SINGAPORE POWER

ANNUAL REPORT 2011

POWERING TOMORROW

OUR MISSION

WE PROVIDE RELIABLE AND EFFICIENT ENERGY UTILITY SERVICES TO ENHANCE THE ECONOMY AND THE QUALITY OF LIFE.

OUR VALUES

COMMITMENT
WE COMMIT TO CREATING VALUE FOR OUR CUSTOMERS, OUR PEOPLE, AND OUR SHAREHOLDERS.

WE UPHOLD THE HIGHEST STANDARDS OF SERVICE AND PERFORMANCE.

INTEGRITY
WE ACT WITH HONESTY.

WE PRACTISE THE HIGHEST ETHICAL STANDARDS.

PASSION
WE TAKE PRIDE AND OWNERSHIP IN WHAT WE DO.

TEAMWORK
WE SUPPORT, RESPECT AND TRUST EACH OTHER.

WE CONTINUALLY LEARN, AND SHARE IDEAS AND KNOWLEDGE.

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Cover:

Jananto Brynner Soedadi
Assistant Manager, Group Risk Management
Finance, Singapore Power

THE SINGAPORE POWER GROUP

Singapore Power (SP) Limited is a leading energy utility company in Asia Pacific. It owns and operates electricity and gas transmission and distribution businesses in Singapore and Australia. The SP Group is wholly owned by Temasek Holdings (Private) Limited.

Over a million industrial, commercial and residential customers in Singapore benefit from SP's world-class transmission, distribution and market support services. The SP networks in Singapore are amongst the most reliable and cost-effective worldwide.

In Australia, the SP Group serves 2.8 million consumers through wholly-owned energy utility company Jemena and 51%-owned SP AusNet, which is publicly listed on the Australian and Singapore Stock Exchanges.

As one of Singapore's largest corporations, SP recorded revenue of S$8.7 billion and assets of S$32.4 billion in FY11/12.

RELIABLE AND RESPONSIBLE

Delivering a reliable energy supply to consumers is our top priority. We take pride in creating value for our customers through safe, cost-effective operations.

That's how we help power the economy and enable activities of modern living, today and for generations to come.

Qwek Yann Leei Grace (left)
Senior Manager
Accounts & Tax

Kamlesh s/o Gope Ramchand
Assistant Director
Security & Emergency Planning

FROM THE CHAIRMAN

For the financial year ending 31 March 2012, SP Group recorded a net profit of S$930 million, compared to S$924 million in the previous year. Excluding exceptional and non-recurring items, net profit increased by 8 per cent. The increase is due to lower financing cost and translation gains due to the strength of the Australian Dollar.

Total assets grew by S$1.3 billion to S$32.4 billion during the year as the Group continues to invest in the electricity and gas networks in Singapore and Australia.

OPERATIONAL EXCELLENCE

The SP Group continuously strives to provide essential utilities and services at a high level of reliability and quality.

In a 2011 benchmarking exercise conducted by independent consultant KEMA International, Singapore topped 22 global cities in network performance. Singapore achieved 0.31 minute per customer per year for System Average Interruption Duration Index (SAIDI), and 0.007 interruption per customer per year for System Average Interruption Frequency Index (SAIFI). The results showed that households and businesses in Singapore experience the world's shortest and fewest outages. They also enjoy competitive grid charges for electricity that are below the global average.

Gas network performance was also well within regulatory targets, with SAIDI and SAIFI of 0.04 minute and 0.0004 interruption per customer per year respectively.

The results are a testimony of SP's continuous commitment towards achieving the highest network efficiency, and the best value for customers.

In Australia, SP AusNet and Jemena continued to upgrade infrastructure and improve operational efficiency and service quality so as to maintain their position as the premier utility service providers in their respective markets.

During the financial year ending 31 March 2012, SP AusNet invested more than A$710 million in upgrading of transmission and distribution network facilities for electricity and gas, to improve safety, reliability and capacity of supply to consumers.

Meanwhile Jemena celebrated 21 years of safe and reliable operation of the Queensland Gas Pipeline (QGP). Record volumes of conventional and coal seam natural gas were transported from the Surat Basin, Denison Trough and Bowen Basin to Gladstone and Rockhampton.

SERVICE INNOVATION

During the year, SP Services successfully upgraded and cut over to a new Market Support Services Licensee (MSSL) IT System. With the new system, SP Services expanded current system capabilities to enhance customer service and operational effectiveness.

We also expanded our e-billing email alert service. Customers on this service now receive a summary of their utilities charges monthly by email. They can log on to their online account to view bill details and make payment. With e-billing, customers can access their current and past utility bills anywhere, anytime, and opt to discontinue receiving paper bills.

Since 2009, SP AusNet and Jemena have been installing smart meters as part of the Victorian Government's mandated Advanced Metering Infrastructure (AMI) programme, to allow customers to better manage their power usage. As at the end of March 2012, 567,524 smart meters have been installed.

MAJOR DEVELOPMENTS AND PROJECTS

SP will be building two cable tunnels 60m underground – the 18.5km North-South Tunnel and the 16.5km East-West Tunnel, to meet Singapore's future needs for power supply. Planning for the development is progressing well. When completed, the tunnels will allow for faster and more efficient transmission cable installation and the replacement of 230kV circuits.

Jemena was restructured into two independently managed operating units – an assets business retaining the Jemena brand and an engineering, construction and maintenance service provider known as Zinfra Group.

SP AusNet launched a new safety initiative, MissionZero, aimed at increasing safety awareness and improving safety performance. Since the launch of this initiative, it has improved Medical Time Injury Frequency Rate by 12 per cent and Recordable Injury Frequency Rate by 3 per cent.

VALUING OUR PEOPLE

SP is committed to investing in our human capital to attract, retain and develop talent and enable all our staff to realise their full potential. During the year under review, SP invested S$1.9 million in various learning and development initiatives, with each staff receiving an average of 52 learning hours. To encourage life-long learning, SP worked closely with the Union of Power and Gas Employees (UPAGE) to sponsor employees to pursue certificate or diploma programmes.

High potential employees from middle to senior levels were sponsored for Executive Development programmes such as Temasek's Leaders! and Global Leaders! Programmes to hone their leadership capabilities and widen their perspectives in today's changing global business environment.

We enhanced our internship programmes, and continued to offer scholarships to deserving students who excelled academically and demonstrated strong leadership qualities.

SP also initiated a two-year Engineering Talent Development Programme aimed at building a pipeline of engineering talent. The programme provides opportunities for high-performing individuals to learn different aspects of our business operations across the organisation and to share best practices under the guidance of mentors.

In Australia, SP AusNet continued to develop and up-skill its engineers. Some of the key programmes implemented include Queensland University of Technology training for graduates, and Powerline Induction & White Card training for all trainees and graduates.

Jemena provided a wide range of programmes including field operational training, safety training, and management and leadership development. Programmes were also developed for its supervisors, managers and senior leaders to develop people management capabilities and higher leadership competencies.

GIVING BACK TO THE COMMUNITY

In FY11/12, SP raised more than S$890,000 for the Singapore Power Heartware Fund to benefit needy elderly under the Community Chest's Home Help Service programme. Since the Fund was launched in 2005, we have raised over S$6 million for our beneficiaries.

SP AusNet launched the Community Cornerstone Programme, recognising and rewarding the volunteer efforts of employees. The programme rewards employees who provide services to their community by offering grants of A$500 each to the employee's chosen organisation.

Jemena launched its Corporate Social Responsibility Platform 2011 in July. The Platform formalised Jemena's commitment to serve the community and deliver sustainable solutions for the environment.

IN APPRECIATION

I would like to express my appreciation to the Board of Directors for their unstinting support and guidance in contributing to the Group's achievements.

I also thank the management and staff for their dedication and commitment, without which the Group's successes would not have been possible.

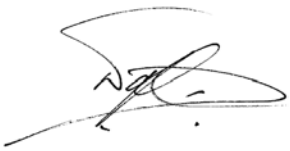
I must acknowledge and recognise the support and contribution of UPAGE as well as the unions representing our employees in Australia. They have worked closely with Management to sustain growth in the understanding that the interests of the Group and workers are intertwined. My appreciation also goes to our business partners and customers for their continued support.

At the end of 2011, Mr Quek Poh Huat retired from the position of Group Chief Executive Officer. On behalf of the Board and staff, I would like to thank Poh Huat for his dedication and contribution to SP. We are fortunate that he has agreed to remain as Senior Advisor to SP with effect from 1 January 2012.

I also welcome Mr Wong Kim Yin to the SP family. Kim Yin joined SP as Group CEO (Designate) on 1 November 2011 and officially took office on 1 January 2012. With a strong track record of almost two decades working in various capacities in the energy sector, I am confident that Kim Yin will build on the strong foundation that has been laid and create a new chapter of growth and success for SP.

After 11 years, I retired as Chairman on 30 June 2012. I leave with many happy memories, having worked with professionals whose dedication, cohesiveness and passion have established Singapore Power as the leading energy utility company in the Asia Pacific. SP's achievements would not have been possible without the untiring efforts of our Management and staff, support of business and industry partners and the cooperation of our unions.

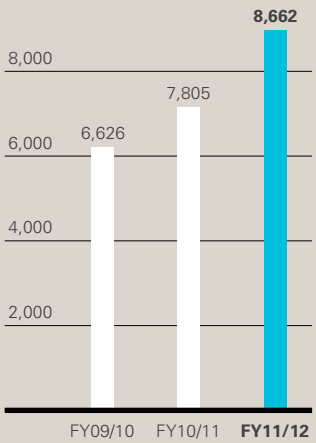
I am delighted to pass the baton to Tan Sri Mohd Hassan Marican who took over the Chairmanship of SP on 30 June 2012. He has been on the SP Board since 15 February 2011, and I leave with the confidence that he will lead SP to greater heights as a world-class utility company.



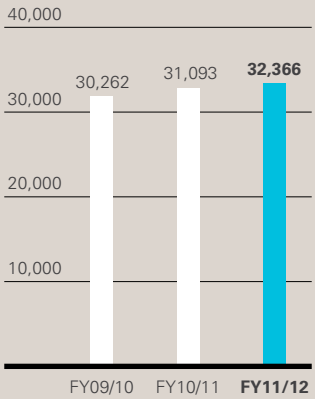
Ng Kee Choe
Chairman
30 June 2012

FINANCIAL HIGHLIGHTS

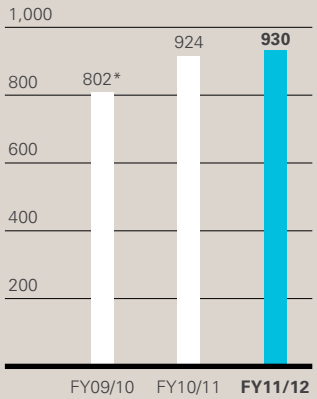
OPERATING REVENUE
($million)



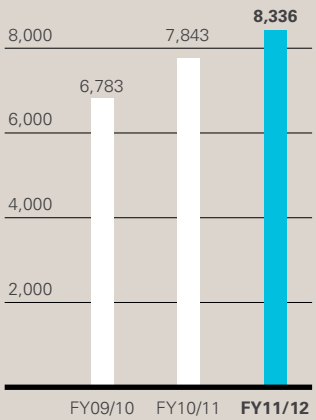
TOTAL ASSETS
($million)



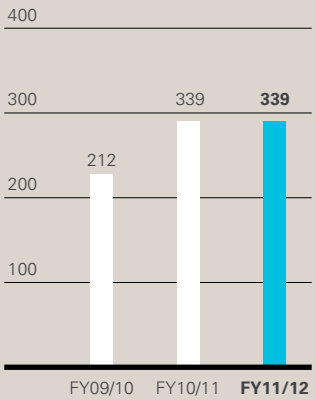
NET PROFIT AFTER TAX
($million)



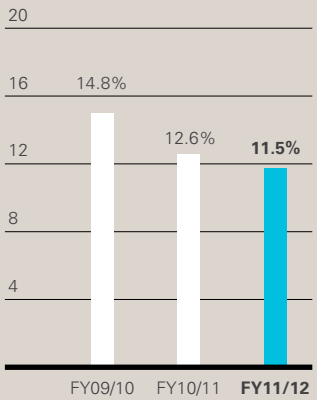
SHAREHOLDERS' EQUITY
($million)



ECONOMIC VALUE ADDED (EVA)
($million)

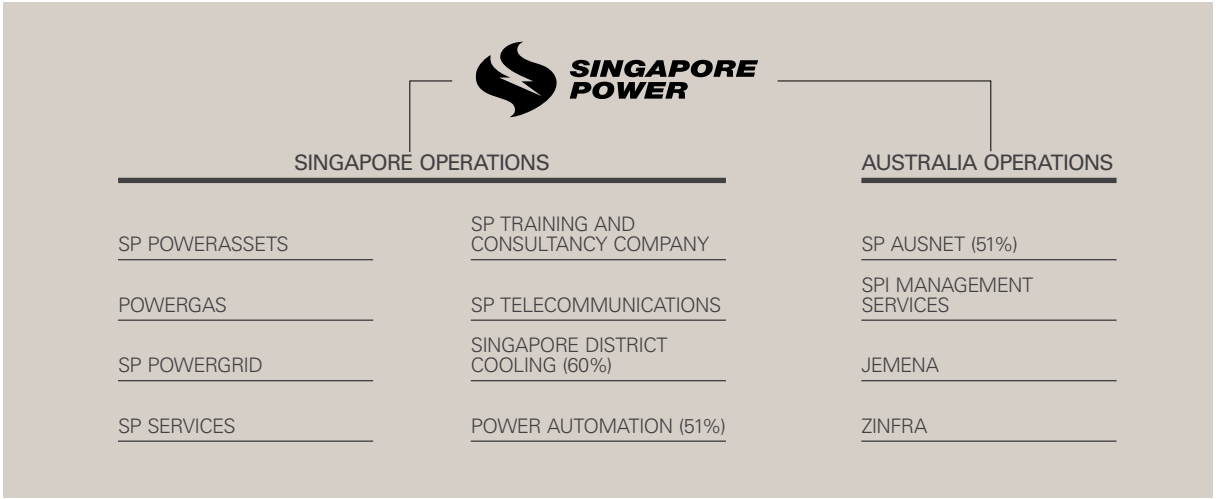


RETURN ON EQUITY
(%)



** Excludes S$1,040 million impairment loss for Jemena*

GROUP STRUCTURE



SINGAPORE OPERATIONS

We own and operate the Singapore electricity and gas transmission and distribution network. We also service consumers for their utility needs, through providing meter reading, billing, and customer service support.

