



Staying Focused

BUILDING A SUSTAINABLE FUTURE

Annual Report 2008

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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.

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, which includes 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\$26.3 billion of assets in FY 08/09.



Staying Focused

BUILDING A SUSTAINABLE FUTURE





Reliability is the hallmark of SP's energy utility services.

We build on our foundations, and strive to improve continually.

Focused on our operations and ever strengthening our competencies and capabilities, we aim to build a sustainable future.





Staying Focused

BUILDING A
SUSTAINABLE
FUTURE

Ng Kee Choe CHAIRMAN

FY 08/09 saw the global economy slip into recession. Business conditions deteriorated across major economies as the financial crisis took hold. Demand for electricity dipped with the contraction of the economy. The difficult operating environment notwithstanding, the Singapore Power Group turned in a creditable performance.

Financial Performance

Our Group's net profit for financial year ended 31 March 2009 was S\$616 million, excluding exceptional and non-recurring items. This was comparable to the previous year's results.

Group revenue rose by 22 per cent to S\$6.6 billion, mainly from higher pass through cost of electricity and full year contribution from our Australian subsidiary, SPI (Australia) Assets, while total assets declined by 9 per cent to S\$26.3 billion, mainly as a result of a weakened Australian dollar.

The Group's return on equity stood at 14.4 per cent, excluding exceptional and non-recurring items.

Despite the volatile debt markets, we successfully refinanced our maturing debts and secured funding for capital expenditure at competitive terms. A total of S\$11 billion financing was completed in FY 08/09, demonstrating strong support from financial institutions and investors. With completion of the financing, SP is better placed to focus on strengthening our businesses.

Upholding Excellence

SP PowerGrid continued to excel in its electricity and gas network performances in FY 08/09. The System Average Interruption Duration Index (SAIDI) score of 0.69 minutes for our electricity grid was a significant improvement over the 1.14 minutes registered in FY 07/08. For the second time in our Group's history, electricity SAIDI went below a minute, which is equivalent to a network reliability of 99.99%. Similarly, the SAIDI score for our gas network was 0.125 minutes, bettering FY 07/08's score of 0.491 minutes.

SP Services has done well in its stride towards service excellence. For the fourth consecutive year, it was ranked top among benchmarked service providers in Singapore for customer satisfaction.

In a separate benchmarking study by KEMA, an international utility consultant, SP Services was highlighted for being very cost effective in providing a high level of service. SP Services' cost to serve per customer was found to be lowest among major utilities in USA, Europe, Australia and Asia with performance standards that were very competitive by international standards.

SP AusNet became the first business in Australia to receive certification to British Asset Management Specification – BSI PAS 55. The specification is recognised as the leading global standard against which asset-intensive industries, such as utilities, are benchmarked.

Towards a Sustainable Future

The Group underwent restructuring to streamline operations towards better corporate governance, business alignment, efficiencies and positioning for growth. In Singapore, the integration of electricity and gas operations under a restructured SP PowerGrid was completed. In Australia, Jemena (ex-Alinta) has been restructured to give clear focus to the separate businesses of asset ownership and asset servicing. SP AusNet also adopted a new organisational functions model, strengthening itself to meet challenges and opportunities ahead.

SP AusNet's and Jemena's information technology services were outsourced to EB Services (Australia) Pty Ltd, a newly-formed subsidiary of SPI Pte Ltd, to achieve operational efficiencies. The SP Group is rapidly coming together to derive greater synergy and stronger competitive advantage.

Major Developments and Projects

In October 2008, SP PowerAsset's second regulatory reset was concluded. This determines its annual revenue cap for the electricity transmission and distribution charges for the next five years.

SP Services successfully launched a new billing system, named Enterprise Business System (EBS) on 9 August 2008, after 11 months of rigorous system integration and user acceptance tests. The system enables SP Services to enhance the quality of its customer services and streamline its business processes for better performance.

Singapore's gas market was restructured with effect from 15 September 2008 to facilitate the liberalisation of the gas market. The restructuring involved the transfer of SembCorp Gas' pipeline to PowerGas, in line with PowerGas' role as the sole licensed gas transporter and gas system operator in Singapore, delivering both town gas and natural gas. In support of the restructured gas market, PowerGas developed and implemented a web-based 24/7 Gas Transportation System Solution to manage the transportation of natural gas in accordance with the rules of the Gas Network Code.

The unfavourable economic circumstances notwithstanding, SP's infrastructure development went on as planned.

We invested S\$1 billion in capital expenditure in Singapore and Australia. Notable among our investments is a new 400kV circuit to Paya Lebar substation commissioned in September 2008. In Australia, Jemena achieved an Australia-first with its design and building of the A\$104 million Colongra Lateral gas line. The line not only delivers gas to the power station, but can also store enough gas to allow the station to run at full capacity for five hours.

FROM THE CHAIRMAN

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 SP AusNet is extending its full support and assistance to the Inquiry. On 16 April 2009, SP AusNet was served with a writ, an earlier version of which was previously filed in the Supreme Court of Victoria on 16 February 2009, and other associated documents. The writ alleges that “faulty and/or defective power lines” caused loss and damage. SP AusNet believes the claim is both premature and inappropriate, given the establishment of the 2009 Victorian Bushfires Royal Commission. SP AusNet will vigorously defend the claim.

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 and the risks assessed to be associated with its operations and with 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. All bushfire mitigation programmes, including vegetation management, were completed prior to the declaration of the bushfire season in December 2008.

Together as One

We continue our emphasis on people development through Individual Learning Roadmaps for each SP staff. To encourage team bonding among staff and to build leadership skills, a corporate core programme comprising Team Engagement and Motivation (TEAM) and Leading Excellence and Development (LEAD) was launched. In Australia, Jemena relaunched its Development Programmes, focused on building people management and leadership capability at all levels within the company. An integrated talent management initiative was also implemented to support staff development.

In April 2008, SP strengthened our partnership with the Union of Power and Gas Employees (UPAGE) through our signing of the Employers’ Pledge of Fair Employment Practices. This reinforces our commitment to endorse the key principles of fair and merit-based employment practices.

Community Caring

Our commitment to aiding the needy elderly was reaffirmed through our pledge of continued support for the Home Help Service for the period October 2008 to September 2009. SP also sponsored the fund-raising efforts of various charities for their cost of direct mailers.

Recognising our strong dedication and contributions towards serving the less privileged elderly in our community, the Community Chest awarded SP the SHARE Corporate Gold Award and Special Events Platinum Award at its awards ceremony in 2008.

In Australia, following the bushfires in February 2009, Jemena matched personal staff donations dollar-for-dollar to raise over A\$100,000 for the Red Cross Victorian Bushfire Appeal to help fire victims in their time of need. SP AusNet, through the company’s Community Development Fund, contributed A\$30,000 towards community groups and various charities for Special Children.

Everybody Counts

We are privileged to have the services of highly qualified Board members with vast experience in management and business. They provide sound judgement and guidance which contribute in no small measure to the resilience and success of SP. I would like to thank our Board members for their invaluable counsel.

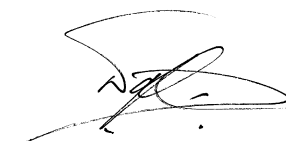
To our stakeholders including our business partners, I thank you for your unstinting support and cooperation. Not least, I would like to thank the management and staff for their dedication and hard work in keeping SP on course towards further excellence.

Our appreciation also goes to UPAGE for its unrelenting support in upholding the interests of its members while partnering our management.

Making the Future

More than ever, SP has the scale of operations, a sound and prudent financial strategy, strategic focus, and a complete range of transmission and distribution competencies for electricity and gas. Led by a highly competent and experienced management, our dedicated workforces in Singapore and Australia have in recent times proven, as they had done before, their resilience and ability to stand up against the adverse business conditions.

The future is what we make it to be. I am confident we in SP have the talent and passion to achieve our vision of being a leading energy infrastructure group in the Asia Pacific.



