of intangible assets	(82.1)	(75.8)	(1.2)	(0.7)
- Maintenance	(621.8)	(582.2)	(2.6)	(2.5)
- Staff costs	(704.2)	(608.7)	(23.0)	(24.2)
- Property taxes	(166.1)	(144.8)	(0.1)	–
- Other operating expenses	(407.7)	(284.3)	(13.8)	(33.5)
Operating profit before exceptional items	1,946.1	1,776.8	391.0	909.6
Exceptional items				
- Impairment loss on property, plant and equipment	(109.3)	(49.1)	–	–
- Impairment loss on intangible assets	(930.5)	–	–	–
- Write-back of provision for working capital charges from regulatory period January 2003 to March 2009	33.6	–	–	–
- Efficiency gains from regulatory period January 2003 to March 2008	–	68.6	–	–
Operating profit	939.9	1,796.3	391.0	909.6
Finance income	48.1	35.0	34.4	32.5
Finance costs	(1,035.6)	(972.3)	(39.4)	(57.5)
Share of profit of associates, (net of tax)	2.8	4.2	–	–
Share of profit of joint venture, (net of tax)	84.4	54.4	–	–
Profit before taxation	39.6	917.6	386.0	884.6
Tax (expense)/credit	(152.8)	(119.9)	(1.4)	0.4
(Loss)/Profit for the year	(113.2)	797.7	384.6	885.0
(Loss)/Profit attributable to:				
Owners of the Company	(238.2)	719.4	384.6	885.0
Minority interests	125.0	78.3	–	–
(Loss)/Profit for the year	(113.2)	797.7	384.6	885.0

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	Group		Company	
	2010 \$ million	2009 \$ million	2010 \$ million	2009 \$ million
(Loss)/Profit for the year	(113.2)	797.7	384.6	885.0
Other comprehensive income				
Translation differences relating to financial statements of foreign subsidiaries	1,494.4	(1,529.2)	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	(26.1)	(371.0)	–	–
Reversal of changes in fair value of cash flow hedges included in profit or loss, net of tax	232.0	9.5	–	–
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	1.5	3.4	–	–
Actuarial gain/(loss) on defined benefit plans, net of tax	80.8	(125.1)	–	–
Other comprehensive income for the year, net of tax	1,782.6	(2,012.4)	–	–
Total comprehensive income for the year	1,669.4	(1,214.7)	384.6	885.0
Attributable to:				
Owners of the Company	1,231.4	(923.7)	384.6	885.0
Minority interests	438.0	(291.0)	–	–
Total comprehensive income for the year	1,669.4	(1,214.7)	384.6	885.0

FINANCIAL SUMMARY

SUMMARY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2010

Group	Share capital \$ million	Currency translation reserve \$ million	Hedging reserve \$ million	Other reserve \$ million	Accumulated profits \$ million	Total attributable to equity holders of the parent \$ million	Minority interests \$ million	Total equity \$ million
At 1 April 2008	2,411.9	59.9	(35.6)	(22.2)	2,201.2	4,615.2	1,330.6	5,945.8
Total comprehensive income for the year								
Profit for the year	–	–	–	–	719.4	719.4	78.3	797.7
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	–	(1,310.7)	–	–	–	(1,310.7)	(218.5)	(1,529.2)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	(247.7)	–	–	(247.7)	(123.3)	(371.0)
Reversal of changes in fair value of cash flow hedges included in profit or loss, net of tax	–	–	9.8	–	–	9.8	(0.3)	9.5
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	–	3.4	–	–	3.4	–	3.4
Actuarial loss on defined benefit plans, net of tax	–	–	–	(97.9)	–	(97.9)	(27.2)	(125.1)
Total other comprehensive income	–	(1,310.7)	(234.5)	(97.9)	–	(1,643.1)	(369.3)	(2,012.4)
Total comprehensive income for the year	–	(1,310.7)	(234.5)	(97.9)	719.4	(923.7)	(291.0)	(1,214.7)
Transactions with owners, recorded directly in equity								
Contributions by and distribution to owners								
Waiver of dividends declared in 2008	–	–	–	–	360.0	360.0	–	360.0
Dividends paid to minority interest	–	–	–	–	–	–	(140.0)	(140.0)
Total transactions with owners	–	–	–	–	360.0	360.0	(140.0)	220.0
At 31 March 2009	2,411.9	(1,250.8)	(270.1)	(120.1)	3,280.6	4,051.5	899.6	4,951.1