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

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

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

SP Training and Consultancy Company provides consultancy and training, leveraging SP's expertise in developing and operating energy utility infrastructure and businesses.

SP Telecommunications provides telecommunication infrastructure services.

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

Power Automation is a joint-venture systems integration company providing power system control, smart grid/metering, protection system and substation automation solutions.

AUSTRALIA OPERATIONS

SP AusNet and Jemena form the two main arms of our business in Australia. Together, their presence spans eastern Australia, and includes electricity and gas transmission and distribution ownership and operation, as well as related services.

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.

Jemena owns and operates gas transmission pipelines, gas and electricity distribution networks in New South Wales, Queensland and Victoria.

Zinfra Group provides engineering, operations, maintenance and construction services to Jemena and external clients.

BOARD OF DIRECTORS

MR NG KEE CHOE

Mr Ng Kee Choe was the Chairman of Singapore Power Ltd from September 2000 to 30 June 2012. He is the Chairman of SP AusNet.

Mr Ng is also Chairman of CapitaLand Ltd, NTUC Income Insurance Co-operative Limited and President Commissioner of PT Bank Danamon Indonesia Tbk. He is a director of Singapore Exchange Ltd and Fullerton Financial Holdings Pte Ltd. He is a member of the Temasek Advisory Panel, and 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, retiring from his executive position in July 2003 after 33 years of service with DBS. He was conferred the Public Service Star in 2001 and awarded the Meritorious Service Medal at the 2012 National Day Awards.

TAN SRI MOHD HASSAN MARICAN

Tan Sri Mohd Hassan Marican was appointed Chairman of Singapore Power Ltd on 30 June 2012. He was appointed Director on 15 February 2011.

Tan Sri Hassan is a Director of Sembcorp Industries Ltd, Sembcorp Marine Ltd, Regional Economic Development Authority of Sarawak, Sarawak Energy Berhad, Lambert Energy Advisory Ltd, MH Marican Advisory Sdn Bhd and ConocoPhillips. He is also a Senior International Advisor of Temasek International Advisors, a subsidiary of Temasek Holdings.

Tan Sri Hassan was the President & CEO of Malaysia's Petroliam Nasional (PETRONAS) from 1995 until his retirement in February 2010 and has over 30 years' experience in finance and management.

Tan Sri Hassan holds an honorary doctorate from the University of Malaya and is a Fellow of the Institute of Chartered Accountants in England and Wales.

MR ALAN CHAN HENG LOON

Mr Alan Chan Heng Loon has been a Director since June 2001. He is also the Chairman of SP PowerAssets Ltd and PowerGas Ltd.

Mr Chan is the Chief Executive Officer and a Director of Singapore Press Holdings Ltd. He is the Chairman of SPH Magazines Pte Ltd. He is also a member of the Board of Governors of The Singapore-China Foundation, the Public Service Commission and Lee Kuan Yew Fund for Bilingualism. He sits on the boards of MediaCorp TV Holdings Pte Ltd, MediaCorp Press Ltd, Singapore Press Holdings Foundation Ltd, TP Ventures Pte Ltd, GMM Times Company Ltd, OpenNet Pte Ltd, Business China, Magazines World Sdn Bhd, Blu Inc Holdings Malaysia Sdn Bhd, Blu Inc Media Sdn Bhd and World Association of Newspapers – IFRA.

Mr Chan was formerly the Permanent Secretary for the Ministry of Transport. He chaired the Council that reviewed the Code of Corporate Governance in 2012. Mr Chan was awarded the Public Administration Medal (Gold) in 2002 and the Meritorious Service Medal at the 2012 National Day Awards.

MR ERIC GWEE TECK HAI

Mr Eric Gwee Teck Hai was a Director from January 2001 till 29 July 2011. He is a Director of SP AusNet.

Mr Gwee was formerly the Chairman of SP Services Ltd, the Board of Governors for the Institute of Technical Education and the Public Transport Council. He was also formerly a Director of WorleyParsons Ltd and Melbourne Business School Ltd.

Mr Gwee was awarded the Public Service Star in 1994, Public Service Star (Bar) [BBM(L)] in 2004, and Meritorious Service Medal in 2007.

MR HO TIAN YEE

Mr Ho Tian Yee joined the Board in May 2003. He is also a Director of SP AusNet.

Mr Ho is the Managing Director of Pacific Asset Management (S) Pte Ltd. He holds directorships in publicly-listed companies including Fraser and Neave, Limited, DBS Group Holdings Ltd and DBS Bank Ltd. He is also a Director of Fullerton Fund Management Co Ltd and was formerly the Chairman of Times Publishing Ltd.

Mr Ho was awarded the Public Service Medal in 1997.

MR TAN CHEE MENG

Mr Tan Chee Meng joined the Board in August 2005. He is also a Director of SPI (Australia) Assets Pty Ltd.

A Senior Counsel, Mr Tan is the Deputy Managing Partner of WongPartnership LLP. Mr Tan sits on the boards of Urban Redevelopment Authority, Jurong Town Corporation, Mapletree Commercial Trust Management Ltd, St Gabriel's Foundation, All Saints Home and WOPA Services Pte Ltd. He is also the Chairman of the School Management Committee of Assumption English School.

MR BOBBY CHIN YOKE CHOONG

Mr Bobby Chin Yoke Choong joined the Board in January 2006.

He is the Chairman of Singapore Totalisator Board and serves on the boards of the Competition Commission of Singapore and Singapore Labour Foundation. He is also a board member of various listed companies including Oversea-Chinese Banking Corporation Ltd, AV Jennings Ltd, Yeo Hiap Seng Ltd, Ho Bee Investment Ltd, Sembcorp Industries Ltd and Singapore Telecommunications Ltd. He was appointed to the Council of Presidential Advisers in January 2010.

Mr Chin was the Managing Partner of KPMG Singapore from 1992 to 2005. He served as Chairman of the Urban Redevelopment Authority from April 2001 to March 2006.

PROF JEREMY GUY ASHCROFT DAVIS AM

Prof Jeremy Guy Ashcroft Davis joined the Board in August 2006. He 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 is also a Director of CHAMP Ventures Pty Ltd, Australian Institute of Management NSW & ACT Ltd and Very Small Particle Company Ltd.

He was the former AMP Society Professor at the Australian Graduate School of Management. Prof Davis spent 10 years as a management consultant with the Boston Consulting Group. He was also Chairman of AIDC Ltd and Amdel Holdings Pty Ltd and Director of Asian Renewable Energy Management Ltd.

MR CHOI SHING KWOK

Mr Choi Shing Kwok joined the Board in August 2006. He is the Permanent Secretary of the Ministry of the Environment and Water Resources. He is also a Director of SP PowerAssets Ltd and PowerGas Ltd.

Formerly the Permanent Secretary of the Ministry of Transport, Mr Choi has had a long career in government and was awarded the Meritorious Service Medal in 2000 and the Long Service Award in 2004 by the Government of Singapore. He has also received state awards from foreign governments.

MRS OON KUM LOON

Mrs Oon Kum Loon joined the Board in April 2010. She is also a Director of SP PowerAssets Ltd and PowerGas Ltd.

Mrs Oon serves on the Boards of Keppel Corporation Ltd, Keppel Land Ltd and Keppel Land China Pte Ltd.

Mrs Oon has 30 years of extensive experience with DBS Bank Ltd, and held positions such as Chief Financial Officer, Managing Director and Head of Group Risk Management.

MR NG YAT CHUNG

Mr Ng Yat Chung was a Director from April 2010 till 29 January 2012.

Mr Ng is Group President and Chief Executive Officer of Neptune Orient Lines Ltd. He is the Chairman of the Board of Trustees for the Singapore Institute of Technology.

Mr Ng was formerly a Senior Managing Director at Temasek Holdings (Pte) Ltd and the Chief of Defence Force in the Singapore Armed Forces.

MR TAN PUAY CHIANG

Mr Tan Puay Chiang joined the Board in April 2012.

He is a Board member of Neptune Orient Lines Ltd, Keppel Corporation Ltd, and the Energy Studies Institute at the National University of Singapore.

Mr Tan was Chairman, ExxonMobil (China) Investments Co from 2001 to 2007. During his 37-year career with Mobil and later ExxonMobil, he held extensive executive management roles in Australia, Singapore and the United States.

MR QUEK POH HUAT

Mr Quek Poh Huat was a Director from November 2001 till 1 January 2012. He was the Group Chief Executive Officer from May 2004 till his retirement on 1 January 2012. He continues to serve as Senior Advisor to the Group.

Mr Quek is also a Board Director of Singapore Technologies Engineering Ltd and Chairman of Singapore Technologies Kinetics Ltd. Mr Quek is Singapore's non-resident Ambassador to Sweden.

He was conferred the Public Service Star Award in 1994.

MR WONG KIM YIN

Mr Wong Kim Yin was appointed a Director of Singapore Power Ltd and its Group Chief Executive Officer on 1 January 2012. He is currently the Chairman of SP PowerGrid Ltd and a Director of SP PowerAssets Ltd, SP Services Ltd and PowerGas Ltd. Mr Wong is also the Chairman of SPI Management Services Pty Ltd and SPI (Australia) Assets Pty Ltd.

Mr Wong is a non-executive director of CITIC Resources Holdings Ltd.

Mr. Wong was formerly Senior Managing Director, Investments at Temasek International (Pte) Ltd, where he had been responsible for investments in various sectors, including the energy, transportation and industrial clusters. He also worked for The AES Corporation, a global power company listed on the New York Stock Exchange.

CORPORATE GOVERNANCE

Report for the period 1 April 2011 to 31 March 2012

ETHICS & ACCOUNTABILITY

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

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

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

SETTING DIRECTIONS

The Board provides broad strategic directions for the Group and undertakes key investment and funding decisions. In addition, the Board ensures that Management maintains a robust system of internal controls to protect the Group's assets and reviews the Group's financial performance. The Board meets at least four times a year to review the Group's business performance. In the last financial year, the Board met five times and held a Board Strategic Review in November 2011.

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

ACCOUNTABILITY

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

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

There is a strong element of independence in the Board composition with independent non-executive Directors constituting more than two-thirds of the entire Board during the financial year.

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

The current size of 10 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.

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 are formed to provide support and guidance to Management.

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

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 within applicable laws, regulations and codes of conduct.

The AC 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 AC holds at least three meetings a year.

BOARD RISK MANAGEMENT COMMITTEE

The Board Risk Management Committee (BRMC) comprises five Directors, four of whom are independent non-executive Directors. The BRMC assists the Board in fulfilling its oversight responsibilities by reviewing:

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

The BRMC 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.

The BRMC meets at least three times a year.

FINANCE COMMITTEE

The Finance Committee (FC) comprises four Directors, two of whom are independent Directors. The FC assists the Board in reviewing proposed mergers, acquisitions, disposals and corporate restructuring and financing of the SP Group.

The responsibilities of the FC are to:

- Consider and endorse, for the Board's approval, SP's annual operating and capital expenditure budgets, and business and financing plans;
- Approve or endorse mergers, acquisitions, divestments or corporate restructuring; and
- Approve or endorse SP's borrowing and financing related matters.

The FC holds at least two meetings a year.

NOMINATING COMMITTEE

The Nominating Committee (NC) comprises four Directors. The Chairman of the NC is an independent non-executive Director. The 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 appointed by the Board after the NC has endorsed their appointment. New Directors must submit themselves for re-election at the next Annual General Meeting (AGM) of the Company pursuant to the Articles of Association of the Company. The Articles of Association of the Company also require not less than one-third of Directors to retire by rotation at every AGM.

The NC meets at least twice a year.

STAFF DEVELOPMENT AND COMPENSATION COMMITTEE

The Staff Development and Compensation Committee (SDCC) comprises four Directors, three of whom are independent Directors. The 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.

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.