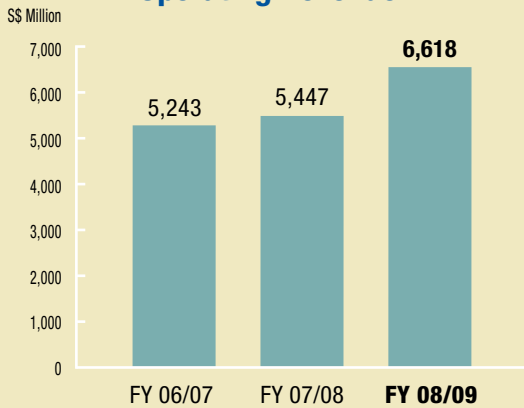
Ng Kee Choe

Chairman

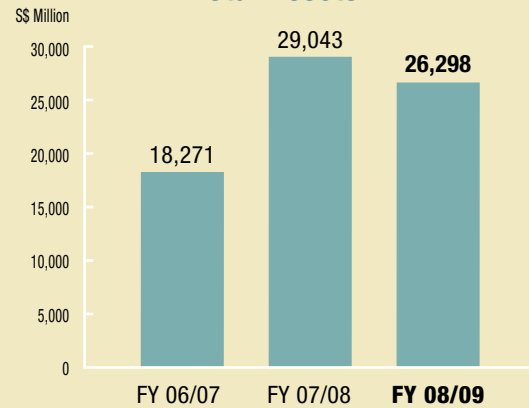
17 June 2009

FINANCIAL HIGHLIGHTS

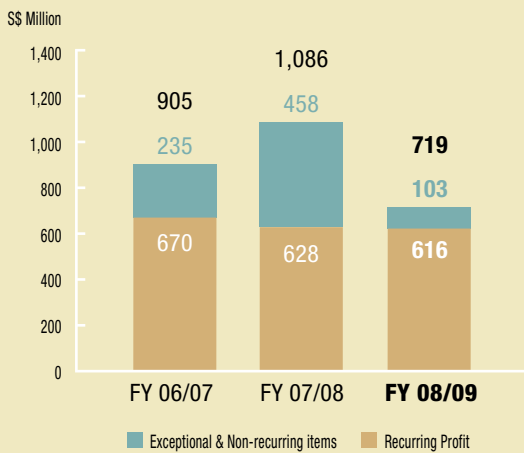
Operating Revenue



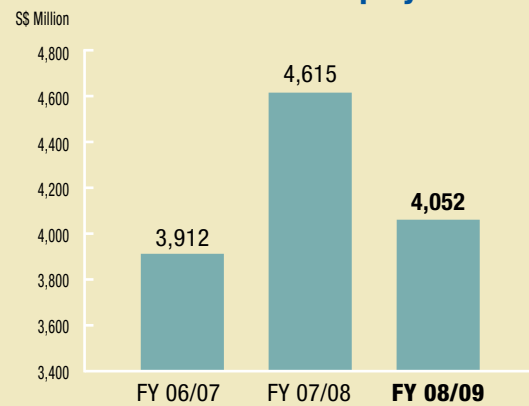
Total Assets



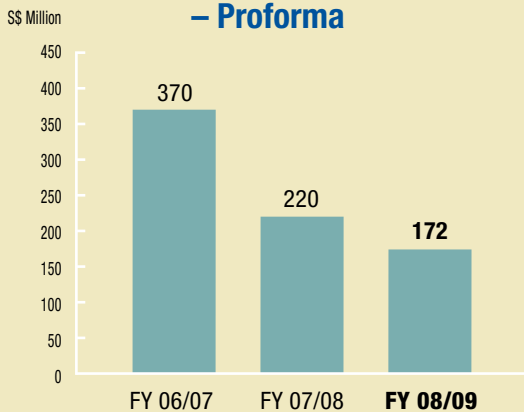
Net Profit After Tax



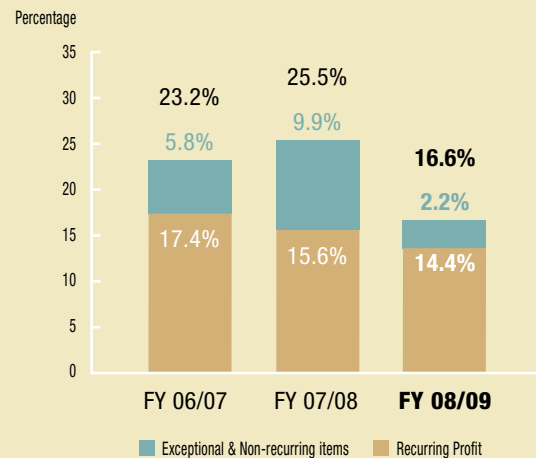
Shareholders' Equity



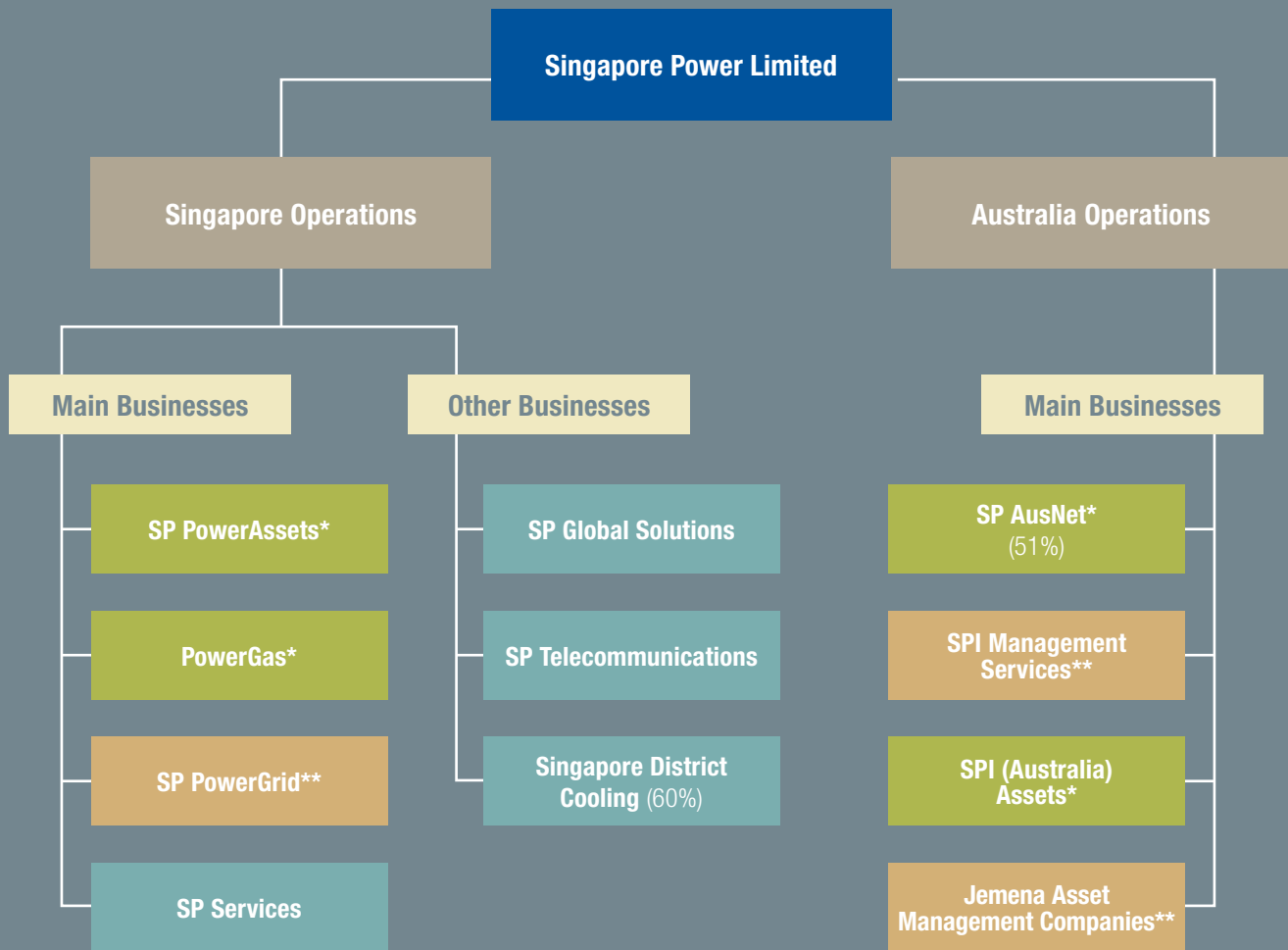
Economic Value Added (EVA) – Proforma



Return On Shareholders' Equity



GROUP STRUCTURE



* Asset owning companies

** Management services companies

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 in Singapore.

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

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.

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

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.

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.

CORPORATE REVIEW

The 2008/2009 financial year was one marked by unprecedented changes which have altered the global financial and economic landscape. The credit crisis that hit global financial markets in mid-2007 continued throughout the financial year.

Singapore Power Group's strategic focus on electricity and gas transmission and distribution assets and businesses has stood us in good stead, providing SP with defensive, stable and predictable revenues and earnings. These assets have positioned us well in times of increased volatility. Despite the difficult economic conditions, we have continued to strengthen our core capabilities and expertise in operations and human resource through our investments in our competencies and people.

In the midst of these turbulent times, we have been able to hold our ground due to the strengthening of our key pillars of growth:



Investment Strategy

In Singapore, SP owns and operates electricity and gas transmission and distribution businesses, and provides energy market support services.

In Australia, where two-thirds of SP's assets are located, we own and operate electricity and gas transmission and distribution businesses in Victoria, New South Wales, Queensland and the Australian Capital Territory.

SP has continued to drive organic growth of our regulated asset base. Capital investments in our networks during the past 12 months exceeded S\$1 billion. These investments secure future regulated revenues for the business and enhance service to our customers.

The newly acquired businesses in Australia have also enabled SP to venture into new growth areas such as water distribution network development and the provision of electricity infrastructure services for the growing wind farm developments in Australia.

Given the significant size of our operations in Australia, SP is now well placed to derive synergies from the Australia business, particularly in the areas of IT operations, capital works and asset management services. To this end, EB Services (Australia) Pty Ltd ("EB Services") was established on 1 October 2008 to provide IT services to the Australia entities in the SP Group. Leveraging size and scale, EB Services will create efficiencies in the delivery of IT services and achieve synergies through the consolidation of IT personnel and resources.

Financing Strategy and Capital Management

Despite the volatility in debt markets, SP successfully refinanced our maturing debts and funded our capital expenditure at competitive rates. These include the following:

- SPI (Australia) Asset Pty Ltd (“SPIAA”) secured a A\$3.4 billion syndicated bank debt facility in July 2008.
- SP AusNet (“SPN”) completed a £250 million 10-year Sterling bond issue in June 2008.
- SP PowerAssets Limited (“SPPA”) successfully issued S\$600 million of fixed rate notes in August 2008. The issuance comprised both 7-year and 12-year notes and was issued under the SPPA’s Global Medium Term Note Programme.

The success of these financing transactions reflects the strength of our underlying business fundamentals and attests to the support of the market for our prudent and disciplined debt strategy.

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

Operational Excellence

SP outperforms our peers operating comparable underground networks. In Singapore, the average duration of unplanned electricity supply interruption a customer experienced was less than a minute, which represents a system reliability of 99.9999 per cent. Similarly, our gas network achieved its best network reliability performance in the past 12 years, where a customer experienced only an average of 7.5 seconds of unplanned gas interruptions during the year. These stellar network performances were achieved through SP’s intensive network infrastructure development and planning.

SP PowerGrid took on the additional role of managing the gas network in July 2008, ahead of the gas market restructuring. This integration of electricity and gas management staff allows synergistic management of SP’s electricity and gas networks, streamlining operations for better efficiencies and enhanced performance.

SP AusNet and SPI (Australia) Assets achieved operational efficiencies, particularly in the information technology area. Through operational agreements concluded between SP AusNet and the SP Group, SP AusNet now delivers end-to-end network metering services, technical services and vegetation management services to the electricity and gas networks owned and managed by Jemena. SP AusNet also implemented a new operating structure to provide more focus on growing this important part of its business to the wider market.

Building Human Capital

SP’s continued success depends on our people and their capabilities giving us a competitive advantage in the global marketplace. Today, the Group has about 6,500 staff located in Singapore and Australia.

We remain firmly committed to investing in our people to empower them to achieve their full potential. We groom and nurture them to continuously grow their talents. We upgrade their skills by offering education, on-the-job training, participation in special projects, overseas postings, job rotations and mentorship programmes. We support them in their pursuit of lifelong learning by providing subsidies for personal development courses. We actively cultivate and create communication avenues to listen to them and understand their needs. We introduced flexible work arrangements such as flexi-hours and pro-family leave schemes to help them to balance the demands of work and family. We harvest their ideas, and harness their skills and creativity through the Value Creation Idea Award Scheme and Economic Value Projects.

Recognising the need to renew our talent pool, we continued our search for talented people to join and rejuvenate our organisation through participation in scholarship fairs, career fairs, internships and referrals.

Our core values of teamwork, integrity, commitment and passion guide the actions and decisions of our people towards achieving SP’s strategic and business goals.

BOARD OF DIRECTORS



Mr Ng Kee Choe

Mr Ng Kee Choe, 64, 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 and Fullerton Financial Holdings Pte Ltd. 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, 56, 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.

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, and Blu Inc Media Sdn Bhd. Mr Chan was awarded the Public Administration Medal (Gold) in 2002.



Mr Eric Gwee Teck Hai

Mr Eric Gwee Teck Hai, 70, 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 and the Melbourne Business School 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.

Mr Ho Tian Yee

Mr Ho Tian Yee, 56, 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, 52, 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 Head (International Projects) and a Partner of WongPartnership LLP. 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 and St Gabriel's Foundation.

BOARD OF DIRECTORS



Mr Bobby Chin Yoke Choong

Mr Bobby Chin Yoke Choong, 57, 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).

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.

Prof Jeremy Guy Ashcroft Davis AM

Prof Jeremy Guy Ashcroft Davis, 66, 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 and the Australian Institute of Management Canberra.

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.

Mr Paul Chan Kwai Wah

Mr Paul Chan Kwai Wah, 55, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 August 2006.

