

SUSTAINABLE SOLUTIONS



SINGAPORE POWER ANNUAL REPORT 2013/14

SUSTAINABLE SOLUTIONS

At Singapore Power, our relentless drive to excel is fuelled by our desire to best meet the needs of our customers. We make every effort to provide reliable and efficient power to people, industries and communities by investing in our talent, technology and infrastructure. Anchored by principles of safety, accountability and continuous improvement, we constantly look ahead to ensure the performance and outcomes of today can stand the test of time and serve the nation's evolving needs, with solutions that can sustain our community well into the future.

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OUR MISSION

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

OUR VALUES

COMMITMENT

We commit to creating value for our customers, our people, and our shareholders.
We uphold the highest standards of service and performance.

INTEGRITY

We act with honesty.
We practise the highest ethical standards.

PASSION

We take pride and ownership in what we do.

TEAMWORK

We support, respect and trust each other.
We continually learn, and share ideas and knowledge.

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 40%-owned SGSPAA, a diversified energy utility company, and 31.1%-owned AusNet Services, which is publicly listed on the Australian and Singapore Stock Exchanges. As one of Singapore's largest corporations, SP recorded revenue of S\$4.8 billion and assets of S\$17.0 billion in FY 13/14.



PETER LEONG

Managing Director

SP PowerGrid

YAO DAILIN, PhD

Executive Engineer

Asset Management, Electricity

SP PowerGrid



LIAN JUNYUE

Executive Engineer

Gas Operations

SP PowerGrid

TAN HUNG KHING

Principal Engineer

Network Development, Electricity

SP PowerGrid

POWERING JURONG ISLAND

Home to many of the world's leading energy and chemical companies, Jurong Island is the lynchpin of Singapore's success as a global chemicals hub. Singapore Power ensures that the growing energy needs at Jurong Island are met.

Driving the ongoing developments on Jurong Island is the recently commissioned 230/66kV Tembusu Substation – the first substation in Singapore to be installed with 230kV series reactors, which will reduce the fault currents in the network and increase power resilience.

In addition, the West Jurong Island 400 kV Substation, scheduled to be commissioned in 2019, will further boost the reliability and efficiency of the network.

SP is also constructing a 5.2-kilometre undersea transmission cable tunnel that will transmit electricity from the power plants on Jurong Island to consumers throughout the nation. SP is also working to connect the LNG Terminal on Jurong Island to the gas transmission network so that more customers will have access to this latest source of gas supply.

FROM THE CHAIRMAN



Singapore Power plays an important role by providing safe and reliable utility services, supporting the economy and enhancing the quality of life of people. We are committed to building reliable networks and bringing quality services safely and efficiently to our stakeholders.

FINANCIAL PERFORMANCE

Group net profit (excluding exceptional items) for the year was S\$920 million, an increase of S\$42 million from the previous year contributed by the strong operating performance from all our businesses.

During the year we completed the re-balancing of our portfolio by reducing our investments in Australia. In May 2013, we signed two separate agreements with State Grid International Development Ltd. of China to divest 60 per cent of our shareholding in SPI (Australia) Assets Pty Ltd (SPIAA) and 19.9 per cent security holding in SP AusNet. Upon completion of these transactions in January 2014, our Australia portfolio is now 22 per cent of the Group's assets compared to 70 per cent as at 31 March 2013. Group debt decreased to \$4 billion from \$17 billion at 31 March 2013.

Moving forward, we will continue to focus on delivering value through driving capital efficiency and enhancing productivity, as well as through strategic investments. Our electricity, gas and cooling businesses

provide the launch pads for significant growth.