BOARD COMPOSITION

Board Members	Audit Committee	Board Risk Management Committee	Finance Committee	Nominating Committee	Staff Development & Compensation Committee
Mr Ng Kee Choe, Chairman*[1]	-	-	Chairman	Member	Chairman
Tan Sri Mohd Hassan Marican, Chairman[2]	-	-	Chairman	Member	Chairman
Mr Alan Chan Heng Loon	-	-	-	Chairman	Member
Mr Eric Gwee Teck Hai[3]	-	-	Member	-	-
Mr Ho Tian Yee	-	Chairman	Member	-	-
Mr Tan Chee Meng	Member	Member	-	-	-
Mr Bobby Chin Yoke Choong[4]	Chairman	-	-	Member	Member
Prof Jeremy Guy Ashcroft Davis[5]	Member	Member	-	-	-
Mr Choi Shing Kwok[6]	Member	-	-	Member	-
Mrs Oon Kum Loon[7]	-	Member	-	-	Member
Mr Ng Yat Chung*[8]	-	-	Member	-	-
Mr Tan Puay Chiang[9]	-	-	-	-	-
Mr Quek Poh Huat*[10]	-	Ex-officio	Ex-officio	Member	-
Mr Wong Kim Yin*[11]	-	Ex-officio	Ex-officio	-	-
Board Committee Members					
Mr Timothy Chia Chee Ming *(Retired on 2 Sep 2011)*	Co-opted Member	-	-	-	-
Mr Paul Chan Kwai Wah *(Retired on 2 Sep 2011)*	-	Co-opted Member	-	-	-

1 *Mr Ng Kee Choe retired as Chairman and Director of the Board, and Chairman of FC and SDCC and a member of NC on 30 Jun 2012.*

2 *Tan Sri Mohd Hassan Marican was appointed as Chairman of the Board on 30 Jun 2012. He was appointed a member and Chairman of FC on 2 Sep 2011 and 2 Jul 2012 respectively, and Chairman of SDCC and member of NC on 2 Jul 2012.*

3 *Mr Eric Gwee Teck Hai retired as Director and a member of FC on 29 Jul 2011.*

4 *Mr Bobby Chin Yoke Choong was appointed a member of NC on 2 Sep 2011.*

5 *Prof Jeremy Guy Ashcroft Davis was appointed a member of AC and BRMC on 2 Sep 2011.*

6 *Mr Choi Shing Kwok was appointed a member of NC on 2 Sep 2011.*

7 *Mrs Oon Kum Loon was appointed a member of SDCC on 2 Sep 2011.*

8 *Mr Ng Yat Chung resigned as Director and a member of FC on 29 Jan 2012.*

9 *Mr Tan Puay Chiang was appointed as Director on 16 Apr 2012.*

10 *Mr Quek Poh Huat retired as Director and member of BRMC, FC and NC on 1 Jan 2012.*

11 *Mr Wong Kim Yin was appointed Director of the Board and an Ex-officio member of BRMC and FC on 1 Jan 2012.*

As at 2 July 2012 * Non-independent

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

SP is committed to ensuring a strong and robust risk management system is in place for effective corporate governance, sound decision-making, and efficient operational management.

The Board Risk Management Committee (BRMC) assists the Board in its oversight of risk management and is supported by the Group Risk Management (GRM) Office. SP has established its Enterprise Risk Management (ERM) Framework, Risk Management Policy, and the Risk Manual to provide guidance on risk management practices. This also ensures that the stakeholders' value is protected and maximised.

RISK MANAGEMENT IN ACTION

In SP, the risk management approach combines institutionalisation, governance structure and independent reviews with day-to-day operational risk management, control risk self-assessment and risk reporting. The various avenues to engender this include:

- Quarterly review of top Group-level risks at BRMC Meetings.
- Risk management involvement in critical projects.
- GRM's independent review of specific business functions.
- Monthly monitoring via Group and Subsidiary-level Risk Dashboards.
- Annual Risk Workshops and Control Risk Self-Assessment to review operational risks and mitigating measures respectively.

Risk management in SP is an evolving and continuous process. In addition to the generic framework of risk identification, assessment, and treatment, SP proactively considers emerging risks. In the past year, the Risk Manual was revised to incorporate the new ISO31000 risk management standards and SP's latest developments in ERM practices.

The Group's guiding principle is that every employee is a risk manager in his or her area of work. Risk issues are identified and highlighted to the various subsidiaries' Risk Management Committee and the BRMC. Key risk issues are monitored and necessary actions will be taken, including remediation.

Creating a culture of risk awareness amongst staff is critical to an effective risk management framework. In SP, this is achieved through various initiatives such as staff training, publishing of related articles in company periodicals, and regular interaction between the risk management teams and risk owners.

KEY RISK MANAGEMENT INITIATIVES IN FY11/12

- Independent risk oversight for major cable tunnel project.
- Risk review of major IT projects.
- Review and alignment of safety management practices.
- Revision of GRM Risk Manual – incorporating latest developments in SP risk management practices and international risk management standards.
- Strengthening of the SP Fraud Risk Management Framework.

Risk management is every staff's responsibility.

SENIOR MANAGEMENT

MR PAUL ADAMS
MANAGING DIRECTOR
JEMENA

MS AMELIA CHAMPION
HEAD, CORPORATE AFFAIRS

MRS JEANNE CHENG
MANAGING DIRECTOR
SP SERVICES

MR CHUAH KEE HENG
HEAD, CORPORATE
PLANNING

MR NINO FICCA
MANAGING DIRECTOR
SP AUSNET

MS MADALENE HEE
HEAD, INTERNAL AUDIT

MR JIMMY KHOO
HEAD, BUSINESS VENTURES

MS LIM CHOR HOON
HEAD, HUMAN RESOURCE

MR LIM HOWE RUN
HEAD, REGULATORY
MANAGEMENT

MS LIM LAY HONG
CHIEF FINANCIAL OFFICER

MR SIM KWONG MIAN
MANAGING DIRECTOR
SP POWERGRID

MS HELEN TAY BEE HOON
GENERAL COUNSEL &
COMPANY SECRETARY

MR WONG CHIT SIENG
CHIEF INFORMATION OFFICER

MR WONG KIM YIN
GROUP CHIEF
EXECUTIVE OFFICER

SP POWERGRID

MR CHENG SEE TAU
DEPUTY MANAGING
DIRECTOR
GAS

MR CHEW MIN LIP
DEPUTY MANAGING
DIRECTOR
NETWORK MANAGEMENT

MR MICHAEL CHIN
DEPUTY MANAGING
DIRECTOR
TUNNEL PROJECTS

MR CHUNG CHOON HEONG
DEPUTY MANAGING
DIRECTOR
MD'S OFFICE

MR HAN TEK FONG
GENERAL MANAGER
PLANNING & STRATEGY

MS HO YIN SHAN
HEAD
PROCUREMENT

MR PETER LEONG
DEPUTY MANAGING
DIRECTOR
NETWORK DEVELOPMENT

MS LOONG HUI CHEE
GENERAL MANAGER
FINANCE

MR SIM KWONG MIAN
MANAGING DIRECTOR

SP SERVICES

MRS JEANNE CHENG
MANAGING DIRECTOR

MS LEE CHUI PING
DIRECTOR
FINANCE & ACCOUNTS

MR LAWRENCE LEE
DIRECTOR
OPERATIONS & FULL RETAIL
CONTESTABILITY

MS SHIRLEY TAN LEE CHENG
DIRECTOR
CUSTOMER RELATIONSHIP
MANAGEMENT

SP AUSNET

MR JOHN AZARIS
GENERAL MANAGER
OPERATIONS AND SERVICES

MR NORM DREW
GROUP GENERAL MANAGER
INTEGRATED NETWORK
SERVICES

MR NINO FICCA
MANAGING DIRECTOR

MS CLAIRE HAMILTON
GENERAL MANAGER
RISK AND ASSURANCE

MR JOHN KELSO
GENERAL MANAGER
SELECT SOLUTIONS

MS GERALDINE LESLIE
GENERAL MANAGER
PEOPLE AND SAFETY

MR GEOFF NICHOLSON
CHIEF FINANCIAL OFFICER

MR ASH PECK
GENERAL MANAGER
INFORMATION AND
COMMUNICATION
TECHNOLOGY

MR CHARLES POPPLE
GROUP GENERAL MANAGER
NETWORKS STRATEGY AND
DEVELOPMENT

MS SUSAN TAYLOR
GENERAL COUNSEL AND
COMPANY SECRETARY

JEMENA

MR PAUL ADAMS
MANAGING DIRECTOR

MR TONY BEACH
MANAGING DIRECTOR
ZINFRA GROUP

MS JODIE BLAKE
EXECUTIVE GENERAL
MANAGER
HUMAN RESOURCES
& HEALTH SAFETY,
ENVIRONMENT
AND QUALITY

MR CAMERON DORSE
EXECUTIVE GENERAL
MANAGER
TECHNOLOGY

MS TINA OOI
GENERAL COUNSEL AND
COMPANY SECRETARY

MS JOANNE PEARSON
CHIEF FINANCIAL OFFICER

MR ALF RAPISARDA
EXECUTIVE GENERAL
MANAGER
NETWORKS AND PIPES

DR SHAUN REARDON
EXECUTIVE GENERAL
MANAGER
STRATEGY, REGULATION
AND PROJECTS

MR JOHN VAN WEEL
EXECUTIVE GENERAL
MANAGER
WORKS DELIVERY

AWARDS & ACCOLADES

SINGAPORE OPERATIONS

ISO 9001:2008 Certification for Quality Management System

- **SP PowerGrid** (Distribution Control & Customer Services Section) by Certification International, FY06/07 to present
- **SP PowerGrid** (Network Development) (Electricity) by Certification International, FY02/03 to present
- **SP PowerGrid** (Network Management) (Electricity) by Certification International, FY02/03 to present
- **SP PowerGrid** (Gas Operations) by SGS International Certification Services Singapore Pte Ltd, FY00/01 to present
- **SP Services** by BSI Management Systems, FY04/05 to present

Singapore Quality Class Certification (STAR)

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

Singapore Service Class Certification

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

ISO/IEC 17025:2005 in Electrical Testing for Electricity Meters

- **SP PowerGrid** by the Singapore Accreditation Council - Singapore Laboratory Accreditation Scheme, 2000 to present

ISO/IEC 17025:2005 in Electrical Testing for Current Transformers

- **SP PowerGrid** by the Singapore Accreditation Council - Singapore Laboratory Accreditation Scheme, 2008 to present

ISO/IEC 17025:2005 in Calibration and Measurement for Gas Flow Meters

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

International District Energy Climate Awards: Certificate of Merit for Superior Achievement

- **Singapore District Cooling** by International Energy Agency, 2011

BS OHSAS 18001:2007 Certification for Occupational Health & Safety Management System

- **Singapore District Cooling** by TÜV SÜD PSB Pte Ltd, 2008 to 2014.

People Developer Standard by SPRING Singapore

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

May Day Model Partnership Award (Institutional Category)

- **SP Services** by National Trades Union Congress, 2012

Singapore H.E.A.L.T.H. Platinum Award

- **Singapore Power Group** by the Health Promotion Board, 2004 to 2014

Minister for Defence Award

- **Singapore Power Group** by the Ministry of Defence, 2005 to 2015

Special Events Platinum Award

- **Singapore Power Group** by the Community Chest, 2006 to 2012

SHARE Corporate Gold Award

- **Singapore Power Group** by the Community Chest, 2003 to 2012

10-Year Outstanding SHARE Award

- **Singapore Power Group** by the Community Chest, 2012

AUSTRALIA OPERATIONS

BSI PAS 55 Certification to British Asset Management Specification

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

Employment & Inclusion Awards: Today's Youth – the Future of Tomorrow

- **SP AusNet** by Diversity@Work, 2011

Innovation Award

- **SPI (Australia) Assets** by the 2011 New South Wales Gas Awards for Excellence

Engineers Australia Graduate Electrical Power Engineer of the Year Award

- **Jemena Gas Networks**, 2011

Meritorious Contribution to the Gas Industry

- **Jemena Gas Networks** by the 2011 New South Wales Gas Awards for Excellence

Water Industry Infrastructure Project Innovation Award

- **Jemena's AquaNet** by the Australian Water Association (NSW), 2011

Victorian Engineering Excellence Award for the redevelopment of UE's Rosebud Zone substation

- **Jemena** by Engineers Australia, Victoria Division, 2011

SAP Award of Excellence for Best Innovation

- **Jemena and UE Advanced Metering Infrastructure team** by SAP, 2011

Excellence in Services, Operations and Maintenance Alliances, Alliance Contracting Excellence Awards

- **CLM Infrastructure** and its NetWorks Alliance partners by International Quality & Productivity Center, 2011

PERFORMANCE AND CAPABILITY

We light up millions of lives, at home, work and play.

We do so through upholding the highest standards of performance, and leveraging innovative technologies to deliver optimal solutions.

At the core is our people. Unified in purpose, their commitment, integrity, passion and teamwork help us stay the course of our mission.

From left:
Alvin Lim
Engineer
Network Development

Kriti Gupta
Executive Engineer
Planning & Strategy

Jacqueline Tay
Senior Manager
Internal Audit

Chai Yi Kang
Engineer
Network Management

Chu Xiao En
Senior Engineer
Planning & Strategy

SINGAPORE OPERATIONS

The SP Group owns and operates the national electricity and gas transmission and distribution networks, providing electricity and gas services to more than one million industrial, commercial and residential customers in Singapore. SP continues to strengthen its network, invest in advanced technologies and improve processes to ensure that both infrastructure and operations deliver reliable and cost-effective supply of utilities to a growing population and economy.

Engineers Shawn Wu (left) and Adriel Chen inspect the cable tunnels that provide a secure corridor for fast and efficient installation of transmission cables.