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, 50, is a non-executive independent Director of Singapore Power Limited. He was appointed on 1 August 2006. He is currently 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.

Mr Quek Poh Huat

Mr Quek Poh Huat, 62, 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.

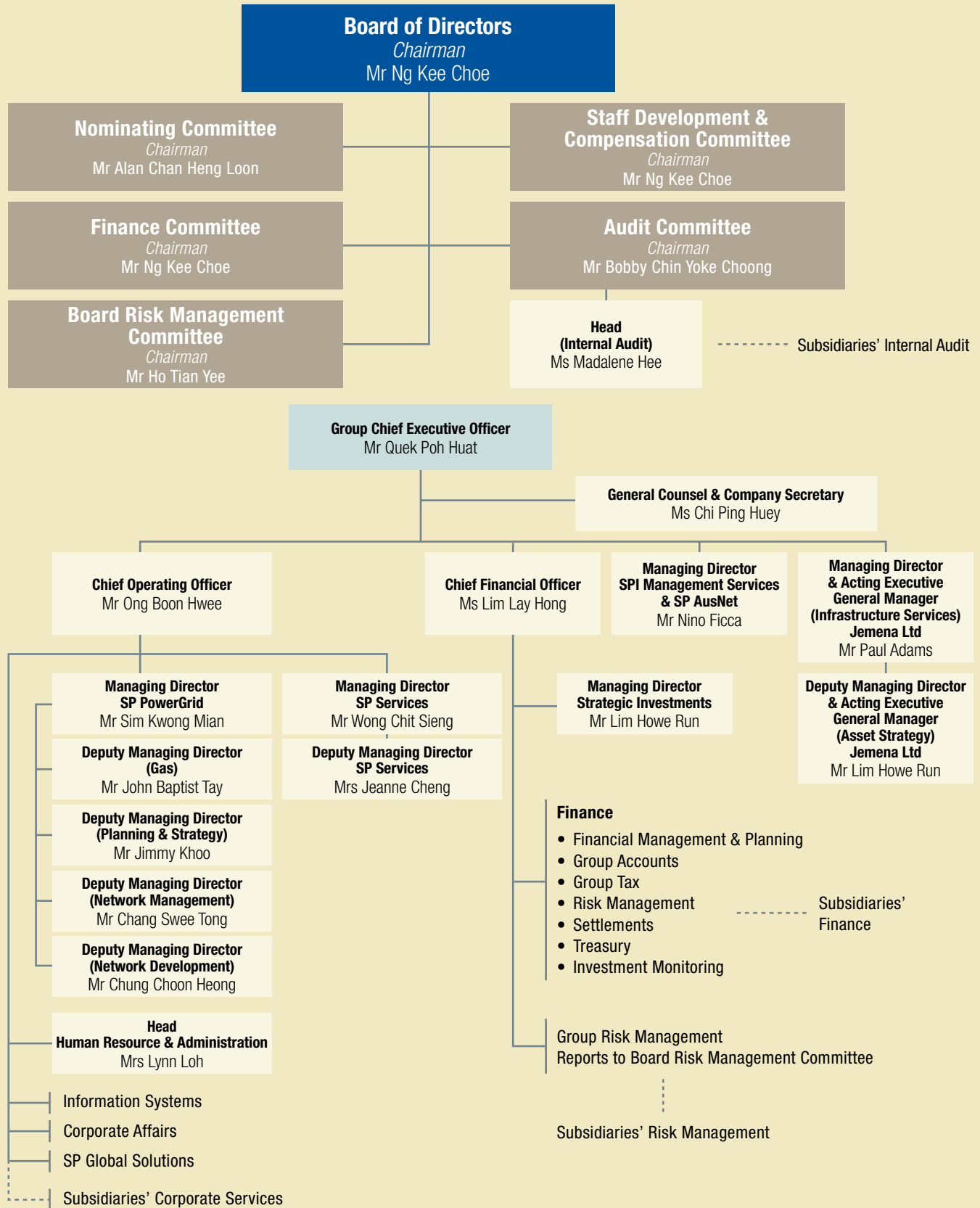
He is also a board director of publicly-listed Singapore Technologies Engineering Ltd and Chairman of ST Kinetics Ltd.

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.

As at 9 May 2009

ORGANISATIONAL STRUCTURE



CORPORATE GOVERNANCE

ETHICS & ACCOUNTABILITY

The SP Board is solidly committed to good corporate governance. The principles set out in the revised Code of Corporate Governance 2005 (the Code) for listed companies are adhered to closely by the Company.

The Company has used the Code as its guide and best practice standard and has put in place an internal framework to ensure good corporate governance in its business practices and activities. The Whistleblower Policy, which was launched in 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 four times and held a Board Strategic Review in November 2008.

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, a professional advisor 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.

The 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 – independent non-executive Directors constitute 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 ten 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 Stock 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.

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

Audit Committee

The Audit Committee (AC) comprises four non-executive Directors, 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 with the 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.

The BRMC reviews and approves:

- the type and level of business risks (risk appetite) that the Company, its subsidiaries and associated companies undertake on an integrated basis to achieve their business strategy; and
- the Group-wide risk policies, procedures and methodologies for identifying, measuring, monitoring and managing risks that are consistent with its risk appetite.

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 (appointed wef 3 Dec 08)
Mrs Oon Kum Loon (co-opted external member)
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 plans;
- approve or endorse mergers, acquisitions, divestments or corporate restructuring;
- approve or endorse SP's borrowings and financings; and
- approve or endorse such other matters as provided from time to time in the Authority Manual of SP Board.

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 Quek Poh Huat*

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. The 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 requires 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.

The members are:

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

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	–	–	–	–
Mr Quek Poh Huat*	–	Ex-officio	Member	Member	–
Board Committee Members					
Mr Timothy Chia Chee Ming	Co-opted Member	–	–	–	–
Mrs Oon Kum Loon	–	Co-opted Member	–	–	–

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.

As at 9 May 2009 * Non-independent

SENIOR MANAGEMENT



Mr Quek Poh Huat

Mr Quek Poh Huat, Group Chief Executive Officer, is 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 MIAN
Managing Director
SP PowerGrid

MR NINO FICCA
Managing Director
SPI Management Services
& SP AusNet

Mr Sim Kwong Mian

Mr Sim Kwong Mian, Managing Director, SP PowerGrid, has been with SP for 14 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, which leads the power interconnection project to link the member countries' electricity networks. 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 (Electrical) 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, Managing Director, SP Services, is concurrently the Head (Information Systems). He has over 30 years' experience in strategic business IT planning and the development and management of banking application systems.

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 degree with Distinction and a Master of Business Administration from the Royal Melbourne Institute of Technology, Australia.

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.



From far left:

MR PAUL ADAMS

Managing Director
& Acting Executive General Manager
(Infrastructure Services)
Jemena Ltd

MR WONG CHIT SIENG

Managing Director
SP Services
& Head (Information Systems)

MR LIM HOWE RUN

Managing Director
Strategic Investments
& Deputy Managing Director
& Acting Executive General Manager
(Asset Strategy)
Jemena Ltd

MS CHI PING HUEY

General Counsel & Company Secretary

MRS LYNN LOH

Head (Human Resource & Administration)

Ms Chi Ping Huey

Ms Chi Ping Huey, General Counsel & Company Secretary, provides legal advice on all the Group's major M&A deals including the acquisition of SPI (Australia) Assets in 2007. She is responsible for implementing policies involving board governance and reviews complaints under the Whistleblower policy for submission to the Audit Committees.

Prior to joining SP, Ms Chi held various senior positions in the Singapore Technologies Group including Head (Legal) at Singapore Aerospace Ltd. She has more than 20 years of legal experience which spans negotiations with military and commercial customers, M&As, banking projects and a working stint with leading aviation insurance brokers and underwriters in The Lloyds/London. She began her career with a major local bank and has also been in private practice.

Ms Chi is a member of the Singapore Law Academy. An OCBC scholar, she has a Bachelor of Law degree with Honours from the National University of Singapore and was admitted as an Advocate and Solicitor to the Supreme Court in 1985.

Mrs Lynn Loh

Mrs Lynn Loh, Head (Human Resource and Administration), has over 20 years' experience in human resource. Mrs Loh is overall responsible for the Human Resource policies, programmes and services of SP.

Before joining the Group, she was with the Central Provident Fund Board, Changi International Airport Services, PepsiCo Group International and Singapore General Hospital. She is the Vice President on the Council of Singapore Human Resources Institute and a National Assessor for the People Developer Standard. She is also a member of the Manpower Skills and Training Council of Singapore Workforce Development Agency, a statutory board under the Ministry of Manpower. Mrs Loh was previously a resource member of the Government Parliamentary Committee for Manpower.

Mrs Loh holds a Bachelor of Arts degree majoring in Economics from the National University of Singapore and a Master of Business Administration (Accountancy) from the Nanyang Business School, Nanyang Technological University.

As at 17 April 2009

OPERATIONS REVIEW



A large industrial power plant with blue machinery and pipes. The image shows a complex network of pipes, valves, and large cylindrical components, all painted in a vibrant blue color. The lighting is dramatic, highlighting the metallic textures and the scale of the equipment.

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.

OPERATIONS REVIEW

SP POWERASSETS

Meeting Singapore's Growing Power Needs

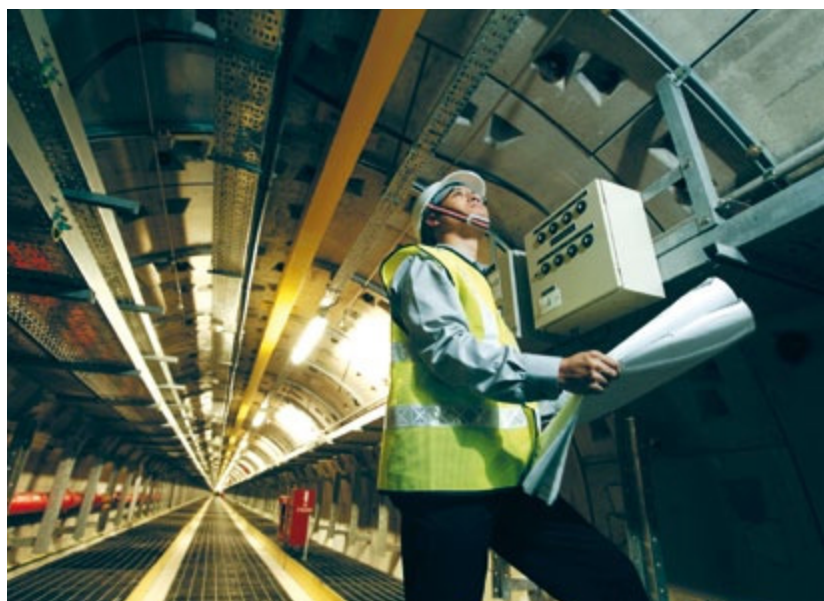


SP PowerAssets invests in infrastructure development to meet the growing power needs of Singapore.

SP PowerAssets owns the electricity transmission and distribution assets in Singapore. Its S\$7.2 billion fixed assets base comprises modern and robust networks at 400kV, 230kV and 66kV for transmission, and 22kV, 6.6kV and 400V for distribution.