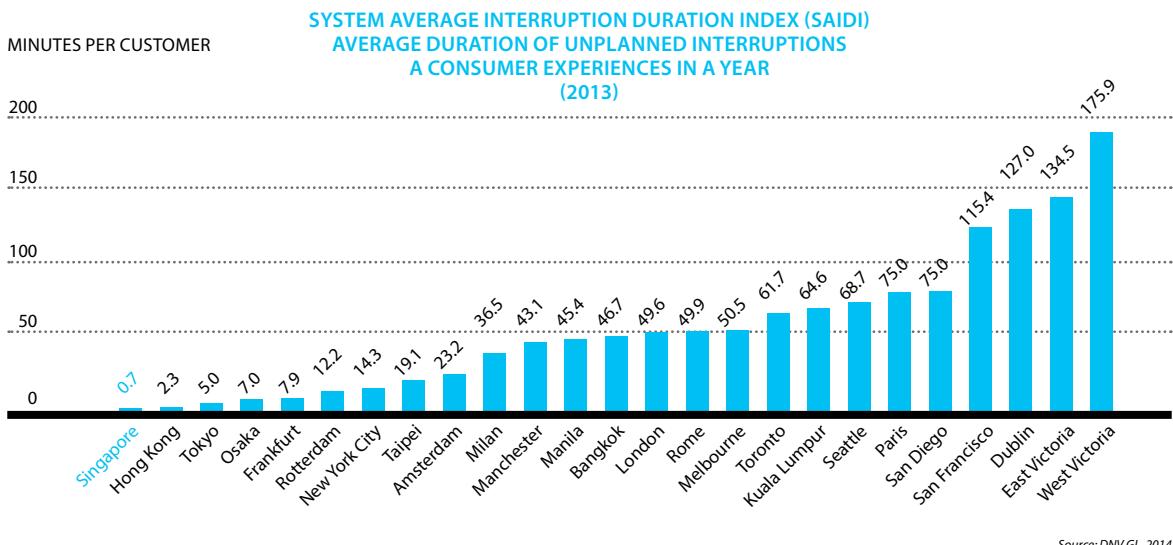
Internationally, having established our reputation and with a partner with exceptional capabilities, Australia will remain a prime area of our growth strategy, even as we explore new geographies for expansion.

SERVICE EXCELLENCE

For the year ended 31 March 2014, the average electricity customer in Singapore experienced an interruption of 0.74 minutes and for gas customers, the average interruption to service was 0.59 minutes, making Singapore's power and gas networks amongst the most reliable in the world.

Our subsidiary, Singapore District Cooling (SDC), delivered 100 per cent reliability with no disruptions throughout the year. SDC is the largest underground district cooling network in the world, providing chilled water supply for air-conditioning exclusively to the Marina Bay district, including Marina Bay Sands, Marina Bay Financial Centre, and Gardens by the Bay.

SINGAPORE EXPERIENCES THE FEWEST AND SHORTEST ELECTRICITY OUTAGES WORLDWIDE



During the year, we achieved a key milestone in implementing a smart metering system in Singapore, including an island-wide communication network. The system will progressively enable consumers to buy electricity directly from the wholesale electricity market or from retailers. From 1 April 2014, consumers using 8,000kWh or more a month could purchase electricity from the competitive market, and by 1 October 2014, this will be extended to consumers using 4,000kWh or more. This is a key step to supporting the government's policy to provide competition and choice for consumers.

To enhance customer experience, a smart phone app built on the existing app that enables customers to submit their own meter readings was made available for the public to provide feedback on electricity or gas supply matters. In a further step to empower the customer and improve service experience, consumers with e-billing accounts can now compare their electricity consumption against the average consumption of their neighbours. Technology has

enabled new dimensions to service experience, and we will continue to develop new and innovative ways to engage customers.

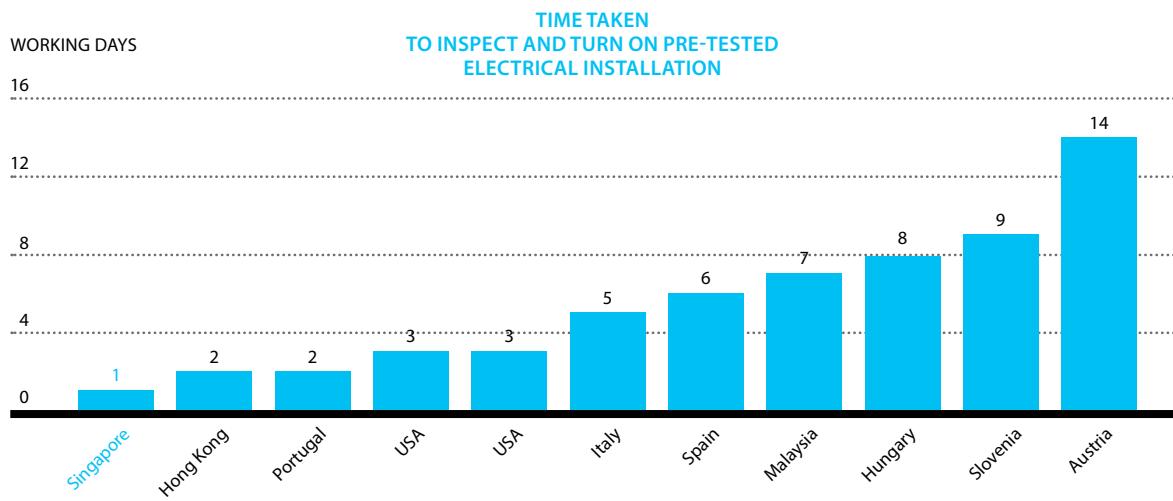
EFFICIENCY AND PRODUCTIVITY

Our world-class reliability and service standards were achieved through continuous investments in systems and infrastructure. As we upgrade the aging assets and expand networks to meet Singapore's growing demand, we strive to do so efficiently for the benefit of our consumers.