OPERATIONAL EXCELLENCE

SP harnesses state-of-the-art equipment and cutting-edge technology, and has highly competent staff to deliver reliable and efficient energy supply to over a million industrial, commercial and residential customers in Singapore.

During the year, SP continued to develop and improve its processes and operations to deliver network performance that meets and surpasses global benchmarks.

WORLD-CLASS NETWORK PERFORMANCE

In a 2011 benchmarking exercise by independent consultant KEMA International, SP achieved best-in-class electricity network performance as measured by the System Average Interruption Duration Index (SAIDI). Singapore scored 0.31 minute per customer per year, ahead of 22 other cities such as Hong Kong, Tokyo, New York City and London. Singapore also performed well for System Average Interruption Frequency Index (SAIFI), with 0.007 interruptions per customer per year. Customers in Singapore also enjoyed competitive grid charges that are below the global average.

Gas network performance was well within regulatory targets, with SAIDI and SAIFI scores of 0.04 minute and 0.0004 interruption per customer per year respectively.

Technician Mohamad Amin bin Isnin assists to conduct regular checks on the protective relays in the power system to ensure the system's overall reliability and security.

Yu Xingzhou
Senior Principal Engineer
Condition Monitoring

Flick on. And we expect our electrical appliances to work, at all times. The underlying current, though invisible and seamless, is what Yu Xingzhou and his team work tirelessly on. They make it happen.

He likens his job to that of a doctor who does health screenings. At SP PowerGrid, equipment is tested regularly and Xingzhou makes certain that they are in tip-top condition as any potential problem has to be quickly identified and averted.

His in-depth technical knowledge, strong data analysis skills and hands-on experience in power engineering enables him to handle the challenges of monitoring the power supply equipment to prevent faults.

His passion for his work is fuelled by his continuous search for new technologies and applications. For the past decade, Xingzhou has been exposed to various state-of-the-art condition monitoring and diagnostics techniques, and participated in overseas conferences, local training and discussions with OEM specialists. “To master each technique, one has to fully understand its working principles and gain first-hand experience in our network. It’s a tough process but I enjoy the challenge,” Xingzhou explains.

ELECTRICITY & GAS NETWORKS

SP owns the electricity & gas transmission and distribution assets in Singapore. Our electricity assets comprise advanced and robust networks at 400kV, 230kV and 66kV for transmission and 22kV, 6.6kV and 400V for distribution.

SP is the sole licensed gas transporter and system operator, transporting both natural gas and town gas through its network of 3,200km of underground gas pipelines. It also operates two onshore natural gas receiving facilities.

INFRASTRUCTURE DEVELOPMENT

During the year, SP continued to upgrade and expand its infrastructure to meet Singapore's growing demand for electricity.

230kV and 66kV Transmission Projects commissioned:

- 230/66kV transformers at Choa Chu Kang substation.
- Boon Lay Way substation for commercial hub and leisure amenities at Jurong Lake District.
- Ayer Rajah, Bedok and St James substations as part of an ongoing renewal programme.
- Five new 66kV circuits and two 66kV customer service connections for Changi Airport Group and Tuas Power Utilities.

PowerGas extended the natural gas network by 20km and the town gas network by 44km to reach more customers in residential estates and commercial premises.

CABLE TUNNEL PROJECT

Planning for development of the 18.5km North-South and the 16.5km East-West cable tunnels is progressing well. When completed, they will provide secure corridors for faster and more efficient transmission cable installation. They will enable the timely and orderly replacement of 230kV circuits.

LIQUEFIED NATURAL GAS PROJECT

Central to the Government's strategy to diversify the sources of gas supply to Singapore is the development of the LNG Terminal. PowerGas is working closely with the Energy Market Authority (EMA) and Singapore Liquefied Natural Gas Corporation Pte Ltd to connect the LNG Terminal to the existing transmission networks.

The first phase of the project involves laying of pipelines and construction of gas offtake stations in Jurong Island and Tuas South, and laying a submarine pipeline across the West Jurong Channel. The project is on schedule to be completed by end of 2012.

Engineer Yong Chee Meng checks the gas pressure in the 230kV Gas Insulated Switchgear to ensure operational readiness.

Meters undergo stringent tests to ensure high standards of functionality and reliability.

ENHANCING CAPABILITIES - CONDITION MONITORING

A key function of SP's operations is condition monitoring, which detects and removes incipient faults in the network to help avert network failure. During the year, SP continued to strengthen its network performance by extending online monitoring capabilities. As at FY11/12, 18 transmission substations have been installed with online partial discharge (PD) monitoring systems while 23 transmission transformers and shunt reactors were installed with online Dissolved Gas Analysis (DGA) monitoring systems.

Potential Failure Avoided

- 58 incidents of potential network failure were avoided through SP's concerted efforts in condition monitoring.
- Seven potential cases of failure on 22kV and 6.6kV cables were prevented by the Oscillating Wave Test System (OWTS). From January 2006 to March 2012, the OWTS prevented 139 cases of potential cable failure.

Online PD Monitoring Pilot Project

A pilot project to use High Frequency Current Transformer for online PD monitoring of 230kV transformers and reactors was carried out at the Kallang Basin substation.

CABLE AND GAS PIPE DAMAGE PREVENTION PROGRAMME

Under this programme, SP works closely with government agencies and contractors to monitor their high-risk work sites jointly through Cable Protection Management Teams and Taskforce groups.

UPGRADE OF THE OPTICAL DIGITAL AND COMMUNICATION NETWORKS

Twelve 66kV substations in the Metropolitan Area Network (MAN) were upgraded from copper-lined pilot access to optical fibre cables (OFC)-based ring access, for greater security and efficiency. The remaining 66kV substations will be progressively upgraded.

WIRELESS SCADA FOR 6.6KV NETWORK

As at March 2012, 935 substations have been equipped with wireless remote monitoring and control capabilities. The remaining 60 substations will be commissioned in FY12/13.

SECURITY ENHANCEMENTS FOR 22KV AND 6.6KV SCADA SYSTEMS

During the year, security reviews and tests were carried out, and measures were implemented to mitigate the risk of unauthorised access to our systems:

- Security review on the 22kV and 6.6kV SCADA systems by Singapore Infocomm Technology Security Authority (SITSA).
- Vulnerability assessment and penetration test for the 6.6kV SCADA system by an external consultant.
- Data communications systems for Main, Backup, and Area Control Centres were migrated from the network shared with SP's Infocomm Technology Department to an isolated network.

NEW GAS MARKET

SP has been operating the Gas Transportation IT System Solution (GTSS) which manages the transportation of natural gas in accordance with the Gas Network Code (GNC). During the year under review, SP PowerGrid achieved all the GTSS performance criteria prescribed under GNC. As at March 2012, 19 GNC modifications approved by EMA were implemented.

SURVEY AND RENEWAL OF GAS PIPELINES

SP completed coating defect and close interval potential surveys of 72km of natural gas transmission pipelines and verified that all coatings were in good condition.

It continued its five-year accelerated gas mains renewal programme to upgrade cast/ductile iron gas pipelines. In FY11/12, approximately 35km of the 108km gas mains were replaced with polyethylene pipes.

Technicians working at Attap Valley, one of two Onshore Receiving Facilities operated by PowerGas.

TECHNOLOGY FOR THE FUTURE

SP has been actively engaging in research and development of Smart Grid technologies to improve energy efficiency and develop sustainable solutions for the electricity network.

- Intelligent Energy System (IES)

  The IES project aims to develop and test new smart grid technologies and solutions that help customers better manage their energy usage.

- Electric Vehicles Ecosystem

  SP is working closely with A*STAR and partners to assess the impact of the environmentally-friendly electric vehicle (EV) on the existing grid and to develop supporting infrastructure and technologies.

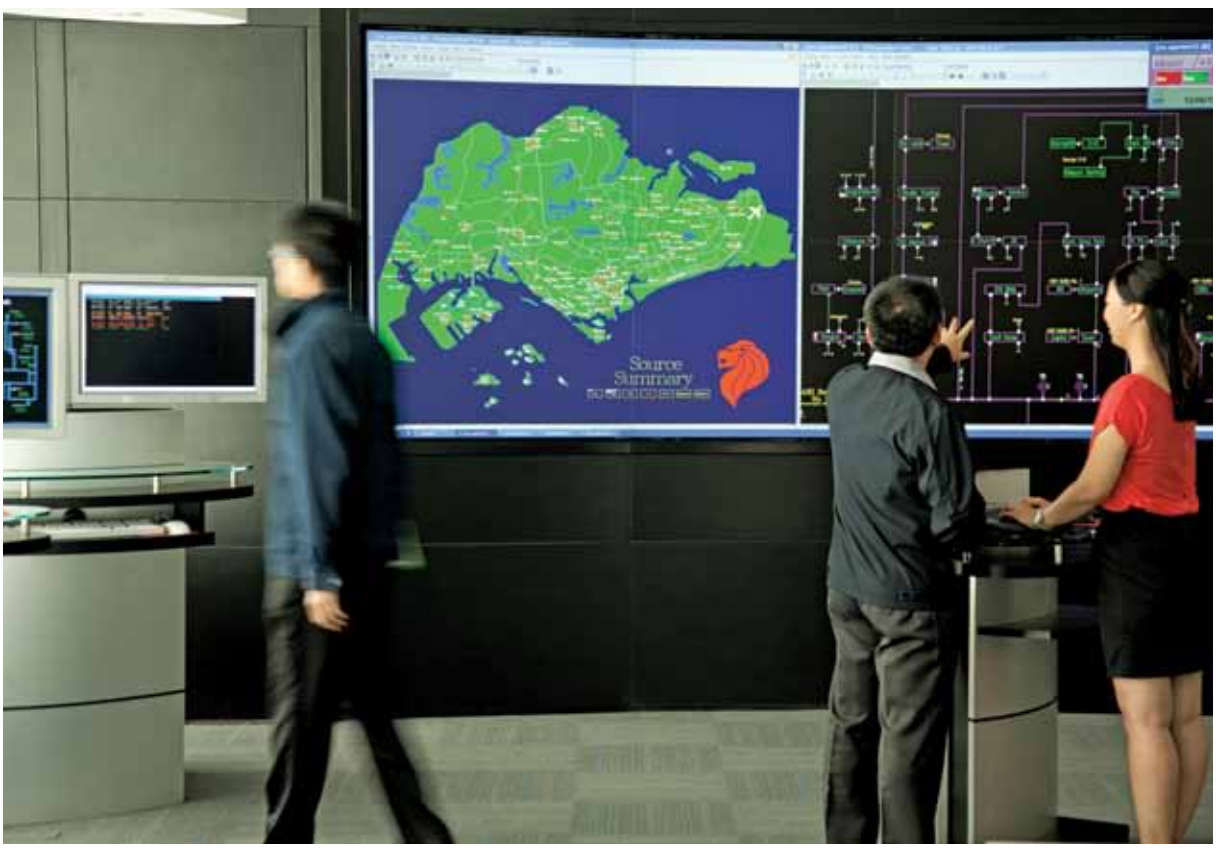
- Fault Current Limiter (FCL)

  In a project with the Experimental Power Grid Centre (EPGC), SP is evaluating the feasibility of deploying FCLs to limit and manage localised fault levels in the network.

GRID-CONNECTED DISTRIBUTED GENERATION

FY11/12 saw an increase of 30 per cent in grid-connected photovoltaic applications compared to the previous year. This was in line with the rising trend in distributed generation in the network.

SP engineers continued to work closely with Licensed Electrical Workers (LEWs) during technical evaluation to ensure that all power quality requirements are met before the distributed generations are connected to the electricity network.



The Emergency Operations Centre helps SP respond swiftly to isolate faults, restore supply and ensure energy reliability.

DISTRICT COOLING

Singapore District Cooling (SDC) owns and operates the district cooling system at Marina Bay Business District. It provides chilled water service for air-conditioning of commercial buildings.

In FY11/12, SDC achieved a record revenue of S$78.7 million on the back of robust demand growth. Its total assets grew by 4.5% to S$209 million.

OPERATIONS

Demand for chilled water service grew robustly with the progressive occupancy of the Marina Bay Financial Centre and commencement of new supplies to Gardens by the Bay, Ocean Financial Centre and Asia Square 1.

The completion of several projects to improve the control schemes for network pumping and cooling tower fans with variable speed drives contributed to increased energy efficiency. An energy usage index of 0.21kWeh per kWrh cooling output was achieved for the year, significantly lower than the Energy Market Authority's benchmark of 0.28kWeh per kWrh.

The supply availability index (which reflects the ability to maintain chilled water supply within temperature specifications) was 99.99%+ for the year, exceeding the regulatory requirement of 99.5%.

SYSTEM DEVELOPMENT

To cater to the anticipated increase in demand for chilled water supplies in the next three years, SDC will be implementing Stage 3 Capital Projects comprising a 60 MWr capacity addition at Plant 2 and piping network extension in the Common Services Tunnel. Six work contract packages worth S$52 million have been awarded. These projects will largely be completed in FY12/13.

BUSINESS DEVELOPMENT

One Marina Boulevard Pte Ltd and SDC reached an agreement for SDC to take over the operation of the chiller plant at One Marina Boulevard (NTUC Centre) for integration into the district cooling system, with the building receiving chilled water service in return. The interconnection project is scheduled for completion in November 2012.

In December 2011, the Singapore Government extended the concession area of the district cooling system operated by SDC for Marina Bay. This will more than double the original service area of 1.25 million m^2 gross floor for the pilot phase, and ensure continued growth of SDC's business at Marina Bay in the next 10 years.