In FY 08/09, SP PowerAssets continued its network infrastructure development, planning for additional capacity to meet the growing power needs of Singapore. Progressive upgrading and replacement of existing transmission assets were also carried out to ensure the continuity of the electricity grid's track record of high reliability.

- A new 400kV circuit to Paya Lebar substation was commissioned in September 2008 and an additional 400/230kV 500MVA transformer in February 2009 to further reinforce the 400kV transmission connection to the eastern part of Singapore.
- Civil engineering work on the 2.6 km Harbour Drive-Labrador cable tunnel was completed in March 2009. Installation of 400kV cables for the two Seraya-Labrador 400kV circuits, targeted to be completed in the third quarter of 2009, will bring more power from the western to the central part of Singapore.
- The construction of a new 400kV substation at Rangoon Road to meet growing electricity demand in central Singapore will commence in 2009 and is targeted for commissioning by end-2013.
- Three 230/66kV 200MVA and eight 66/22kV 75MVA transformers were commissioned and a new 230kV substation at Labrador will be commissioned in the second quarter of 2009 to meet load growth.
- Three 230kV substations are currently being constructed at Marina South, Choa Chu Kang and Tampines.
- Several existing 66kV substations are being progressively upgraded as part of a network renewal programme. Five substations have since been commissioned.



The Harbour Drive-Labrador cable tunnel will bring more power to the central part of Singapore when cable installation is completed.

SP PowerAssets is developing two major cable tunnels for the future installation of transmission cables on the island. Soil investigation work is expected to be completed in the third quarter of 2009. The project, comprising a 17 km East-West tunnel and an 18 km North-South tunnel, will provide secure corridors for faster and more efficient installation of transmission cables, as well as enable ageing 230kV circuits to be replaced in an orderly and controlled manner.

SP PowerAssets concluded a second 5-year regulatory price reset with the Energy Market Authority (EMA). Grid charges were reduced by an average of 8-11 per cent in various customer supply categories on 1 October 2008, without compromising the high quality performance standards of its transmission and distribution networks.

OPERATIONS REVIEW

POWERGAS

*Being Singapore's Sole Licensed Gas
Transporter and System Operator*



Laying of gas transmission pipelines that will cater to future needs.

PowerGas owns the gas transmission and distribution networks in Singapore which include two onshore natural gas receiving facilities and 2,900 km of underground pipelines.

With the transfer of Sembcorp Gas pipeline assets to PowerGas on 15 September 2008 following the restructuring of the gas market, PowerGas became the sole licensed gas transporter and gas system operator in Singapore, delivering both natural gas and town gas.

New Gas Industry Framework

The new restructured gas market came into effect on 15 September 2008 with the implementation of the Gas Network Code (GNC) regime, a multi-lateral contract between PowerGas and gas shippers for transporting natural gas from injection points to end-user offtake points.

PowerGas has developed and is operating the web-based 24/7 Gas Transportation IT System Solution (GTSS) which manages the transportation of natural gas according to the rules of the GNC.

Enhancing the Town Gas Network

PowerGas successfully extended the town gas network by 15.6 km to reach more customers in new public housing estates, private residences and commercial premises.

In FY 08/09, PowerGas also renewed and reinforced 6.9 km of pipelines and diverted 1.6 km of pipelines affected by the Mass Rapid Transit (MRT) system extension works.



PowerGas continues to renew and reinforce gas pipelines.

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



OPERATIONS REVIEW

SP POWERGRID *Management*



MR SIM KWONG MIAN
Managing Director



MR JOHN BAPTIST TAY
Deputy Managing Director (Gas)



MR JIMMY KHOO
Deputy Managing Director (Planning & Strategy)



MR CHUNG CHOON HEONG
Deputy Managing Director (Network Development)



MR CHANG SWEE TONG
Deputy Managing Director (Network Management)



MR CHENG SEE TAU
General Manager (Operations & Maintenance)



MR LAW CHIN HO
Director (Finance) & Head (Regulatory)



DR YOON KOK THEAN
Director (Procurement)

SP POWERGRID

Ensuring High Reliability

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

SP PowerGrid's network performance for its electricity operations in FY 08/09 was well within regulatory targets and an improvement over the previous year's performance. Its network performance for gas operations was also well within regulatory targets.

For FY 08/09, electricity's System Average Interruption Duration Index (SAIDI) score of 0.69 minutes was better than the 1.14 minutes registered in FY 07/08.

Gas' SAIDI score of 0.125 minutes was a significant improvement over FY 07/08's score of 0.491 minutes.

Electricity's System Average Interruption Frequency Index (SAIFI) score of 0.016 was better than its score of 0.023 in FY 07/08.

Gas' SAIFI score was 0.0020 interruptions compared to the previous year's score of 0.0011.

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.

SP PowerGrid's impressive network performance is founded on the use of cutting-edge technology in condition monitoring, rigorous quality processes, and investment in network infrastructure and staff expertise.

Condition Monitoring for Better Performance

SP PowerGrid's comprehensive efforts in condition monitoring continued to enhance electricity network performance with 43 potential failures averted in FY 08/09.

The Oscillating Wave Testing System (OWTS), which monitors the condition of the underground 66kV, 22kV and 6.6kV cables, has successfully prevented 88 potential cable failures since its inception in January 2006. In FY 08/09, OWTS was conducted on nine 66kV circuits. OWTS for 230kV cables will be introduced in May 2009.



The wireless SCADA system helps SP engineers monitor the electricity grid, swiftly isolate any fault and restore supply.

The 230kV switchgear in Kampong Java substation was fitted with an online condition monitoring system.

Remote Monitoring of Distribution Network

The installation of the wireless Supervisory Control and Data Acquisition (SCADA) system for remote monitoring of the 6.6kV distribution network is in progress. By the third quarter of 2009, some 1,000 substations supplying densely populated public residential estates will be fitted with wireless SCADA to enable real-time monitoring of the network and further reduce outage time. As of February 2009, installation works at 800 substations were completed.

Enhancing Communication Network

The Time Division Multiplex over Ethernet (TDMoE) technology was commissioned and deployed in the Metropolitan Area Network (MAN) in December 2008. The use of this new technology for SCADA application resulted in lower maintenance costs.

OPERATIONS REVIEW

The tender for the wireless network connection to the MAN was awarded in January 2009. The wireless technology will be deployed at about 100 substations and installations to further extend the coverage for applications like SCADA, condition monitoring, power quality monitoring and security surveillance.

Strengthening Customer Relationships

During the year in review, SP PowerGrid implemented new initiatives aimed at serving its customers better. In August 2008, a new Power Quality Interest Group was formed for the essential services industry. This enables SP PowerGrid to better support the sector's needs and future growth.

Three meetings were held for the semiconductor & electronics, pharmaceutical, and chemical & petrochemical interest groups. Chief Executive Officers representing these high-tech industries on the Power Quality Advisory Panel also met in April 2008 to discuss power quality issues across industry sectors.

SP PowerGrid organised four half-day workshops in July 2008 and a two-day workshop in February 2009 to share with large industrial and commercial customers its knowledge on the latest technologies and practices to enhance power quality.

SP PowerGrid embarked on new initiatives to provide a higher level of customer service to affected public housing residents during electricity supply interruptions. Standby teams working on three shifts and decentralising mobile generators to six locations have improved the response time to site and shortened supply restoration time by up to 30 minutes.



SP PowerGrid's institutionalised quality processes drive consistently high performance standards.



Service vans with LED panels are deployed to keep customers informed on the progress of supply restoration during an outage.

As part of efforts to keep customers informed during supply interruptions, service vans with LED panels are deployed to provide residents with timely information on the progress of supply restoration.

ISO Certification

SP PowerGrid first obtained its ISO 9001:2000 certifications in 2002. In FY 08/09, it received ISO 9001:2000 re-certification for the development and management of its electricity transmission and distribution networks, and for its gas operations covering network management and system operations. It also continued to comply with ISO 9001:2000 standards for the operation, control and monitoring of the distribution network as well as the management of network incidents and customer calls.

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

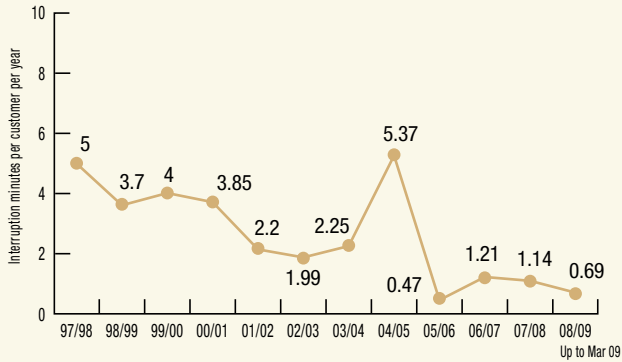
Challenging Economic Environment

The current economic downturn has impacted on domestic electricity demand. Electricity demand began to slide in the second half of the year as the deepening global financial crisis took its toll, particularly on Singapore's export-dependent industries. In FY 08/09, the volume of electricity transmitted and distributed shrank by 1.0 per cent year-on-year to 37,464 GWh. The reduction in electricity consumption was broad-based, affecting both the manufacturing and non-manufacturing sectors.

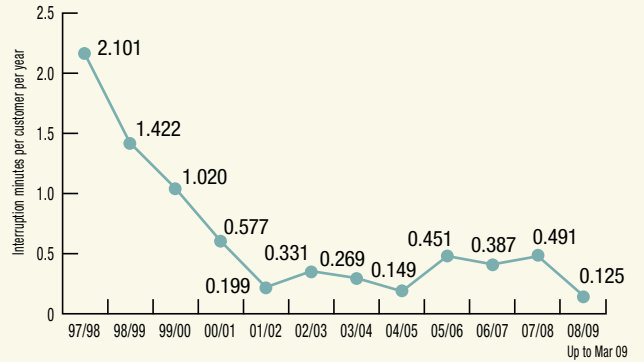
Singapore Has One Of The World's Best Performing Electricity And Gas Networks

SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)

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



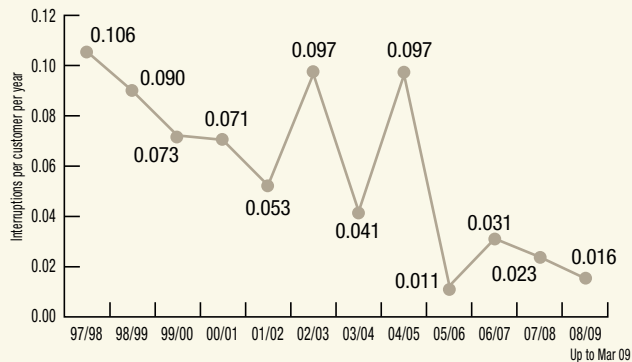
Electricity SAIDI – Singapore



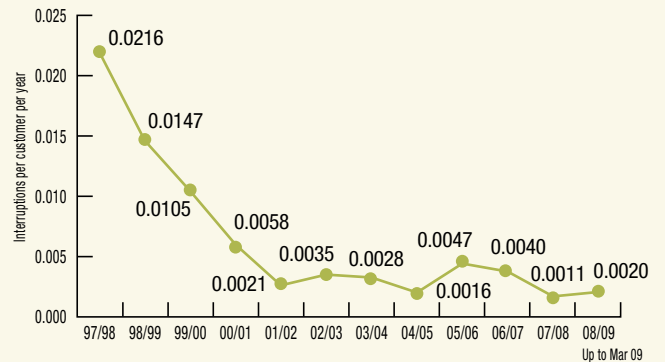
Gas SAIDI – Singapore

SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)