SUMMARY STATEMENT OF CHANGES IN EQUITY (cont'd)

Group	Share capital \$ million	Currency translation reserve \$ million	Hedging reserve \$ million	Other reserve \$ million	Accumulated profits \$ million	Total attributable to equity holders of the parent \$ million	Minority interests \$ million	Total equity \$ million
At 1 April 2009	2,411.9	(1,250.8)	(270.1)	(120.1)	3,280.6	4,051.5	899.6	4,951.1
Total comprehensive income for the year								
Loss for the year	—	—	—	—	(238.2)	(238.2)	125.0	(113.2)
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	—	1,258.1	—	—	—	1,258.1	236.3	1,494.4
Effective portion of changes in fair value of cash flow hedges, net of tax	—	—	(32.3)	—	—	(32.3)	6.2	(26.1)
Reversal of changes in fair value of cash flow hedges included in profit or loss, net of tax	—	—	178.9	—	—	178.9	53.1	232.0
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	—	—	1.5	—	—	1.5	—	1.5
Actuarial loss on defined benefit plans, net of tax	—	—	—	63.4	—	63.4	17.4	80.8
Total other comprehensive income	—	1,258.1	148.1	63.4	—	1,469.6	313.0	1,782.6
Total comprehensive income for the year	—	1,258.1	148.1	63.4	(238.2)	1,231.4	438.0	1,669.4
Transactions with owners, recorded directly in equity								
Contributions by and distribution to owners								
Issue of ordinary shares	1,500.0	—	—	—	—	1,500.0	—	1,500.0
Equity contribution by minority interests	—	—	—	—	—	—	252.1	252.1
Dividends paid to minority interest	—	—	—	—	—	—	(137.9)	(137.9)
Total transactions with owners	1,500.0	—	—	—	—	1,500.0	114.2	1,614.2
At 31 March 2010	3,911.9	.3	(122.0)	(56.7)	3,042.4	6,782.9	1,451.8	8,234.7

FINANCIAL SUMMARY

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1 Changes in accounting policies

The Group has adopted certain new or revised FRS and an Interpretation to FRS that became mandatory from 1 April 2009. These include the following:

- **Revised FRS 1 *Presentation of Financial Statements (2008)***

The Group applies the revised standard which became effective as at 1 April 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. FRS 1 (2008) impacts presentation of financial information and does not have any impact on the Group's financial position or results.

- **INT FRS 118 *Transfers of Assets from Customers***

This interpretation became effective for assets transferred from customers on or after 1 July 2009. With effect from this date, assets transferred from customers are recognised at fair value, if the recognition criteria of an asset is met, with the corresponding credit accounted for in accordance with FRS 18 Revenue.

Prior to the adoption of this interpretation, deferred income is recognised on the straight-line basis and taken to profit or loss over the periods necessary to match the depreciation of the assets purchased with the customers' contributions. The adoption of the interpretation is made on a prospective basis.

- **FRS 108 *Operating Segments***

The Company has debt instruments traded in an over-the-counter market. The revised FRS 108 *Operating Segments* applies to entities carrying such debt instrument. With the adoption of the revised FRS 108 on 1 April 2009, the Company is required to make disclosures relating to its operating segments.

The Group determines and presents operating segments based on the information that is provided internally to the Group's management.