SDC technicians conducting maintenance of chiller systems.

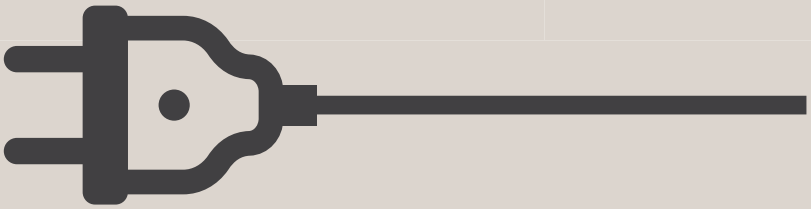
FAST FACTS

1.33 million
CUSTOMERS

30,012 km
OF ELECTRICITY CABLES

3,200 km
OF GAS PIPELINES

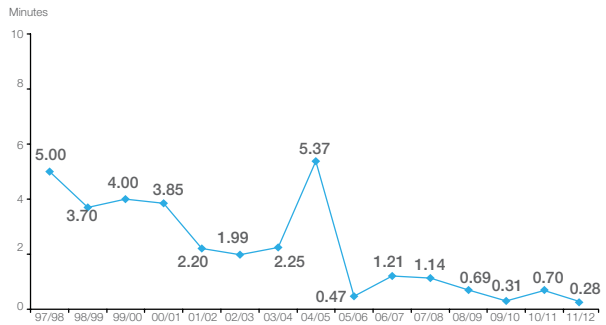
2,900
STAFF



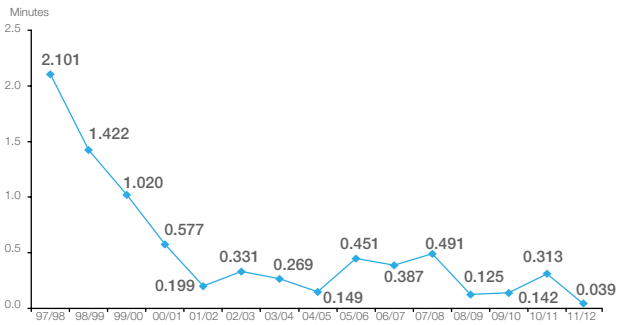
10,375
SUBSTATIONS

SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)

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



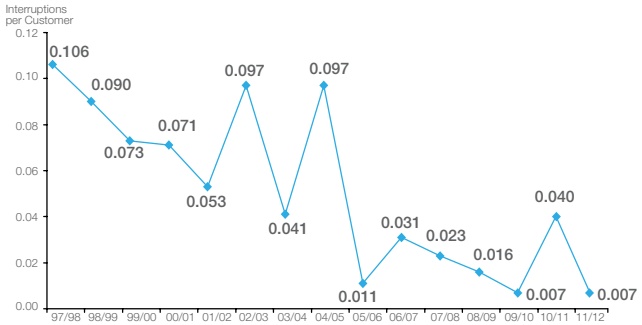
Electricity SAIDI – Singapore



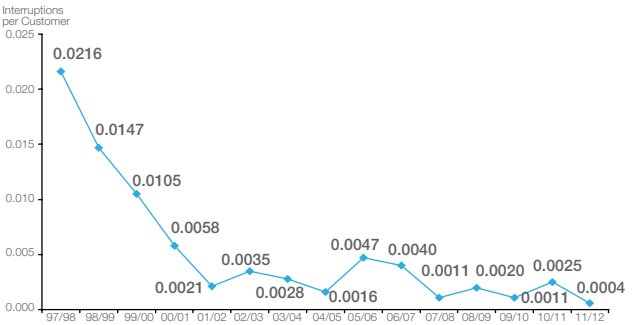
Gas SAIDI – Singapore

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

42,421 GWh

OF ELECTRICITY TRANSMITTED
AND DISTRIBUTED IN FY11/12

INTERNATIONAL OPERATIONS

SP's overseas operations are focused in Australia where it owns diversified energy utility company, Jemena and 51% of SP AusNet, which is listed on the Australia and Singapore Stock Exchanges.

Maintenance of SP AusNet's terminal station assets that feed Victoria's high voltage electricity network.

JEMENA

Jemena operates gas pipelines and electricity networks across eastern Australia, and manages over A$8 billion worth of utilities assets.

NETWORK PERFORMANCE

During the year, Jemena was successful in outperforming targets for network performance.

- Unplanned System Average Interruption Duration Index (SAIDI)
  - › Jemena Electricity Network (JEN) : 57 minutes (target: 73 minutes)
  - › Jemena Gas Network (JGN) : 0.66 (target: 1.47)
- System Average Interruption Frequency Index (SAIFI)
  - › JEN : 0.98 (target: 1.19)
  - › JGN : 0.00005 (target: 0.000053)

JEMENA ELECTRICITY NETWORK (JEN)

In FY11/12, JEN's electricity distribution network contributed revenue of A$275 million and distributed 4,074 GWh of energy. It added 3,600 customers to its network, with A$34 million invested in customer-initiated projects. An additional A$74 million was invested to maintain reliability and upgrade network capacity.

JEMENA GAS NETWORK (JGN)

During the year, JGN improved its performance with revenue contribution of A$463 million and distributed 94.6 PJ of gas. More than 29,000 new customers were added to its customer base. A significant investment of A$146 million went into network maintenance and expansion.

GAS TRANSMISSION

In FY11/12, Jemena generated A$166 million in revenue from its Gas Transmission Pipelines and transported 132.6 PJ of gas. The Queensland Gas Pipeline (QGP) achieved reliability of 99.6 per cent (target: 98.9) and availability of 98.4 per cent (target: 95.3). The Eastern Gas Pipeline (EGP) achieved reliability of 99.8 per cent (target: 98.9) and availability of 98.3 per cent (target: 95.1).

Technicians working on the Jemena Gas Network in Sydney.

Zinfra Group Low Voltage Linesman Zama Khumalo working at the Dingley Depot.

Protective eyewear removed for the purpose of photography

Lei De Guy
Linesperson
Broadmeadows Cable Service
Jemena

Lei De Guy is extremely passionate about her job, which is full of ups and downs, literally. A day's work could be high on an elevated work platform maintaining overhead power network lines or underground constructing power cables.

Lei's positive attitude, friendliness and care for colleagues make her a role model for Jemena. Above all, she has a strong focus on safety.

"Safety is a priority for me. We should always follow safety procedures at work, as this is what will bring us home safe to our families," Lei stresses. She certainly walks the talk, by making sure she dons her personal protective equipment whenever necessary and encourages her co-workers to do the same.

Today, Lei takes great pride in her job which began as an apprenticeship with Jemena six years ago. Her tip to a happy and successful career? "We must always work smart, be strong in mind and know-how. And stay safe!"

SAFETY FOCUS

In FY11/12, Jemena managed to reduce its TSIFR (Total Significant Injury Frequency Rate) to 16.2, compared to 19.9 in FY10/11.

LAUNCH OF ZINFRA GROUP

In August 2011, SPIAA's Board approved the separation of Jemena into two independently managed operating units – an Assets business under Jemena and a services business branded as Zinfra Group*.

INNOVATION IN TECHNOLOGY

During the year, Jemena launched an initiative to replace two legacy SAP systems with a single SAP ECC6 system. The Jemena One SAP Programme (JSAP), completed on 4 April 2012, enhances the capability of the system by adding new functions such as Business Intelligence and Employee Self Service. JSAP also integrates the operating systems of Jemena and Singapore Power by having common support infrastructure.

ADVANCED METERING INFRASTRUCTURE (AMI) PROGRAMME

Since September 2009, Jemena has been installing Advanced Metering Infrastructure in the JEN and the United Energy (UE) network to allow customers greater accessibility to energy data and to better manage their electricity usage. As at the end of March 2012, a total of 322,650 AMI meters have been installed, with 222,499 installed in the UE network and 100,151 meters installed in JEN.

** Zinfra Group will utilise three brands according to the specific markets in which it will operate. Zinfra will be used in the general contracting market, ZNX in the integrated network services market while the CLM brand will be retained in the New South Wales and Victoria water and civil markets.*

Tony Beach, Zinfra Group MD (second from left) and Paul Adams, Jemena MD (right), celebrating the launch of Zinfra Group at Clayton, Victoria with employees Jeff Cox (left) and John McGregor.

SP AUSNET

SP AusNet owns and operates electricity transmission as well as electricity and gas distribution networks in the state of Victoria. It serves more than 1.2 million residential and business customers, providing safe and reliable supply of electricity and gas.

NETWORK PERFORMANCE

For the 2011 calendar year, SP AusNet's network performance showed marked improvement compared to the previous year.

- Electricity Transmission
  - › Customer minutes off supply: 0.025 (previous year: 0.19)
- Electricity Distribution
  - › USAIDI: 155.9 (previous year: 178.8)
- Gas Distribution
  - › Customer minutes off supply: 1.03 (previous year: 1.16)

USAIDI is the total number of minutes a customer experiences loss of supply due to unplanned interruptions, on average, in a year

ELECTRICITY TRANSMISSION

Electricity is transmitted from power stations to distributors and customers via more than 6,580km of transmission lines throughout Victoria. In FY11/12, SP AusNet achieved revenue of A$571.4 million from its electricity transmission business and delivered 58,114 GWh of electricity. A$198.2 million was invested in building new and upgrading existing terminal stations and powerline infrastructure.

ELECTRICITY DISTRIBUTION

Electricity is distributed from the transmission network to 642,000 residents and businesses via a distribution network of approximately 48,900km and spanning an area of about 80,000 sq km. The electricity distribution business contributed A$636.4 million for the year and distributed 7,614 GWh of electricity. During the year, 10,699 new customers, an increase of 1.7 per cent, were added.

An investment of A$424.6 million was made on maintenance and expansion works. These include a new zone substation at Cranbourne, a second transformer at the Kilmore South zone substation and a new 66 kV line between the substation and Wollert to improve security and reliability of supply for 20,000 customers.

SP AusNet linesmen working on the electricity network.

GAS DISTRIBUTION

Natural gas is distributed to more than 608,000 customers in south-west Victoria via 9,902km of underground pipelines. During the year under review, the gas distribution business generated A$202 million in revenue and delivered 71.0 PJ of gas. More than 20,000 new customers, primarily from western Melbourne, were added. A$83.1 million was invested to add 147km of new gas mains and expand other facilities. In addition, 82km of low pressure mains were replaced with high pressure mains, to improve safety, reliability and capacity of supply to customers.

COMMITMENT TO SAFETY

In April 2011, SP AusNet launched missionZero, a new safety vision and strategy, to improve safety performance and raise safety awareness throughout the organisation. More than 300 staff leaders have participated in missionZero safety leadership training, and the programme will be extended to all employees over the next year.

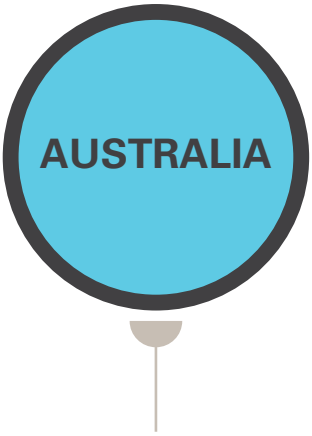
With a renewed emphasis on safety, SP AusNet has in FY11/12 achieved a 12 per cent reduction in Medical Time Injury Frequency Rate (8.16 to 7.19) and a 3 per cent reduction in Recordable Injury Frequency Rate (10.5 to 10.23).

SELECT SOLUTIONS

Select Solutions is the commercial services division of SP AusNet. It offers non-regulated end-to-end specialised services to utilities, government, energy and water retailers. It also provides vegetation management, data and metering services to SP AusNet. For FY11/12, Select Solutions achieved revenue amounting to A$138.4 million on the back of several significant new contracts including aerial and ground asset inspections for Ergon Energy and metering services for both Sydney Water and Coliban Water.

Select Solution technicians conducting aerial inspections of SP AusNet's powerlines and poles.

FAST FACTS



SP AusNet

1.3 million	98,000 km	9,900 km	1,800
CUSTOMERS	OF ELECTRICITY CABLES	OF GAS PIPELINES	STAFF

Jemena

1.4 million	6,000 km	25,279 km	1,300
CUSTOMERS	OF ELECTRICITY CABLES	OF GAS PIPELINES	STAFF

Zinfra Group

13	4	2	1,500
ELECTRICITY UTILITY CLIENTS	GAS UTILITY CLIENTS	WATER UTILITY CLIENTS	STAFF

HUMAN RESOURCE

OUR PEOPLE, OUR STRENGTH

At SP, a committed, motivated and happy workforce is a key driver of our success. Our people make it possible for us to operate systems often regarded as best-in-class, and provide excellent, customer-centric service to millions.

The Group respects the right of every individual to aspire for employment opportunies by which they can provide for their families, develop their potential and lead a fulfilling life. We are committed to invest in our human capital to enable each of our staff to meet these life goals.

The process to develop a world-class team requires innovation, consistency and sustained efforts. Our human resource development strategy adopts a three-pronged approach:

- Attract the best talent
- Engage and develop our workforce
- Build a talent pipeline

ATTRACT THE BEST TALENT

SP strives to attract the best talent to take the company to greater heights. During the year, we collaborated with organisations like Energy Market Authority (EMA) and the Institution of Engineers, Singapore (IES), to enhance the image of power engineering as a noble and fulfilling profession. Retired GCEO Mr Quek Poh Huat chairs the Power Sector Manpower Taskforce, to develop recommendations to the Government for building manpower capabilities for Singapore's power sector.