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

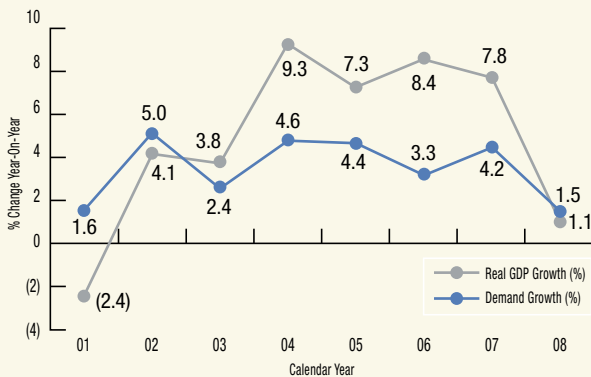


Electricity SAIFI – Singapore

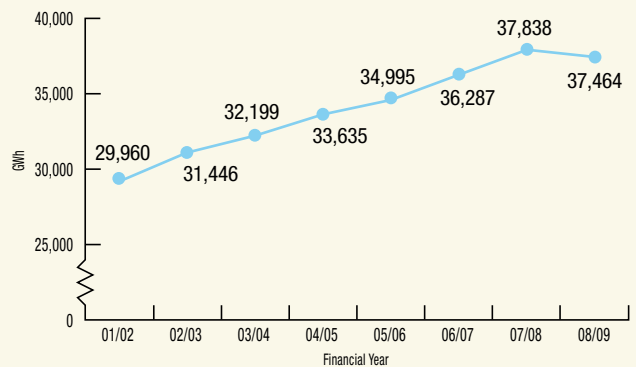


Gas SAIFI – Singapore

KEY NETWORK INDICATORS – SINGAPORE



Real GDP Vs Electricity Demand Growth (% Change)



Electricity Transmitted and Distributed (GWh)

OPERATIONS REVIEW

SP SERVICES *Management*



MR WONG CHIT SIENG
Managing Director



MRS JEANNE CHENG
Deputy Managing Director



MR LAWRENCE LEE
Acting Director (Operations)



MS LILY TAN
Acting Director (Information Systems)



MR HEY BONG KOI
Head (Finance & Accounts)

SP SERVICES

Putting the Customer First

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

As the Market Support Services Licensee, SP Services offers meter data management, billing and payment collection services to the electricity market. It also facilitates competition in the retail market by enabling consumers to switch seamlessly between retailers, and between buying from retailers and from the electricity pool.

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

Enhancing operational efficiency and cost effectiveness without compromising service quality will continue to be the key to SP Services' success in weathering the current economic crisis.

During the year in review, SP Services continued to focus on re-engineering its operations and business processes, combining the use of technology with service innovation in meeting the evolving lifestyle needs and expectations of IT-savvy customers today.

Leveraging Technology to Delight Customers

Tapping on modern info-communications technology, SP Services embarked on a pilot scheme to explore the work-from-home concept for its field operations and Integrated Call Centre staff, with the aim of achieving savings in rental and other overhead costs which could be a win-win proposition for customers, staff and the business in the long run.

The Wireless Workforce Management System enables technicians to receive their job orders daily for supply turn-on and cut-off through their PDAs. The application of wireless communications technology minimises the technicians' travelling time and enhances their punctuality for appointments with customers.

Leveraging technology, the Integrated Call Centre Home Agent Pilot Scheme allows customer service officers to attend to service requests from home and process transactions for customers' accounts remotely. The initiative has increased work productivity and provided flexible work arrangements for employees.

Delivering Service Excellence

Providing quality service and greater convenience has always been a key priority for SP Services. To assess its service performance level, SP Services engages independent research agencies to conduct customer surveys across all service touch points. The surveys also allow us to proactively gather feedback from customers for service improvements.

Results from the customer satisfaction survey conducted during the year showed that SP Services was ranked top among local benchmarked service providers in Singapore for the fourth consecutive year.



The Wireless Workforce Management System is used in field operations to provide real-time information for better customer servicing and optimal resource allocations.

OPERATIONS REVIEW



SP Services was ranked top among local benchmarked service providers in Singapore for responsive and courteous service.

Customers were satisfied with the responsive and convenient services they received. SP Services staff were also rated highly for their responsiveness, helpfulness and courtesy, and providing clear information.

In its latest 'Mystery Shopping Audit' conducted annually, its service performance index leapt from 88 per cent in the previous year to 92 per cent this year.

In another benchmarking study conducted by KEMA, an international utility consultancy, SP Services scored highly for performance standards in comparison with its peers in other countries. The survey findings also highlighted that SP Services placed emphasis on its customer service while maintaining cost-effectiveness. It has the lowest cost-to-serve per customer and the lowest metering cost.

Customer-driven, Service-oriented

Working in close partnership with utility service providers, SP Services' Customer Service Centre is co-located with City Gas at Somerset Road. Customers enjoy a seamless one-stop convenience for all their utility needs – electricity, water and piped gas.

Introduced in 2005, the SP Services Pay-As-You-Use Metering Scheme continued to help 13,000 customers with utility arrears better manage their consumption while paying for their arrears over time.

Major Projects

SP Services completed a major upgrading of its billing and payment system during the year. After 11 months of rigorous system integration and user acceptance tests, the new Enterprise Business System went live on 9 August 2008. This initiative was recognised under SAP's Awards of Customer Service Excellence 2009 (ACE) scheme as the Most Outstanding Project. This is an award given to project partners who have achieved exemplary performance in project implementation, demonstrated their commitment to providing good customer satisfaction, and invested in training.

The upgraded system enables SP Services to enhance the quality of its customer services and streamline its business processes for better customer service. It allows for faster information retrieval and reduces transaction time, contributing towards an enhanced service experience and customer satisfaction. Moving forward, SP Services will further enhance the system to gain even more operational efficiencies.

In support of market liberalisation, SP Services participated in the Electricity Vending System (EVS) pilot project trial run initiated by Energy Market Authority. The objective of the EVS is to re-engineer the electricity retail process to provide competition through smart meter technology and e-payment systems. Smart meters will enable consumers to choose from different retail packages and help them better monitor their consumption.

Service Commitment

Going forward, providing quality service and greater convenience for customers will remain SP Services' focus in an increasingly competitive and demanding environment. Founded on its strong service-oriented culture, SP Services will continue to explore ways to further improve its customer service and operational efficiency.



Young visitors learn about efficient use of electricity at SP Services' Electricity Efficiency Centre.

SP GLOBAL SOLUTIONS

New Markets, Enhanced Capabilities

SP Global Solutions (SPGS), as a recently established consultancy arm of Singapore Power, leverages the experience, operational expertise and domain knowledge of our people and institutions to provide practical solutions, services as well as training to a widening market of utilities clients in the region.

FY 08/09 was an engaging and meaningful year for SPGS as it continued to build the capacity in providing a wider spectrum of services to reach out to new markets and to strengthen its network of partners.

Besides taking on a number of new projects, SPGS also hosted numerous overseas delegations in Singapore and participated in various local and overseas industry forums.

SPGS made headway in India, securing a consultancy contract with CESC Limited. CESC Vice Chairman Sanjiv Goenka (left) and SP Chief Operating Officer Ong Boon Hwee sealed the partnership with a warm handshake.



Delegates from Beijing Electric Power Company participating in hands-on workshops in Singapore to learn different condition monitoring techniques.



SP PowerGrid engineers conducting Oscillating Wave Testing System tests in Kolkata, India.

OPERATIONS REVIEW



CEOs of companies under Druk Holding and Investments Limited of Bhutan were hosted by SP Senior Management and engaged in a lively exchange of views and possible collaboration.



SPGS conducted a seminar on Condition Monitoring for Taiwan Power Company. The seminar, held in Taipei, was attended and well received by engineers and management from Taipower.



Through SPGS, overseas delegates from Shenzhen Gas Corporation attended training on gas network conducted by SP AusNet in Australia.

Delegates from Guangzhou Power Supply Bureau receiving a briefing on the role of the Geographical Mapping System in operations management of the network.



SINGAPORE DISTRICT COOLING

Working Towards Sustainable Development

Singapore District Cooling, an SP joint venture company, produces chilled water for the air-conditioning of commercial buildings.

It completed its third year of commercial operation with performance exceeding its own targets and regulatory requirements. In FY 08/09, revenue rose to S\$8.6 million and an EBITA of S\$0.8 million was achieved. The Supply Availability Index¹ was 99.99 per cent compared to the regulatory standard of 99.50 per cent.

Growing its Customer Base

Several major development sites, including the Integrated Resort and Marina Bay Financial Centre, will soon be connected to the district cooling system. The demand for district cooling system is projected to grow six to seven fold from the current base of 18 MWr to 120 MWr by mid-2010.

Expanding Capacity

To meet the quantum leap in demand for district cooling service, Singapore District Cooling is implementing major capital projects to expand the district cooling system. An aggregate of 100 MWr production capacity will be added to the existing district cooling plant located at One Raffles Quay Development and the new plant located at the Integrated Resort. A new piping network is being installed within the Common Services Tunnels to link the two district cooling plants and various customer intake stations.

The capital projects are funded with a S\$140 million limited recourse credit facility. The successful funding arrangement in the current cautious financial market is a testament to the robust fundamentals of the project.

Complementary Services for Environment Protection

In an initiative to contribute to environmental sustainability, Singapore District Cooling will be providing hot water services to the hotels and convention centre of the Integrated Resort. Heat pumps will extract the heat energy for hot water production that would otherwise be discharged to the atmosphere at the cooling towers.



Installation of a new piping network in the Common Services Tunnels will link the district cooling plants and customer intake stations.

OHSAS Certification for Occupational Health & Safety

Singapore District Cooling achieved its BS OHSAS 18001:2007 certification in July 2008, affirming the company's commitment and institutionalised processes towards occupational health and safety management. The existing district cooling plant also achieved zero accident record for work safety during the year.

Looking Ahead

Singapore District Cooling will continue to work with government agencies and building owners to broaden its customer base beyond its current service area at Marina Bay.

¹ Measured in terms of supply temperature being maintained within specifications

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 and New South Wales.