Except for the adoption of INT FRS 118 which was adopted prospectively, the accounting policies have been consistently applied to all the periods presented in these summary financial statements.

2 Contingent liabilities

(a) Tax audits

A subsidiary of the Group, SP AusNet, is subject to a tax audit by the Australia Tax Office (ATO) in regard to the following areas:

- deductibility of the imposts levied under Section 163AA of the Electricity Industry Act 1993 (S163AA imposts) and intellectual property deductions taken by SP Australian Networks (Transmission) Ltd (SP AusNet Transmission), which forms part of SP AusNet; and
- the tax cost base of SPI Australia Group Pty Ltd (SPIAG) consolidated group when it joined the SP AusNet Distribution consolidated group on 2 August 2004.

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS (cont'd)

2 Contingent liabilities (cont'd)

In the year ended 31 March 2007, SP AusNet reversed A\$81.4 million of previously recognised deferred tax liabilities in relation to S163AA imposts (A\$53.3 million), intellectual property (A\$18.3 million) and general interest charges (A\$9.8 million), on the basis of expert advice which enabled SP AusNet to be satisfied that the deductions were properly taken for income tax purposes. The reversed deferred tax liabilities, which predominantly related to primary tax payable, are not necessarily indicative of any outflow or liability that may actually arise from an adverse ATO audit outcome or that may ultimately arise in the event that the matters are subject to litigation.

On 31 March 2010, the ATO advised SP AusNet Transmission that it intends to disallow deductions claimed in respect of S163AA imposts, although it has not yet issued an amended assessment to confirm this position.

Despite the ATO audit activities, SP AusNet has not changed its view in regard to the availability of deductions for S163AA imposts and intellectual property or its entry ACA step 1 amount when the SPIAG consolidated group joined the SP AusNet Distribution consolidated group.

The ultimate timeframe or likely outcomes of this audit are not known.

(b) Victorian February bushfires

In early February 2009, the state of Victoria was impacted by bushfires. The Victorian Government subsequently established a Royal Commission of Inquiry into the Victorian bushfire crisis and a subsidiary of the Group, SP AusNet, has and continues to extend its full support and assistance to the Inquiry.

In the months following these bushfires, SP AusNet was served with a writ that alleges that "faulty and/ or defective power lines" caused loss and damage as a consequence of the fire known as the Kilmore East fire. More recently, SP AusNet has been advised of a number of additional writs alleging that SP AusNet is implicated in the fire known as the Beechworth fire, where a tree limb allegedly brought down power lines, causing loss and damage. SP AusNet will vigorously defend these claims.

It is too early for SP AusNet to speculate on the outcome of any claims which may be instituted by third parties. If these claims are pursued, SP AusNet has liability insurance which provides cover for bushfire liability. SP AusNet reviews its insurance cover annually and ensures it is commensurate with the scale and size of its operations, the risks assessed to be associated with its operations and industry standards and practice. SP AusNet's bushfire mitigation and vegetation management programmes fully comply with Electricity Safety (Bushfire Mitigation) Regulations and are audited annually by Energy Safe Victoria. SP AusNet had a "zero" bushfire mitigation index throughout the 2008-09 bushfire season.

(c) SP overseas tax exposure

In 2005 and 2006, dividends were declared and paid by a Belgian subsidiary ("the Subsidiary") to another subsidiary of the Group. The declaration and payment of the said dividends were done in reliance and on the basis that such dividends qualified for withholding tax exemption pursuant to an European Community Parent Subsidiary Directive. However, during the year, the tax authorities in Belgium had issued two notices against the Subsidiary for the recovery of withholding taxes that were purportedly not paid in respect of the dividends so declared and paid. The Group had sought external legal advice on the merits of the said notices and on counsel's advice, had filed preliminary objections with the Belgian tax authorities. It is the Group's intention to rigorously defend its position in relation to the declaration and payment of the said dividends. The ultimate timeframe and outcome of this process cannot be determined at this stage as yet.

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