SP continued to reach out to students and provide information and opportunities for them to better understand the critical role utility companies play in providing essential services that sustain, improve and enrich lives. We awarded scholarships to deserving students who excelled academically and demonstrated strong leadership qualities in co-curricular activities. Our internship programme was enhanced to provide a fruitful learning experience for students. We continued to undertake outreach and other promotional programmes to tertiary institutions so as to strengthen our reputation as an employer of choice.

In Australia, we participated in career fairs organised by universities and Engineers Australia in the different states. Jemena partnered the Royal Melbourne Institute of Technology, a leading university with an established Power Engineering programme, to sponsor the "EnGenius" event. This event, which showcased students' projects, was a platform that enabled students, academic staff and industry representatives to innovate, research and develop solutions in the utility industry. Through these activities, Jemena successfully promoted, and strengthened its image as the top employer of choice for school leavers and those who are looking for a mid-career change.

(From left) SP PowerGrid's Joseph Samy, Ley Tze Wei and Jemena's William Yeap. The trio are part of the pioneer batch of SP's Engineering Talent Development Programme.

Cindy Wu Xiaoqi
Senior Manager
Talent Management
Human Resource

If she is not on a talent hunt, she is making sure that her new recruits are settling in well. Cindy Wu engages young hearts and minds, and is focused on building the talent pipeline for SP – identifying future leaders who would benefit from the SP scholarship and be able to make a difference in the company.

Cindy spearheads the company's outreach to schools, providing students an insight to the power business and what it would be like to work with SP. So when she is not busy on student campuses, you may find her facilitating the internship programme where students are immersed in corporate activities, case studies and presentations, or probably conducting preliminary interviews of possible candidates for the SP Scholarship.

"The challenging part of our role is not just to find candidates who possess the qualifications and leadership potential." She explains that there is also a need to assess their interest in seeking a career in the power industry, how they see the industry powering the social and economic fabric of society, and the career opportunities they will have.

Her caring persona and engaging approach is not lost on her wards. Many of them look to her as their constant source of guidance, from as early as their undergraduate days.

SP AusNet adopted a multi-pronged approach in reaching out to fresh graduates and new hires through career fairs, the Graduate Programme, Local Learning & Employment Network (LLEN), Victorian Energy and Education Training Programme (VEET), and apprenticeship and internship programmes.

ENGAGE AND DEVELOP OUR WORKFORCE

During the year, SP continued to promote higher learning and re-training so as to help our employees upgrade their technical and people management skills. SP instituted several learning initiatives to prepare them for future challenges. In Singapore, we invested S$1.9 million in various learning and development initiatives. Under these initiatives, every staff received an average of 52 hours of training and structured learning during the year. As part of our life-long learning initiative, SP also works closely with the Union of Power & Gas Employees (UPAGE) to sponsor employees to pursue courses leading to either a certificate or diploma in a relevant field.

SP is committed to developing a positive organisation culture that can empower its people to realise their potential and achieve work-life satisfaction. Schemes such as staggered work hours and flexible work arrangements allow our employees to more effectively balance work and family life. SP adopts a holistic approach to enhancing the total well-being of employees, including physical and mental health. The Group initiated Workplace Health Programmes, by introducing the "fun" element in the workplace so that employees can bond and at the same time embrace a healthy lifestyle.

In Australia, SP AusNet invested a total of A$600,000 during the year to continuously develop and up-skill its engineers. Key programmes implemented include Queensland University of Technology training for graduates, and Powerline Induction & White Card training for all trainees and graduates. In addition, knowledge sharing sessions and video footage archives had been arranged to aid knowledge transfer between employees.

SP AusNet also launched missionZero, a new safety vision and strategy, to improve safety performance. More than 300 of SP AusNet's leaders participated in missionZero safety leadership training. The missionZero safety strategy had increased safety awareness throughout the Group. In FY11/12, SP AusNet achieved a 12 per cent reduction in Medical Time Injury Frequency Rate and a 3 per cent reduction in Recordable Injury Frequency Rate.

Jemena continued to implement its employee engagement initiatives. During the year, it invested a total of A$5.3 million to provide a wide range of training programmes including field operational training, safety training, and management and leadership development programmes. In addition, Jemena partnered SP AusNet to engage Queensland University of Technology to develop milestone modules for young engineers. Jemena also developed programmes on people management capabilities and leadership competencies for its supervisors, managers and senior leaders. The holistic implementation of these development programmes and other engagement initiatives saw a 7 per cent improvement in the engagement index compared to the previous year.

BUILD A TALENT PIPELINE

SP continued its efforts in building and sustaining a strong talent pipeline. In Singapore, employees from middle to senior management who performed well and showed good potential for progress were sponsored for Executive Development programmes such as Temasek's Leaders! and Global Leaders! Programmes to hone their leadership capabilities and widen their perspectives in today's changing global business environment.

The Group also initiated an Engineering Talent Development Programme aimed at building a pipeline of engineering talent. A number of senior engineers and managers were selected to go through two one-year postings across the different subsidiaries. The programme provided opportunities for talented individuals to cross-learn different aspects of our business operations and to share best practices under the guidance of their mentors. This programme serves to provide our promising staff with opportunities to expand their social and business network, and to interact and work with people from diverse work streams.

BUILDING CAPABILITIES

SP Training and Consultancy Company (SPTCC) aims to be the leading training provider for the power utility industry in Singapore and the region.

Over the years, SP has developed a deep base of knowledge, experience and expertise relating to power engineering, utility management and services. Leveraging its expertise and experience, SPTCC, a subsidiary of SP, was formed in November 2010 to deliver training and consultancy services locally and internationally and establish itself as a leading training institution.

SPTCC comprises two business units. SP Training Institute (SPTI) is the Singapore training arm, while SP Global Solutions (SPGS) carries out work internationally to promote its training services.

Technicians Vincent s/o S Paul (left) and Pangat bin Adon attending a course on load transfer in low voltage distribution network conducted by Tan Swee Seng (standing right), an Executive Trainer with SPTCC.

SPTI

During the year in review, SPTI conducted close to 200 training sessions under more than 60 courses. More than 4,000 participants attended its training courses, an increase of 28 per cent compared to the previous year. The programmes cover topics such as electricity and gas network operations, business continuity management, safety and quality.

The Institute continued to innovate and develop new training programmes for all levels of SP staff as well as the utility industry at large. The Institute also partnered Singapore Workforce Development Agency (WDA) and Employment and Employability Institute (e2i) to offer training programmes to improve the skills qualifications of staff so as to enhance their employability. As a WDA Approved Training Organisation (ATO), SPTI conducted eight accredited courses under the Workforce Skills Qualifications (WSQ) Energy Utilities Framework. In addition, three new courses were designed to better meet the training requirements of the industry.

The SPTI building at Woodleigh Park was renovated to provide a more conducive environment for learning and development and to gear SPTI towards becoming a leading training institute.

SPTI will continue to explore ways to develop the technical competency of SP staff and eventually, the power industry in Singapore and in the region.

SPGS

For the year under review, SPGS completed four key projects in China. Three of them were conducted under a training collaboration with China Southern Power Grid, while one was conducted for Shaanxi Regional Electric Power Company.

Other key clients include West Bengal State Electricity Distribution Company Ltd and CESC Limited.

Trainees at SPTI's newly renovated premises enjoy better facilities and a more conducive learning environment.

COMMITMENT AND PARTNERSHIP

We take pride in delivering quality service to our consumers. We value our partners for their support to our mission.

As a responsible corporate citizen, we are committed to contributing to the well-being of our community.

Sim Kim Chuan (left) and Ezanne Sim
Father and daughter of Valerie Sim, Executive Officer, Corporate Affairs

Mohamad Asraf Bin Mohamad Said
Customer Care Officer

As a frontline staff at the customer service counter, Mohamad Asraf is always armed with a positive attitude. Even when working overtime, he is still full of smiles, wrote one of his customers.

"I try to meet my customers' needs," says Asraf. He listens keenly to their requests, and is unfazed when it comes to complaints and difficult customer situations. He just bowls them over with his undivided attention. It is exactly the kind of encounter that customers appreciate.

"At the end of the day, by demonstrating we care, it is a rewarding experience for the customer, for the company, and for me."

The passion he has for his work is infectious as he shares his experience. He extols good listening skills and an empathetic ear to help alleviate customer anxiety. Asraf champions good service and believes in being professional and courteous at all times. There is never a dull moment at work as he handles a variety of enquiries, and efficiently processes applications and termination of customer utility accounts.

Four years on the job, Asraf has received over 1,000 customer compliments.

SERVICE EXCELLENCE

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

As the Market Support Services Licensee in the deregulated electricity market in Singapore, SP Services provides meter reading, data management and billing services. It also processes consumer registration and transfers for electricity retailers, thus playing a key role in facilitating competition and consumer choice in the retail market by enabling consumers to switch seamlessly between retailers, and to buy electricity at wholesale market prices.

As an added convenience to customers, SP Services also provides metering, billing, payment collection, and customer service on behalf of other utility service providers, including Public Utilities Board for water charges, CityGas for gas charges, and refuse collection companies for refuse removal fees.

Customer Care Officer Melody Yap believes in STAR service - serving customers with a Smile, and providing utilities services that are Timely, Accessible, and Reliable.

Visitors at SP's Electricity Efficiency Centre learn about efficient energy use and energy conservation.

During the year in review, SP continued to improve its services and operations, leveraging technology and innovation to enhance productivity and customer experience at various touchpoints.

HARNESSING TECHNOLOGY AND INNOVATION

The effective application of technology is a key component of our strategy to drive efficiency in all our business operations and raise our service standards. In FY11/12, SP successfully upgraded its Market Support Services Licensee (MSSL) IT system. The cutover to the new system was successfully accomplished in January 2012. The upgrading project, which took two years of planning and systematic implementation, consolidated all its business systems on a common software platform to drive greater synergies in processing and maintenance costs. The new MSSL system will be able to support the growing contestable customer base, and enhance efficiency through the integration of support systems for both contestable and non-contestable customers.

In May 2011, SP Services Customer Services Call Centre moved from Somerset to its new home at New Tech Park in Lorong Chuan. In conjunction with this move, the call centre IT systems were also upgraded to include new functionalities like Interactive Voice Response (IVR) system, electronic workflows to enable customers to retrieve data through the phone, and more advanced reporting features.

SP also revamped its website to provide customers an enhanced and more user-friendly navigation experience.

New features include quick links for all one-stop services, energy-saving tips and an intelligent frequently asked questions service which allows SP to better respond to customer feedback.

We successfully automated several billing processes to improve productivity and reduce human error. We also automated processes in our field operations and put in place systems which enable our field officers to send job requests to our partners more quickly, resulting in improved responsiveness to customers' needs.

SP has improved its e-billing email alert service for customers. Users of this service receive a summary of their utilities charges monthly through email as soon as their bills are ready for viewing. They can access their online account to view details of their bills as well as to make payments. The e-billing value-added service allows customers to review their current and past utility bills anywhere, anytime and provides them with an option to discontinue receiving paper bills.

KNOWLEDGE SHARING WITH CUSTOMERS

SP continued to engage customers through interest groups and knowledge sharing sessions. A new Power Quality Interest Group (PQIG) was formed for the Tourism and Hospitality cluster, bringing the number of PQIGs to six.

SP shared with customers on good practices in mitigating voltage dips and conducted voltage dip tests on customers' essential equipment. Power quality measurements were conducted on site to assist customers in solving their power quality issues.

Meter Reader Mohamed Asadullah checking the readings on remote meter installations.

Left
Koh Liang Hock
Head
Distribution Planning Section

Right
Koh Yong Lee
Senior Assistant Director
Operational Support Services
National University Hospital

Electricity supply to a hospital is crucial. At National University Hospital (NUH), Koh Yong Lee of Operational Support Services sees SP's robust and reliable electrical infrastructure as paramount to the hospital's business which can ill-afford disruptions, power dips and outages.

"Without a stable and robust electrical network, power disruptions could erode public confidence in both hospital and energy retailer," explains Yong Lee. He praises the proactive approach by SP's account managers in avoiding power disruptions and their ability to contain and rectify swiftly when incidents do occur. Their intervention ensures that vital hospital operations can continue smoothly.

"There's never a 'no' response from SP." Since 2004, he has worked hand in hand with SP's Koh Liang Hock, turning technical challenges into reliable solutions. The duo overcame site-specific limitations faced by the NUH Medical Centre project by drawing a new set of incoming power supply cables through a common services trench to supply the new building. The close rapport between NUH and SP ensures the project timeline is adhered to, and milestones are achieved in getting critical services ready for building operations.

Yong Lee appreciates SP's open and regular engagement with customers and says he looks forward to their continued support and guidance in powering the hospital's expansion and development.

STRONG UNION & MANAGEMENT RELATIONS

Excellent ties between SP and UPAGE are the cornerstone of the harmonious and synergistic industrial relations, and productive workforce in the power industry. Built on extensive consultation and mutual respect, this relationship is much valued by both partners.

UPAGE currently represents more than 82% of the bargainable employees in SP. On its part, SP has been supportive of UPAGE's efforts to reach out and recruit all levels of employees in the Group, including PMEs.

In May 2012, retired Group CEO of Singapore Power Ltd, Mr Quek Poh Huat was conferred the May Day Award - Medal of Commendation (Gold) in recognition of his invaluable support to the labour movement and UPAGE over the years.