OPERATIONS REVIEW

SP AUSNET *Management*



MR NINO FICCA
Managing Director



MR CHARLES POPPLE
Group General Manager
(Networks Strategy and Development)



MR NORM DREW
Group General Manager
(Integrated Network Services)



MR GEOFF NICHOLSON
Chief Financial Officer & General Manager
(Finance and Strategy)



MS SUSAN TAYLOR
General Counsel and Company Secretary



MR JOHN KELSO
General Manager
(Select Solutions)



MR JOHN AZARIS
General Manager
(Operations & Services)



MS CLAIRE HAMILTON
General Manager
(Risk and Assurance)



MR PETER MERRITT
General Manager
(Information Technology)



MR MICHAEL BESSELINK
General Manager
(People and Safety) *(acting)*

SP AUSNET

Sustainable Growth

SP AusNet is the largest diversified energy infrastructure business in Victoria. It owns and operates a state-wide electricity transmission network, as well as an electricity distribution network in eastern Victoria and a gas distribution network in western Victoria.

In FY 08/09, SP AusNet connected more than 26,000 new customers to its gas and electricity network.



Undertaking maintenance works near Benalla.

OPERATIONS REVIEW



SP AusNet crew working on distribution insulators.

Electricity Transmission

SP AusNet's electricity transmission network comprises over 6,500 km of transmission lines that carry electricity from power stations to electricity distributors and large customers in Victoria. The network is centrally located among the five eastern states of Australia that form the National Electricity Market and provides key links between the electricity transmission networks of South Australia, New South Wales and Tasmania.

In FY 08/09, the electricity transmission network contributed A\$492.2 million in regulated revenue to

SP AusNet's financial performance and transmitted 51,777 GWh of electricity. SP AusNet invested A\$140.1 million to improve network performance on the transmission system.

Electricity Distribution

The electricity distribution network carries electricity from the transmission network to substations for distribution to connected electricity customers in eastern metropolitan Melbourne and eastern Victoria. The network is 47,000 km in length, spans an area of approximately 80,000 square km and services more than 600,000 customers.

In FY 08/09, the electricity distribution network contributed A\$509.2 million in revenue to SP AusNet's financial performance, and distributed 7,894 GWh of electricity. SP AusNet invested A\$262.4 million to improve network performance and connected 9,500 new customers across eastern Victoria.

The electricity distribution business was affected in 2009 by bushfires, extreme heat conditions and storms. SP AusNet, however, continues to monitor and improve business resilience and operational response to incidents of this nature.

Gas Distribution

SP AusNet's 10,000 km distribution pipelines carry natural gas from the transmission network to over 554,000 customers across 60,000 square km in central and western Victoria. It also owns 183 km of gas transmission pipelines.

In FY 08/09, the gas distribution network contributed A\$179.2 million revenue and distributed 75.3 PJ of gas. SP AusNet invested A\$69.0 million to expand the network and connected 17,100 new customers across western Victoria.

Gas distribution works with gas meters.



SP AUSNET



The Condition Monitoring team identifies potential network failures before they occur.

SP AusNet secured long-term operational agreements with the Singapore Power Group to deliver competitive niche services to the Jemena group of companies. These arrangements allowed SP AusNet to extend its footprint to implement these services into New South Wales for the first time and obtain operational efficiencies through the Information Technology area. SP AusNet also implemented a new operating structure to provide more focus on growing this important part of its business to the wider market.

This year, SP AusNet became the first business in Australia to receive certification to British Asset Management

Specification – BSI PAS 55. The specification is recognised as the leading global standard against which asset-intensive industries, such as utilities, are benchmarked.

Looking ahead, SP AusNet is planning the rebuilding of new terminal stations in Thomastown, Ringwood, Richmond, Geelong and Hazelwood. It is also planning the securing of electricity supply for an additional 120,000 customers in the Northern corridor growth region of Melbourne. SP AusNet will also continue its extensive gas mains renewal programme, improving supply capacity and making the gas distribution network safer and more reliable.

OPERATIONS REVIEW

SPI (AUSTRALIA) ASSETS / JEMENA *Management*



MR PAUL ADAMS
Managing Director & Acting Executive General Manager
(Infrastructure Services)



MR LIM HOWE RUN
Deputy Managing Director & Acting Executive
General Manager (Asset Strategy)



MR IAN WELLS
Chief Financial Officer



MR DAVID CLERK
Executive General Manager
(Strategy and Business Development)



MR SHAUN REARDON
Executive General Manager
(Infrastructure Investments)



MS LINDA DAWSON
Executive General Manager
(People, Safety and Services)



MS CATHY BIBBY
Chief Information Officer



MS YASMIN BROUGHTON
General Counsel and Company Secretary

SPI (AUSTRALIA) ASSETS/JEMENA

Building on Core Capabilities

SPI (Australia) Assets Pty Ltd, together with its Jemena subsidiaries, builds, owns and maintains a combination of major electricity, gas and water assets. In FY 08/09, new growth paths were achieved through the acquisition of electricity and water infrastructure service companies. It also focused on optimising its core business in the areas of electricity and gas and asset management services, and on leveraging its people and safety capabilities.

A New Beginning

The Jemena brand was launched in August 2008, marking a new beginning for the company renowned for its high quality gas, water and electricity infrastructure and contracted works services. Jemena is an aboriginal word meaning **'to hear, to listen and to think'**, and it aptly represents how the company conducts its business and focuses on delivering the best services.

Jemena Gas Network

In FY 08/09, the gas distribution network contributed A\$373 million in revenue to the Group and distributed 100 PJ of gas. A total of A\$96 million was invested 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 an additional 25,013 new customers.

Major projects included the construction of a 2.5 km steel main, at approximately A\$5.0 million, through one of Sydney's oldest and most congested areas, the Eastern Suburbs.



A Jemena worker conducts maintenance work on gas transmission pipelines.

OPERATIONS REVIEW



Workers consult with one another before fixing overhead power lines.

Jemena Electricity Networks

Network revenue of A\$200 million was A\$1.7 million above target and A\$4.0 million higher than the prior year, reflecting the higher level of energy delivered – 4,446 GWh compared to 4,021 GWh in the prior year.

Capital investment in the network of A\$100 million included A\$25 million of investment in the initial design and planning phase of the Advanced Interval Meter Rollout Program mandated by the Victorian Government.

A maintenance optimisation project was delivered by Jemena to reduce the ongoing maintenance costs on the Jemena Electricity Networks. This project realised a A\$1.7 million benefit in FY 08/09 by adjusting maintenance frequencies, scopes and resource requirements, aligning them to industry benchmarks and completing risk assessments to ensure the changes were acceptable.

Development of Major Assets

The major Mila Compressor Station project was completed in July 2008 and has increased the pipeline capacity by 24 per cent. The pipeline transports natural gas from Bass Strait to Canberra, Nowra, Tallawarra (near Wollongong), Port Kembla and Sydney.

The Queensland Gas Pipeline expansion project, consisting of the installation of the Rolleston and Banana Compressor Stations and Looping from Oombabeer to Callide, will increase the pipeline capacity by 69 per cent when completed in 2010. The addition of compression will also allow for more effective control of the pipeline. A significant new delivery point is also being constructed at Yarwun to deliver gas to Rio Tinto's upgraded aluminium refinery.

SPI (AUSTRALIA) ASSETS / JEMENA

In an Australia-first, Jemena designed and built the A\$104 million Colongra Lateral gas pipeline which delivers gas to the new Delta peaking power station near Newcastle, and provides sufficient gas storage to allow the station to run at full capacity for five hours in the event of a major interruption to the normal supply of gas.



Fixing a power line in Melbourne.

Safety First

During the year in review, the business faced a number of challenges in the safety arena. In response to these challenges Jemena put in place systems and procedures to focus on and help achieve “Zero Harm – Safety First”.

The new initiatives include establishing electricity and gas safety taskforces charged with identifying, capturing and implementing new ideas to improve safety in the business, such as independent performance reviews to recommend change, ensuring all staff undertake “Safety First” training and rewarding the display of safety behaviour. A monthly Safety Hero Award was also established to recognise individuals or teams for their outstanding contribution to safety at Jemena.

FY 09/10 will see a continued focus on safety and ensuring “Zero Harm – Safety First”.

Heatwave Heroes

In late January 2009, Victoria experienced unprecedented hot weather conditions, resulting in three separate emergency events. The staff of Jemena worked tirelessly to restore power during these extraordinary conditions.

Its field personnel, along with contractors and line workers from around the country, worked for days in temperatures exceeding 40°C to repair network damage and restore power to over 200,000 customers. Equally important were those who managed the response around the clock as well as Jemena volunteers who looked after the field personnel and answered calls at the call centre.

The Year Ahead

Jemena is on track to deliver over A\$300 million of contracted services work in FY 09/10, as well as an additional A\$300 to A\$400 million per annum in contracts for work over the next three to five years as a result of being appointed to various client panels. The new structure supports the growth in Contracting Services while focusing on maximising return from its assets, developing new assets and partnering with other developers where it makes good business sense.

AWARDS & ACCOLADES



Business Alliance Award 2008

- **Singapore Power Group** by the Australian Chamber of Commerce, Singapore

Best Syndicated Loan (Best Australia Deals 2008)

- **SPI (Australia) Assets Pty Ltd**, by The Asset

ISO 9001:2000 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 08/09

ISO 9001:2008 Certification for Quality Management System

- **SP Services** by BSI Management System, FY 04/05 to present

Singapore Quality Class Certification

- **SP Services** by SPRING Singapore, 2006 to present

ISO/IEC 17025 for Calibration and Measurement of 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

SAP Most Outstanding Project Award

- **SP Services**, 2009

OHSAS Certification for Occupational Health & Safety Management System

- **Singapore District Cooling**, 2008

People Developer Standard by SPRING Singapore

- **Singapore Power Group**, 2000 to 2010
- **SP PowerGrid**, 2005 to 2012
- **SP Services**, 2005 to 2009

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 Employee Relations & People Management, Quality Work-Life, and Health & Employee Wellness, the Singapore HR Awards

- **Singapore Power Group** by Singapore Human Resources Institute, 2008

Special Mention in Learning & Human Capital Development, E-HR Management, and HR Communications, the Singapore HR Awards

- **Singapore Power Group** by Singapore Human Resources Institute, 2008

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

Labour Relations/Human Capital Management Award, Ethical Investor Australian Sustainability Awards

- **SP AusNet**, 2008

SHARE Corporate Gold Award

- **Singapore Power Group** by Community Chest, 2003 to 2007

5-Year Outstanding SHARE Award

- **Singapore Power Group** by Community Chest, 2007

Special Events Platinum Award

- **Singapore Power Group** by Community Chest, 2006 to 2007

SP received the 2008 Business Alliance Award from the Australian Chamber of Commerce in Singapore for our outstanding contributions to the Singapore-Australia business relationship.



HUMAN RESOURCE

Developing Capabilities

Staff expertise and commitment contribute significantly to SP's superior performance. As such, the company invests considerable resources to develop the skills and core competency of its workforce, and expand and groom its talent pool. This is further supported by a healthy work-life balance strategy and a strong union-management partnership.

Continuous Staff Training

During the year in review, SP invested an average of 54 training hours for each staff. An annual Total Training Plan was drawn up, incorporating staff's Individual Learning Roadmaps. Team Engagement and Motivation (TEAM), a corporate core programme, was launched to provide each functional section with the opportunity to bond and foster a close and supportive relationship through fun and challenging activities. This was supplemented by the Leading Excellence and

Development (LEAD) programme for unit heads to hone their people management skills and leadership style so that they can better manage and engage their teams.