SP has been a key pillar to the successful implementation of an industry-wide Work Skills Qualification (WSQ) System for the Energy and Utilities sector initiated by UPAGE. In 2012, SP worked closely with UPAGE to reach out to its low-wage earners for in-house and WSQ-based training, to enhance their career progression.

SP management and UPAGE officials regularly engage in dialogue sessions at all levels. Sectional meetings are held with union delegates regularly, while the Group CEO meets key UPAGE leaders quarterly. Management staff in SP also undergo training to gain a better understanding of the role of the union and to foster good industrial relations.

The relationship between SP Management and Union was further strengthened during the Union Management Seminar held at Ho Chi Minh City, Vietnam on 13 July 2012. Over 50 UPAGE officials and Management staff from across the SP Group participated in the seminar to discuss a wide variety of topics ranging from strategic issues to operational concerns. Vibrant and fast-growing Ho Chi Minh City was chosen as the venue for the seminar to showcase the importance of stability in bringing about improvement in the economy and lives of the people.

Mr Nachiappan RKS, General Secretary of UPAGE, presenting the 2012 May Day award to Mr Quek Poh Huat, retired Group CEO of SP.

Participants of the Union Management Seminar on 13 July 2012 at Ho Chi Minh City, Vietnam.

COMMUNITY ENGAGEMENT

During the year, the SP Group supported a diverse range of causes in Singapore and overseas that improve the lives of the disadvantaged and benefit the community. The Group also reaffirmed its commitment to protect the environment and promote conservation.

SINGAPORE – IMPROVING LIVES

The SP Group has been a key corporate partner for the Community Chest's Home Help Service Programmes. These programmes are aimed at providing frail and homebound elderly persons practical assistance in their daily lives at their own homes. The Group supported these programmes through its SP Heartware Fund.

Since the Fund was launched in 2005, the Group had, through funds raised from business associates, staff and the public, donated more than S$6 million to the Home Help Service Programmes. In FY11/12, we raised more than S$892,000 which was used to provide 1,700 needy elderly with essential home services including meals delivery, laundry services, transport services for medical appointments, upkeep of personal hygiene, home maintenance and housekeeping.

The funds were raised largely through direct mailers to households via utility bills, charity events, and donations from staff members.

SP organised the annual SP Charity Golf event on 4 November 2011. Into its fifth year, the event was supported by more than 50 partner organisations and helped raised S$352,030.

In January 2012, SP supported the Chinese New Year Ride organised by Riders Aid, a community group made up of motorcycle enthusiasts. The event was graced by Minister for Foreign Affairs and Law, K Shanmugam and attracted more than 1,000 riders. Several elderly residents from the SWAMI Home were invited to ride pillion on motorcycles at the Singapore Power Club at Woodleigh Park.

Other than our own initiatives, SP also supported a number of charitable organisations and worthy causes, and sponsored events such as the National Day Parade 2011.

AUSTRALIA – SUSTAINING OUTREACH EFFORTS

In Australia, SP's subsidiaries Jemena and SP AusNet continued to contribute to conserving the environment and engaging the community through sponsorships, volunteer efforts and partnerships with like-minded community organisations and charities.

During the year, SP AusNet launched the Community Cornerstone Programme to recognise the volunteering efforts of employees. Under this programme, the community which received at least 20 hours of volunteer services within one year by an SP AusNet employee stands to receive a A$500 grant.

SP AusNet staff regularly engaged community stakeholders to discuss and address important issues such as reducing the risk of bush fires. Regional managers presented new industry bushfire mitigation network changes to regional and local emergency management groups. Local SP AusNet representatives also visited schools to explain its asset inspection programme and raise awareness of bushfire risks.

SP Heartware Fund sponsors the Home Help Service programmes that support needy elderly like Mdm Chan.

In early 2012, SP AusNet launched a two-year partnership with Latrobe City Energy Basketball Association to support a Healthy Lifestyle Programme in local schools. The programme provides children with information and practical advice on staying healthy and boosting their self-esteem.

SP AusNet continued sponsorships of the Tour of Gippsland, a road cycling race through our electricity distribution network, and Landcare Australia to fund restoration projects. The SP AusNet Baw Baw Business Awards, in partnership with Baw Baw Shire Council, recognise local businesses which offer superior customer service.

Jemena kept pace by raising more than A$24,000 for local and overseas charities, including the Salvation Army and the Red Cross. A campaign to support "Movember" was successful in raising more than A$16,000 for men's health programmes.

Jemena also launched its Corporate Social Responsibility Platform in July 2011. The platform formalised Jemena's commitment to deliver sustainable solutions to the communities in which they served.

In an on-going partnership with Landcare Australia, Jemena funded projects to help local communities restore and revegetate lands to protect natural habitats. Jemena's employees also played an active role in supporting Landcare in tree-planting and other rehabilitation activities in the Australian Capital Territory, New South Wales, Queensland, Tasmania and Victoria.

During the year, Jemena also signed a sponsorship partnership with FareShare, a Victorian food rescue organisation that provides up to 500,000 meals annually to the needy in Melbourne. Jemena's employees volunteered to assist in the FareShare kitchen, producing healthy and nutritious meals which are distributed through Foodbank Victoria.

The 2011 SP Charity Golf event raised over S$352,000 for needy elderly.

Jemena staff volunteering with FareShare.

Yoganathan s/o Tharmalingam
Meter Reader

Yoganathan approaches every day with a positive mindset and renewed energy. Travelling all over Singapore, he delights in meeting people and performing his tasks at interesting sites such as Jurong Island. When he visits his customers, he is more than happy to interact with them and give tips on how to monitor their utilities consumption.

Once while he was out taking a meter reading, Yoganathan impressed the home owner by patiently explaining SP Services' efforts in ensuring that the meters are in working order. He was grateful for the advice Yoganathan shared on how to check for gas leakages. Staff like Yoganathan who display professionalism and proactive service are SP's valued ambassadors.

Each day, Yoganathan may encounter difficulties such as inaccessible meter riser doors or overzealous guard dogs. He takes them in his stride. "I need to maintain accuracy in the readings taken and ensure that all assigned jobs are completed by the end of the day." Billing integrity is top priority and is a responsibility he takes seriously.

On the job for the past six years, Yoganathan attends to every call with acute responsiveness and commitment.

FINANCIAL SUMMARY

Important Note

The Summary Financial Statements as set out on pages 60 to 68 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").

The full Annual Report, including the Independent Auditors' Report on those financial statements and the Directors' Report, can be found on the Group's website www.singaporepower.com.sg.

Summary directors' report

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 Ho Tian Yee	
Mr Tan Chee Meng	
Mr Bobby Chin Yoke Choong	
Prof Jeremy Guy Ashcroft Davis	
Mr Choi Shing Kwok	
Mrs Oon Kum Loon	
Tan Sri Mohd Hassan Marican	
Mr Tan Puay Chiang	(Appointed on 16 April 2012)
Mr Wong Kim Yin	(Appointed on 1 January 2012)

2 Principal activities

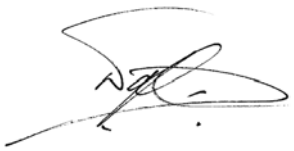
The principal activity of the Company is that of investment holding, and provision of management support services. Its subsidiaries are engaged principally in the transmission and distribution of electricity and gas, provision of related consultancy services and investment in related projects.

Financial Summary (Cont'd)

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.

The Summary Financial Statements set out on pages 60 to 68 was approved by the Board of Directors on 31 May 2012 and was signed on its behalf by:



MR NG KEE CHOE
Chairman

MR WONG KIM YIN
Group Chief Executive Officer / Director

31 May 2012

FINANCIAL SUMMARY
INDEPENDENT AUDITORS' REPORT

Member of the Company Singapore Power Limited

The accompanying Summary Financial Statements of Singapore Power Limited (the Company) and its subsidiaries (the Group), set out on pages 60 to 68 which comprise the summary balance sheets of the Group and the Company as at 31 March 2012, the summary income statement, the summary statement of comprehensive income of the Group and of the Company and summary statement of changes in equity of the Group for the year then ended, and related notes, are prepared and presented based on the audited statutory financial statements of the Company and its subsidiaries for the year then ended. We expressed an unmodified audit opinion on those financial statements in our report dated 31 May 2012.

The Summary Financial Statements does not contain all the disclosures required by Singapore Financial Reporting Standards applied in the preparation of the audited statutory financial statements of the Company and its subsidiaries. Reading the Summary Financial Statements, therefore, is not a substitute for reading the audited statutory consolidated financial statements of the Company and its subsidiaries.

Management's responsibility for the Summary Financial Statement

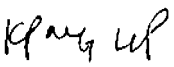
Management is responsible for the preparation and presentation of the Summary Financial Statements. The Summary Financial Statements are derived from the audited statutory financial statements of the Company and its subsidiaries.

Auditor's responsibility

Our responsibility is to express an opinion on the Summary Financial Statements based on our procedures, which were conducted in accordance with Singapore Standard on Auditing 810 Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the accompanying Summary Financial Statements are summarised and presented consistently, in all material respects, with the audited statutory financial statements of the Company and its subsidiaries.



KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
31 May 2012

FINANCIAL SUMMARY
SUMMARY BALANCE SHEETS
As at 31 March 2012

	Group		Company	
	2012 $ million	Restated 2011 $ million	2012 $ million	Restated 2011 $ million
Non-current assets				
Property, plant and equipment	24,234.8	23,344.3	29.7	23.2
Intangible assets	3,866.9	3,823.1	6.3	5.1
Subsidiaries	-	-	6,567.9	6,583.9
Associates and joint venture	1,417.3	1,277.2	-	-
Other investments	11.9	6.6	359.0	359.0
Other non-current assets	545.3	410.9	21.3	21.4
Deferred tax assets	64.9	285.0	-	-
	30,141.1	29,147.1	6,984.2	6,992.6
Current assets				
Inventories	164.6	160.9	-	-
Trade and other receivables	1,471.8	1,550.5	6,071.8	6,441.9
Cash and cash equivalents	588.9	234.9	110.3	8.7
	2,225.3	1,946.3	6,182.1	6,450.6
Total assets	32,366.4	31,093.4	13,166.3	13,443.2
Equity				
Share capital	3,911.9	3,911.9	3,911.9	3,911.9
Reserves	(121.8)	(35.2)	-	-
Accumulated profits	4,546.2	3,966.4	4,894.9	4,857.1
Equity attributable to owners of the Company	8,336.3	7,843.1	8,806.8	8,769.0
Non-controlling interests	1,600.3	1,545.0	-	-
Total equity	9,936.6	9,388.1	8,806.8	8,769.0
Non-current liabilities				
Bank loans	3,577.3	4,428.2	-	-
Debt obligations	10,948.6	9,942.7	362.1	362.3
Other financial liabilities	1,782.6	1,829.5	18.4	18.2
Other non-current liabilities	993.1	882.7	3.9	1.6
Deferred tax liabilities	1,278.2	1,503.4	1.7	2.5
	18,579.8	18,586.5	386.1	384.6
Current liabilities				
Trade and other payables	2,120.6	1,884.1	3,932.6	4,206.9
Bank loans	1,191.5	108.4	-	-
Debt obligations	313.0	892.1	-	-
Other financial liabilities	59.8	64.2	24.7	67.4
Provision for taxation	165.1	170.0	16.1	15.3
	3,850.0	3,118.8	3,973.4	4,289.6
Total liabilities	22,429.8	21,705.3	4,359.5	4,674.2
Total equity and liabilities	32,366.4	31,093.4	13,166.3	13,443.2

FINANCIAL SUMMARY
SUMMARY INCOME STATEMENTS

Year ended 31 March 2012

	Group		Company	
	2012 $ million	2011 $ million	2012 $ million	2011 $ million
Revenue	8,662.3	7,804.5	453.4	440.0
Other income	426.7	415.0	-	0.1
Expenses				
- Purchased power	(3,301.9)	(2,867.5)	-	-
- Depreciation of property, plant and equipment	(1,001.3)	(901.4)	(5.0)	(5.3)
- Amortisation of intangible assets	(96.0)	(97.4)	(1.4)	(1.1)
- Maintenance	(853.0)	(765.5)	(3.7)	(3.4)
- Staff costs	(948.6)	(772.4)	(33.8)	(30.9)
- Property taxes	(200.0)	(185.7)	(0.1)	(0.1)
- Other operating expenses	(384.0)	(365.6)	(18.5)	(14.0)
Operating profit	2,304.2	2,264.0	390.9	385.3
Finance income	51.5	72.9	25.6	45.2
Finance costs	(1,058.4)	(1,120.0)	(26.5)	(32.8)
Share of (loss)/profit of associates, net of tax	(14.1)	8.7	-	-
Share of profit of joint venture, net of tax	79.3	64.5	-	-
Profit before taxation	1,362.5	1,290.1	390.0	397.7
Tax expense	(253.9)	(198.0)	(2.2)	(1.1)
Profit for the year	1,108.6	1,092.1	387.8	396.6
Profit attributable to:				
Owner of the Company	929.8	924.0	387.8	396.6
Non-controlling interests	178.8	168.1	-	-
Profit for the year	1,108.6	1,092.1	387.8	396.6

FINANCIAL SUMMARY
SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	Group		Company	
	2012 $ million	2011 $ million	2012 $ million	2011 $ million
Profit for the year	1,108.6	1,092.1	387.8	396.6
Other comprehensive income				
Translation differences relating to financial statements of foreign operations	9.6	180.8	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	(285.1)	(307.0)	-	-
Reversal of changes in fair value of cash flow hedges included in profit or loss, net of tax	210.8	257.9	-	-
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	11.2	16.7	-	-
Actuarial (loss)/gain on defined benefit plans, net of tax	(70.7)	3.4	-	-
Other comprehensive income for the year, net of tax	(124.2)	151.8	-	-
Total comprehensive income for the year	984.4	1,243.9	387.8	396.6
Attributable to:				
Owner of the Company	843.2	1,060.2	387.8	396.6
Non-controlling interests	141.2	183.7	-	-
Total comprehensive income for the year	984.4	1,243.9	387.8	396.6

FINANCIAL SUMMARY
SUMMARY STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2012

Group	Share capital $ million	Currency translation reserve $ million	Hedging reserve $ million	Other reserve $ million	Accumulated profits $ million	Total equity attributable to owner of the Company $ million	Non-controlling interests $ million	Total equity $ million
At 1 April 2010	3,911.9	7.3	(122.0)	(56.7)	3,042.4	6,782.9	1,451.8	8,234.7
Total comprehensive income for the year								
Profit for the year	-	-	-	-	924.0	924.0	168.1	1,092.1
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	-	141.1	-	-	-	141.1	39.7	180.8
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(209.4)	-	-	(209.4)	(97.6)	(307.0)
Reversal of changes in fair value of cash flow hedges included in profit or loss, net of tax	-	-	185.9	-	-	185.9	72.0	257.9
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	-	-	16.7	-	-	16.7	-	16.7
Actuarial gain on defined benefit plans, net of tax	-	-	-	1.9	-	1.9	1.5	3.4
Total other comprehensive income	-	141.1	(6.8)	1.9	-	136.2	15.6	151.8
Total comprehensive income for the year	-	141.1	(6.8)	1.9	924.0	1,060.2	183.7	1,243.9
Transactions with owner of the Company, recorded directly in equity								
Contributions by and distribution to owner of the Company								
Equity contribution by non-controlling interests	-	-	-	-	-	-	46.4	46.4
Dividends paid to non-controlling interests	-	-	-	-	-	-	(136.9)	(136.9)
Total transactions with owner	-	-	-	-	-	-	(90.5)	(90.5)
At 31 March 2011	3,911.9	148.4	(128.8)	(54.8)	3,966.4	7,843.1	1,545.0	9,388.1

Group	Share capital $ million	Currency translation reserve $ million	Hedging reserve $ million	Other reserve $ million	Accumulated profits $ million	Total equity attributable to owner of the Company $ million	Non-controlling interests $ million	Total equity $ million
At 1 April 2011	3,911.9	148.4	(128.8)	(54.8)	3,966.4	7,843.1	1,545.0	9,388.1
Total comprehensive income for the year								
Profit for the year	-	-	-	-	929.8	929.8	178.8	1,108.6
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	-	9.4	-	-	-	9.4	0.2	9.6
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(196.0)	-	-	(196.0)	(89.1)	(285.1)
Reversal of changes in fair value of cash flow hedges included in profit or loss, net of tax	-	-	147.7	-	-	147.7	63.1	210.8
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	-	-	6.5	-	-	6.5	4.7	11.2
Actuarial gain on defined benefit plans, net of tax	-	-	-	(54.2)	-	(54.2)	(16.5)	(70.7)
Total other comprehensive income	-	9.4	(41.8)	(54.2)	-	(86.6)	(37.6)	(124.2)
Total comprehensive income for the year	-	9.4	(41.8)	(54.2)	929.8	843.2	141.2	984.4
Transactions with owner of the Company, recorded directly in equity								
Contributions by and distribution to owner of the Company								
Dividends	-	-	-	-	(350.0)	(350.0)	-	(350.0)
Equity contribution by non-controlling interests	-	-	-	-	-	-	57.9	57.9
Dividends paid to non-controlling interests	-	-	-	-	-	-	(143.8)	(143.8)
Total transactions with owner	-	-	-	-	(350.0)	(350.0)	(85.9)	(435.9)
At 31 March 2012	3,911.9	157.8	(170.6)	(109.0)	4,546.2	8,336.3	1,600.3	9,936.6

FINANCIAL SUMMARY
SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1 Changes in accounting policies

Adoption of new and revised FRSs and Interpretation to FRS

The Group has adopted all the new and revised FRSs and Interpretation to FRS (INT FRS) that became mandatory from 1 April 2011. The adoption of these new FRSs and INT FRS has no significant impact to the Group.

Change in classification of derivative financial instruments

Following an extensive review of the accounting for derivative financial instruments, the Group has voluntarily amended its approach to classifying derivative financial instruments in the balance sheets. Previously the split between current and non-current was based on the contractual cash flow of the instrument. From 1 April 2011, the Group has determined this split based on the maturity date of the instrument. As a result, derivative financial instruments are classified as non-current, except for those instruments that mature in less than 12 months, which are classified as current. Comparative information has been restated to align with this change.

The Group believes that the adoption of the maturity date approach for classifying derivative financial instruments provides better information to users of the financial statements by aligning the classification to the Group's approach to treasury risk management. Derivatives are presented according to the period for which they are providing a hedge against a financial risk exposure.

Arising from the change in accounting policy, as at 31 March 2012, at the Group level, additional amounts of $120.4 million and $412.5 million have been classified as part of other non-current assets (derivative assets) and other non-current financial liabilities, instead of part of trade and other receivables (derivative assets) and other current financial liabilities, respectively.

At the Company level, additional amounts of $0.8 million have been classified as part of other non-current assets (derivative assets), instead of part of trade and other receivables (derivative assets).

There was no impact on the income statement, net assets or cash flows of the Group as a result of this change in approach to classifying derivative financial instruments.

2 Contingent liabilities

(a) Tax audits

During the year, a subsidiary of the Group, SP AusNet, has completed large business audits by the Australia Tax Office (ATO) in regard to the following areas:

- deductions claimed in respect of fees imposed under Section 163AA of the Electricity Industry Act 1993 in the 1999 to 2001 tax years;
- deductions claimed in respect of intellectual property referable to the 1998 tax year and each subsequent year; and
- the entry allocable cost amount (ACA) step 1 amount (relating to the cost of membership interests) when SPI Australia Group Pty Ltd joined the SP AusNet Distribution consolidated group on 2 August 2004.

Selected Notes to the Summary Financial Statements (Cont'd)

2 Contingent liabilities (Cont'd)

(a) Tax audits (Cont'd)

Details of the key audit areas are summarised in the following.

(i) Section 163AA impost

During August 2011, the ATO issued amended assessments to SP AusNet in respect of the 2001 to 2006 income years, disallowing deductions claimed in each of those income years in respect of Section 163AA imposts. Under the amended assessments, the total amount payable is A$87.7 million (representing A$54.0 million of primary tax, plus an interest component of A$33.7 million).

On 7 October 2011, SP AusNet lodged notices of objection with the ATO in relation to the amended assessments issued. The ATO has agreed to a part-payment arrangement, on the basis that the amount due is a disputed tax amount. Under the arrangement, SP AusNet paid A$30.6 million to the ATO in October 2011. This amount has been recorded as a non-current receivable at the time of payment. A general interest charge continues to accrue in respect of unpaid tax under the payment arrangement, in addition to the total amount disclosed on the amended assessments. As at 31 March 2012, additional accrued interest on the unpaid portion is estimated to be A$3.4 million.

In the event that the ATO does not determine the objections in favour of SP AusNet, legal proceedings, if necessary, will be initiated to bring the disputed matter before the Federal Court.

(ii) Intellectual Property

During September 2011 and October 2011, the ATO issued amended assessments to SP AusNet in respect of the 2001 to 2010 income years, disallowing deductions claimed in respect of intellectual property in each of those income years. Under the amended assessments, the total amount payable is A$44.3 million (representing A$27.4 million of primary tax, plus an interest and administrative penalty component of A$16.9 million). On 4 November 2011, SP AusNet lodged notices of objection in relation to the amended assessments issued. The ATO has agreed to a part-payment arrangement, with SP AusNet making a payment of A$17.1 million to the ATO in October 2011.

This amount has been recorded as a non-current receivable at the time of payment. A general interest charge continues to accrue in respect of unpaid tax under the payment arrangement, in addition to the total amount disclosed on the amended assessments. As at 31 March 2012, additional accrued interest on the unpaid portion is estimated to be A$1.7 million.

On 17 February 2012, SP AusNet submitted a written notice to the ATO, pursuant to section 14ZYA(2) of the Taxation Administration Act 1953, requiring the ATO to make an objection decision (within 60 days of receipt of the written notice) in relation to the intellectual property objections lodged by SP AusNet. As a result of the ATO not making an objection decision within 60 days, the ATO was deemed to have disallowed the intellectual property objections on 17 April 2012.

On 27 April 2012, SP AusNet lodged a notice of appeal and other documents in the Federal Court, appealing the ATO's objection decision in relation to the intellectual property matter.

Selected Notes to the Summary Financial Statements (Cont'd)

2 Contingent liabilities (Cont'd)

(a) Tax audits (Cont'd)

(iii) Tax Consolidation

On 4 August 2011, the ATO formally advised SP AusNet that it had decided not to pursue the ACA step 1 audit and that no further action was necessary in respect of this matter.

(b) Victorian February bushfires

In early February 2009, the state of Victoria was impacted by significant bushfires. The Victorian Government subsequently established a Royal Commission of Inquiry into the bushfire crisis. The Royal Commission made a number of recommendations, two of which were then analysed by a Powerlines Bushfire Safety Taskforce (the Taskforce) established by the Victorian Government.

The Victorian Government announced on 29 December 2011 that it had accepted all of the recommendations of the Taskforce, including a package of measures over the next 10 years estimated to cost between A$700.0 million and A$950.0 million. These measures include the following:

- Electricity distributors to be required to install a new generation protection device across their networks over the next ten years, with funding subject to AER approval and estimated to cost A$500.0 million;
- Target replacement of Single Wire Earth Return and 22kV powerlines in high fire loss consequence areas with underground or insulated cables. This will be based on the relative cost-benefit assessment of risk reduction, with up to A$200.0 million budgeted to be funded directly by the Victorian Government; and
- The Victorian Government intends to request an additional A$250.0 million funding from the Commonwealth Government to further reduce risk.

A working group is being established to include representatives of Energy Safe Victoria, electricity distribution businesses and the Victorian Government to consider the practicalities of rolling out the Taskforce initiatives and the announced Victorian Government programs. The Victorian Government has also established the Powerline Bushfire Safety Program Oversight Committee to oversee, manage and review the programs. In parallel, SP AusNet continues to enhance its processes designed to minimise bushfire risk as part of its usual continual improvement practices.

SP AusNet is a defendant in litigation that has been brought in connection with the 7 February 2009 bushfires located at Kilmore East and Beechworth, respectively. As part of these legal proceedings, SP AusNet has counterclaimed against several parties. SP AusNet denies that it was negligent. SP AusNet alleges that its conduct was at all times reasonable, in compliance with technical regulations and reasonable in light of economic regulations applicable to SP AusNet.

Selected Notes to the Summary Financial Statements (Cont'd)

2 Contingent liabilities (Cont'd)

(b) Victorian February bushfires (Cont'd)

The parties to the Beechworth bushfire class action, including SP AusNet, agreed to settle the proceeding prior to the court hearing. The terms of the settlement involve the defendants collectively paying 40 per cent of the plaintiffs' assessed losses plus interest of 5 per cent up to a cap of A$32.8 million. SP AusNet's share of the settlement sum is 27 per cent of the assessed losses, and its contribution is capped at A$19.7 million. This amount will be paid by SP AusNet's insurers. The balance of the settlement sum is to be paid by the Department of Sustainability and Environment, Parks Victoria and Eagle Travel Tower Services Pty Ltd.

The settlement agreement has been approved by the Court on 16 May 2012. The settlement has been reached without admission of liability by SP AusNet or any other party.

The Kilmore East hearing is presently scheduled to commence in January 2013. This date may change. The plaintiffs in the Kilmore East proceeding are yet to identify any quantum of damages sought. SP AusNet will vigorously defend this claim.

From time to time, suggestions have been made that SP AusNet may have been responsible for, or contributed to, other fires. It is possible that SP AusNet may be involved in future proceedings concerning the possible causes of other fires, although it is SP AusNet's view that none of the fires was caused by SP AusNet's negligence. SP AusNet's position is that its conduct was at all times reasonable in light of economic regulations applicable to SP AusNet. As at the date of this financial report, SP AusNet is not aware of any further claim against it.

SP AusNet has liability insurance which specifically provides cover for bushfire liability. SP AusNet reviews its insurance cover annually and ensures it is commensurate with the scale and size of its operations, the risks assessed to be associated with its operations and with industry standards and practice.

SP AusNet's bushfire mitigation and vegetation management programs are audited annually by Energy Safe Victoria. SP AusNet had a 'zero' bushfire mitigation index throughout the 2008-09 bushfire season.

3 Commitments

During the financial year, the Group has undertaken the project to develop the 18.5km North-South and 16.5km East-West cable tunnels in Singapore to provide secure corridors for installation of transmission cables and the replacement of 230kV circuits. The project is estimated at $2 billion. At reporting date, the Group is in the process of calling for tenders for the project. The construction is expected to begin in second quarter of the financial year.

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