76 employees were sponsored for part-time courses in FY 08/09 under the Union of Power and Gas Employees (UPAGE)-SP MOU. To date, the scheme has sponsored a total of 348 employees for nationally certified programmes leading to a technical certificate or a diploma.

"My Learning Path" was launched to encourage junior staff to upgrade themselves through the national Employability Skills System on workplace literacy and numeracy. Some 38 employees have completed either the Beginner or Intermediate level.

To encourage continuous learning among staff, SP put together 54 e-courses, four of which are specific to its business and developed in-house, on its Human Resource Management System.



SP is committed to promoting work-life balance through various Quality Life Programmes, such as the Sports for Life event.



SP's scholars and Management Associates are trained and developed through attachments, job rotations and specially tailored training courses.

Five employees from SP and one from SP AusNet were given overseas postings ranging from six months to more than two years, to provide them with international exposure and professional development opportunities. Such attachments also facilitate the exchange of technical expertise and knowledge across countries.

Growing and Grooming the Talent Pool

SP awarded seven scholarships in FY 08/09, bringing its pool of undergraduates to 21. Upon graduation, these scholars will undergo a series of job rotations under the Management Associate Scheme. They will be exposed to different aspects of SP's business and operations and specially tailored training programmes in finance, business and personal development to equip them for corporate management roles.

In Australia, SP AusNet continued to recruit apprentices, graduates and trainees under its 'Skilling for the Future' programme to ensure operational sustainability.

The Jemena Companies also conducted a number of graduate programmes, aimed at developing a talent pool for the business to ensure leadership succession. These programmes have enjoyed much success, attracting excellent candidates. They have contributed to positive retention rates and garnered positive feedback from both managers and employees alike.

Jemena relaunched its Development Programmes aligned with its business strategy, focusing on building people management and leadership capability at all levels within the company. More than 200 staff benefited from the programmes. An integrated talent management initiative was also rolled out to support staff development. This process identifies successors for business critical roles and career moves. Development opportunities are subsequently planned for these successors. The successor development programme instills market confidence and ensures a competitive edge through the retention of knowledge and skills within the business.



SP's support of the UPAGE Endowment Fund was a testament to the strong partnership between SP and UPAGE.

Recognition by Awards

For its efforts in promoting a healthy work-life balance among staff and nurturing a dynamic and meaningful work environment, SP was accorded the Singapore H.E.A.L.T.H (Helping Employees Achieve Life-Time Health) Gold Award by the Health Promotion Board in 2008 and the Work-Life Achiever Award by the Ministry of Manpower.

SP also won three Leading HR Practices Awards from Singapore HR Institute for Employee Relations & People Management, Quality Work-Life, and Health & Employee Wellness. It received special mention in three other categories, namely Learning & Human Capital Development, E-HR Management and HR Communications.

SP was a finalist in the HRM Awards 2009 for the categories of "Best Training, Learning and Development", and "Best Use of Technology".

In Australia, SP AusNet was awarded the Labour Relations/Human Capital Management award at the 2008 Ethical Investor Australian Sustainability Awards. The award recognised SP AusNet's acknowledgement of the greater contribution that women can make to a male-dominated engineering industry and its focus on diversity.

Strategic Union-Management Partnership

SP enjoys a strong partnership with UPAGE that is built on an open and consultative approach to resolving operational and strategic issues.

In a milestone partnership with UPAGE to create a harmonious and progressive work environment, SP signed the Employers' Pledge of Fair Employment Practices in April 2008. The pledge reinforces its commitment towards endorsing the key principles of fair and merit-based employment practices, including equal opportunities for training and development for employees.

SP also pledged S\$200,000 a year for five years to the UPAGE Endowment Fund. The Fund contributes towards the long-term financial independence of UPAGE, thereby assisting the Union to continue providing benefits to its members.

OPERATIONAL SUPPORT

INFORMATION SYSTEMS

Investing in Technology

Technology enables the automation of key processes, freeing staff from manual tasks and improves productivity. At SP, IT initiatives are aligned closely with business unit goals to ensure efficient and effective execution of business strategies. Common shared systems and infrastructure across the Group drive greater synergies.

Supporting the Gas Network

The Singapore gas market was de-regulated on 15 September 2008. PowerGas developed and launched a web-based IT system, Gas Transportation System Solution (GTSS), to manage the transportation of natural gas according to the rules of the Gas Network Code.

The Information Systems Department (ISD) worked closely with the system integrator, Accenture, to ensure that the design of the GTSS is robust and reliable. The supporting infrastructure and computer operations processes were tested very thoroughly to ensure that they meet system performance expectations and reliability standards.

Enhancing Human Resource Management with Business Intelligence Tools

ISD spearheaded the design and implementation of a business data warehouse for business intelligence for the Human Resource department. The solutions became operational in January 2009. The system allows for the creation of analytical reports detailing manpower statistics through the Enterprise Portal. It also enables key business users to slice and dice the data and to perform ad-hoc analysis and reporting via an on-line interface, hence improving productivity and efficiency. Users can also access this function via the internet, thereby granting them 24-hr global access.

Automated Monitoring

The ISD Data Centre operates 76 units of UNIX servers, 280 Intel servers and 175 networking equipment. During the year, ISD implemented an Enterprise Management System to proactively monitor all critical systems, hardware and services. This has led to improved management of the inventory of hardware and software, and automation of the performance reporting for critical servers and the patch management of the Microsoft Operating Systems.



Common shared systems and infrastructure across SP drive greater synergies.

OPERATIONAL SUPPORT

ENTERPRISE RISK MANAGEMENT

Managing Risk Proactively



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

SP is committed in its practice of Enterprise Risk Management and recognises risk management as a fundamental tool of effective corporate governance and operational efficiency. SP adopts a proactive and structured approach to risk management as an integral part of day-to-day activities at all levels within the organisation.

Institutionalised and comprehensive enterprise-wide risk management policies and procedures within SP ensure that practices enhance stakeholders' value. A systematic and holistic approach is implemented to identify, assess, mitigate, report and monitor the different types of risks, which include operational and IT risk, regulatory risk, financial risk, legal risk as well as strategic and reputational risk.

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 clearly defined.

The risk management practice in SP is an evolving and continuous process. For the year under review, SP successfully rolled out the risk framework at SPI (Australia) Assets Pty Ltd to ensure consistency within the Group. An active risk-aware culture is inculcated through a group-wide communication strategy via newsletters, staff training and workshops.

COMMUNITY & ENVIRONMENT

SP prides itself as a caring and socially responsible corporate citizen. It pursues this commitment through community and environmental efforts, both in Singapore and Australia.

Helping the Needy Elderly

In 2005, SP launched the SP Heartware Fund to raise S\$3 million over three years for the Singapore Community Chest in support of the needy elderly. By the end of its three-year commitment in September 2008, SP exceeded its target, raising more than S\$3.4 million.

The SP Heartware Fund supports the delivery of critical services to more than 900 needy elderly under the Home Help Service programmes run by seven voluntary welfare organisations.

In providing meals, assistance with hygiene and housekeeping, and transport to medical care, SP has made it possible for the beneficiaries to age in their own homes and to carry on their lives within their communities with grace and dignity.

Through the distribution of direct mailer appeals to 1.2 million households and businesses, SP reaches out to the public to contribute to the SP Heartware Fund. Another source of donations comes from the voluntary contributions drawn from the monthly salary of SP staff to the Fund, which the company matches dollar-for-dollar. By underwriting all fund-raising costs, SP ensures that every dollar donated to the SP Heartware Fund goes solely to the beneficiaries. In FY 08/09, SP enlisted the support of its business partners in raising S\$565,000 for the needy elderly through a charity dinner.

For its dedicated service to the elderly, SP was awarded the SHARE Corporate Gold Award and Special Events Platinum Award at the Community Chest Awards in 2008.

SP has renewed its commitment to the Home Help Service programmes for another year from October 2008 to September 2009.



Members of the public contributed to the SP Heartware Fund through the November 2008 SP Heartware Fund charity mailer.

COMMUNITY & ENVIRONMENT



SP and our business partners raised funds for the needy elderly through a charity 'Rock & Roll' dinner musical in April 2008.

Supporting the Local Community

During the year in review, SP continued to contribute to nation building as a principal sponsor of the 2008 National Day Parade. It also sponsored direct mailer appeals for the Society for the Physically Disabled and St Luke's Hospital.

In Australia, Jemena staff organised a number of events to raise money for various charities. Following the Victorian bushfires early in 2009, staff, along with the company's dollar-for-dollar matching, raised more than A\$100,000 for the Red Cross Victorian Bushfire Appeal.

Through an extensive corporate sponsorship and partnership programme, SP AusNet built stronger relationships with the communities, charities and organisations across its Victorian networks. These included contribution of A\$30,000 to community groups within the Strathbogie and Wellington Shires through the company's Community Development Fund, support of the Variety Christmas Party for special children and the Children's Party for Special Children, and partnership with St John Ambulance to provide more than 20 first aid kits to regional brigades.



SP received two Community Chest awards for our contributions to the community.



SP staff volunteers shared festive joy with the elderly residents of Moral Home Neighbourhood Link (Telok Blangah) at a Christmas party.

Staff Volunteerism

SP's staff volunteerism programme focuses on helping the needy elderly.

In FY 08/09, more than 100 staff participated in the volunteer programme, on a regular and ad-hoc basis. For example, under the 'Meals on Wheels' programme, staff members volunteer two to three hours over weekends to deliver lunch or dinner to the needy elderly.

SP also organises ad-hoc events for staff to reach out to the needy elderly. In late 2008, SP staff donated S\$7,500 towards a "Bags of Love" campaign. The campaign also involved SP staff packing and distributing bags filled with food items to the elderly. Staff volunteers also organised a Christmas party for more than 70 elderly residents of Moral Home Neighbourhood Link (Telok Blangah Crescent).



SP staff purchased bags of food items for the elderly under the 'Bags of Love' campaign.

COMMUNITY & ENVIRONMENT



SP AusNet staff volunteer in revegetation projects across Victoria, as part of a programme with Landcare Australia.

Caring for the Environment

In Australia, SPI (Australia) Assets and SP AusNet continued their community investment partnership with Landcare Australia. Teams of eager volunteers from both companies planted trees in Sydney and Melbourne to rejuvenate the local environment and commemorate National Tree Planting Day. SP AusNet has a silver partnership with Landcare Australia and sponsors revegetation projects across Victoria to improve the quality of the landscape, bird and animal habitats. SP AusNet is also a Life member of Greening Australia, which supports environmental education services throughout Victoria.

SP AusNet also supported environmental sustainability by contributing towards solar lighting in the Heyfield Wetlands area.

The launch of the Jemena Environment Policy is an important step to ensure that the company lives up to its “Vital Service. Vital Planet” tagline. The policy is also a concrete commitment towards becoming a sustainable organisation. A number of environmental projects have been completed or are underway at Jemena. These include a company-wide energy efficiency and greenhouse gas assessment to identify how it can reduce its carbon footprint, and the initiation of a company waste audit to identify ways to reduce waste.

SP AusNet contributed to various community groups through the company's Community Development Fund.



FINANCIAL SUMMARY

Important Note

The Summary Financial Statements as set out on pages 61 to 70 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 financial statements 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 2009

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

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 61 to 70 was approved by the Board of Directors on 28 May 2009 and was signed on its behalf by:



MR NG KEE CHOE
Chairman



MR QUEK POH HUAT
Group Chief Executive Officer/Director

28 May 2009

AUDITORS' STATEMENT TO THE MEMBER OF SINGAPORE POWER LIMITED

We have examined the Summary Financial Statements set out on pages 61 to 70, which have been prepared by management of the Company.

In our opinion, the Summary Financial Statements are consistent, in all material aspects, with the full financial statements and the Directors' Report of Singapore Power Limited and its subsidiaries for the year ended 31 March 2009, from which they were derived.

We have issued an unqualified audit report dated 28 May 2009 on the full financial statements of Singapore Power Limited and its subsidiaries for the year ended 31 March 2009. The auditors' report is reproduced below:

"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 2009, the income statement, statement of recognised income and expenses and cash flow statement of the Group and the income statement and statement of recognised income and expenses of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS69.

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

AUDITORS' STATEMENT 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 and statement of recognised income and expenses 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 2009 and the results, recognised income and expenses and cash flows of the Group and the results and recognised income and expenses 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
28 May 2009

SUMMARY BALANCE SHEETS

As at 31 March 2009

	Group		Company	
	2009 \$ million	2008 \$ million	2009 \$ million	2008 \$ million
Non-current assets				
Property, plant and equipment	19,014.2	20,375.8	24.1	25.7
Intangible assets	3,865.6	4,573.0	3.9	2.4
Subsidiaries	–	–	6,540.0	6,506.4
Associates and joint ventures	915.6	1,259.5	–	–
Other investments	0.5	–	441.0	441.0
Other non-current assets	137.8	150.7	47.3	216.4
Deferred tax assets	60.2	8.3	–	–
	23,993.9	26,367.3	7,056.3	7,191.9
Current assets				
Inventories	154.1	102.1	–	–
Trade and other receivables	1,915.7	1,896.1	5,285.7	2,298.1
Cash and cash equivalents	234.0	677.5	11.6	115.1
	2,303.8	2,675.7	5,297.3	2,413.2
Total assets	26,297.7	29,043.0	12,353.6	9,605.1
Equity attributable to equity holders of the Company				
Share capital	2,411.9	2,411.9	2,411.9	2,411.9
Other reserves	(1,641.0)	2.1	–	–
Accumulated profits	3,280.6	2,201.2	4,075.9	2,830.9
	4,051.5	4,615.2	6,487.8	5,242.8
Minority interests	899.6	1,330.6	–	–
Total equity	4,951.1	5,945.8	6,487.8	5,242.8
Non-current liabilities				
Bank loans	8,068.2	1,828.5	1,017.4	–
Debt obligations	7,455.2	6,195.2	440.2	426.3
Other financial liabilities	47.3	53.6	88.7	53.6
Other non-current liabilities	915.5	727.7	–	–
Deferred tax liabilities	1,067.4	1,314.9	0.7	1.7
	17,553.6	10,119.9	1,547.0	481.6
Current liabilities				
Trade and other payables	1,771.9	2,572.1	4,038.3	3,838.8
Bank loans	652.9	6,985.2	253.0	–
Debt obligations	351.7	1,838.1	–	–
Other financial liabilities	942.6	1,437.0	12.1	22.6
Provision for taxation	73.9	144.9	15.4	19.3
	3,793.0	12,977.3	4,318.8	3,880.7
Total liabilities	21,346.6	23,097.2	5,865.8	4,362.3
Total equity and liabilities	26,297.7	29,043.0	12,353.6	9,605.1

FINANCIAL SUMMARY

SUMMARY INCOME STATEMENTS

Year ended 31 March 2009

	Group		Company	
	2009 \$ million	2008 \$ million	2009 \$ million	2008 \$ million
Revenue	6,618.3	5,446.8	970.7	679.2
Other income	831.5	572.7	2.9	–
Expenses				
- Purchased power	(3,221.3)	(2,258.9)	–	–
- Depreciation of property, plant and equipment	(755.9)	(712.4)	(3.1)	(12.0)
- Amortisation of intangible assets	(75.8)	(45.3)	(0.7)	(0.5)
- Maintenance	(582.2)	(379.1)	(2.5)	(2.9)
- Staff costs	(608.7)	(503.9)	(24.2)	(26.8)
- Property taxes	(144.8)	(176.4)	–	(1.6)
- Other operating expenses	(284.3)	(294.7)	(33.5)	(11.5)
Operating profit before exceptional items	1,776.8	1,648.8	909.6	623.9
Exceptional items				
- Impairment loss on property, plant and equipment	(49.1)	–	–	–
- Gain on disposal of leasehold building	–	453.4	–	453.4
- Gain on divestment of interests in subsidiary/net assets of subsidiary	–	20.3	–	–
- Professional and legal fees incurred on divestment plan	–	(30.4)	–	–
- Efficiency gains from regulatory period January 2003 to March 2008	68.6	–	–	–
Operating profit	1,796.3	2,092.1	909.6	1,077.3
Finance income	35.0	82.8	32.5	42.8
Finance expenses	(972.3)	(882.0)	(57.5)	(32.5)
Share of profit of associates (net of tax)	4.2	15.0	–	–
Share of profit of joint venture (net of tax)	54.4	23.5	–	–
Profit before taxation	917.6	1,331.4	884.6	1,087.6
Tax (expense)/credit	(119.9)	(148.4)	0.4	(2.5)
Profit for the year	797.7	1,183.0	885.0	1,085.1
Attributable to:				
Equity holders of the Company	719.4	1,086.3	885.0	1,085.1
Minority interests	78.3	96.7	–	–
Profit for the year	797.7	1,183.0	885.0	1,085.1

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2007	2,411.9	78.3	(74.4)	21.2	1,474.9	3,911.9	1,321.8	5,233.7
Translation differences relating to financial statements of foreign subsidiaries	–	(35.6)	–	–	–	(35.6)	40.1	4.5
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	40.8	–	–	40.8	35.5	76.3
Reversal of changes in fair value of cash flow hedges included in income statement, net of tax	–	–	(6.4)	–	–	(6.4)	(4.5)	(10.9)
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	–	4.4	–	–	4.4	–	4.4
Actuarial loss on defined benefit plans, net of tax	–	–	–	(43.4)	–	(43.4)	(7.5)	(50.9)
Net (losses)/gains recognised directly in equity	–	(35.6)	38.8	(43.4)	–	(40.2)	63.6	23.4
Profit for the year	–	–	–	–	1,086.3	1,086.3	96.7	1,183.0
Total recognised income and expenses for the year	–	(35.6)	38.8	(43.4)	1,086.3	1,046.1	160.3	1,206.4
Realisation of currency translation reserve upon divestment of subsidiary	–	17.2	–	–	–	17.2	–	17.2
Dividends declared of 14.93 cents per share tax exempt	–	–	–	–	(360.0)	(360.0)	–	(360.0)
Dividends paid by subsidiaries	–	–	–	–	–	–	(151.5)	(151.5)
At 31 March 2008	2,411.9	59.9	(35.6)	(22.2)	2,201.2	4,615.2	1,330.6	5,945.8

FINANCIAL SUMMARY

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

	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
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	–	–	(262.4)	–	–	(262.4)	(123.6)	(386.0)
Ineffective portion of changes in fair value of cash flow hedges taken to income statement, net of tax	–	–	14.7	–	–	14.7	0.3	15.0
Reversal of changes in fair value of cash flow hedges included in income statement, 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)
Net losses recognised directly in equity	–	(1,310.7)	(234.5)	(97.9)	–	(1,643.1)	(369.3)	(2,012.4)
Profit for the year	–	–	–	–	719.4	719.4	78.3	797.7
Total recognised income and expenses for the year	–	(1,310.7)	(234.5)	(97.9)	719.4	(923.7)	(291.0)	(1,214.7)
Dividends payable written back	–	–	–	–	360.0	360.0	–	360.0
Dividends paid by subsidiaries	–	–	–	–	–	–	(140.0)	(140.0)
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

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1 Adoption of new accounting standards

The Group has adopted the following revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that became mandatory from 1 April 2008:

- FRS 107 Financial Instruments: Disclosures and the amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures
- INT FRS 112 Service Concession Arrangements
- INT FRS 114 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption did not result in substantial changes to the Group’s accounting policies.

2 Contingent liabilities

(a) Tax audits

A subsidiary of the Group, SP AusNet, is subject to tax audits by the Australia Tax Office (ATO) in regard to the deductibility of the S163AA imposts and intellectual property deductions taken by SP Australian Networks (Transmission) Ltd (SP AusNet Transmission), which forms part of SP AusNet.

Despite the commencement of a formal ATO audit in the current financial year, SP AusNet has not changed its view in regard to the availability of deductions for the S163AA imposts and intellectual property based on expert advice received.

The ultimate timeframe or likely outcomes of these audits is 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, is extending its full support and assistance to the Inquiry.

On 16 April 2009, SP AusNet was served with a writ, an earlier version of which was previously filed in the Supreme Court of Victoria on 16 February 2009, and other associated documents. The writ alleges that “faulty and/or defective power lines” caused loss and damage. SP AusNet believes the claim is both premature and inappropriate, given the establishment of the 2009 Victorian Bushfires Royal Commission. SP AusNet will vigorously defend the claim.

It is too early for SP AusNet to provide any reliable estimate as to the prospects of success or the quantum of damages, if any, that may be awarded in either this claim or any other claim which may be instituted by third parties. If the claim is pursued, SP AusNet has liability insurance which provides cover for bushfire liability. SP AusNet reviews its insurance cover annually and ensures that the cover is commensurate with the scale and size of its operations and the risks assessed to be associated with its operations and with 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.

All bushfire mitigation and vegetation management programs were completed prior to the declaration of the bushfire season in December 2008.

FINANCIAL SUMMARY

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

3 Subsequent events

On 1 May 2009, the Australian Energy Regulator released its final report on the Weighted Average Cost of Capital to be used in determining tariffs for Australia electricity distribution and transmission businesses in the future. This determination will be applied to the Group's Australian subsidiaries in their next regulatory reset period.

On 1 May 2009, WestNet Infrastructure Group Ltd (formerly known as Alinta 2000 Ltd), a company owned by Babcock and Brown Infrastructure Ltd, transferred its 51% ownership of Alinta Asset Management Pty Ltd ("AAM") to a wholly owned subsidiary of the Group. AAM is therefore, from 1 May 2009, a wholly owned subsidiary of the Group. This transfer has no financial impact to the Group.

In May 2009, SP AusNet, a 51%-held subsidiary of the Group, announced that it is undertaking an accelerated non-renounceable pro-rata entitlement offer of stapled securities to raise up to A\$415 million of cash. The Group intends to participate for its full 51% entitlement under the offer, representing approximately A\$211 million.

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