To validate that Singapore consumers pay competitive prices, and to instill operating and commercial discipline, we engaged independent consultants to benchmark our performance. In 2013, Det Norske Veritas's (DNV) benchmarking study ranked SP Services top in service excellence. In 2014, DNV also conducted a benchmarking study on SP PowerAssets (SPPA) and concluded that SPPA's operating efficiency surpasses major international utilities.

FROM THE CHAIRMAN

SERVICE COMMITMENT: ONE CALL, ONE CLICK, ONE STOP, ONE BUSINESS DAY



Source: DNV KEMA, 2013

TALENT DEVELOPMENT

We continue to recruit and develop a strong, dynamic and forward looking workforce. A key initiative to attract and develop talent for the power sector was the launch of the Singapore Power Nithiah Nandan ITE and Polytechnic Scholarship for engineering students, our first scholarship for ITE and Polytechnic students.

The inaugural batch of 22 scholars received their awards earlier this year. They can look forward to various development opportunities and sponsorship for further studies, as they advance in their careers with SP.

The Engineering Development for Graduates (EDGE) Programme welcomed its second batch of fresh engineering graduates this year, bringing the total number of engineers under the programme to 58. This unique programme aims to develop a sustainable pipeline of engineering talent within the organisation through structured training and exposure to key business operations, leading to a Professional Engineer accreditation and leadership opportunities.

SAFETY AND COMMUNITY

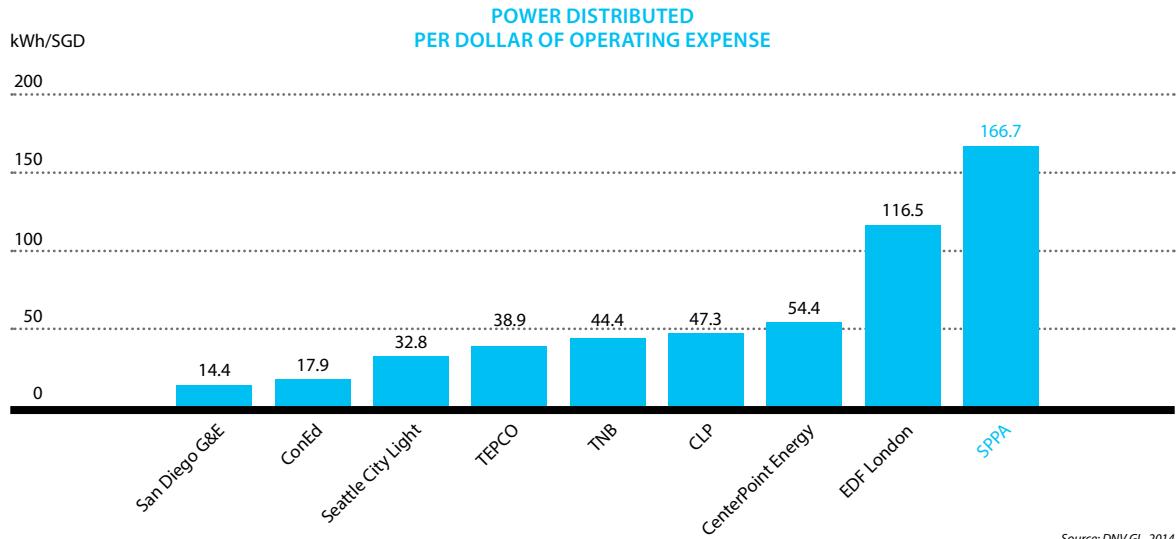
The safety of our people, our contractors and our community is critical to us.

During the year, we established a Management Safety Committee (MSC), chaired by the Group CEO. The MSC sets strategic directions and oversees safety improvement efforts. Our commitment to safety is further underscored by the formation of a new Group Safety and Health unit to spearhead safety initiatives across the Group. A Safety Policy and Safety Pledge were also introduced to our staff and contractors.

Amongst various initiatives, we increased public safety measures by building two roads for heavy construction vehicles to access our May Road and Kallang construction sites directly from the expressways, in order to bypass nearby residential areas and schools. Formulated in consultation with community stakeholders, this move was well received.

In our efforts to contribute to the well-being of the greater community, we are proud to be a lead

CONSUMERS IN SINGAPORE ENJOY VALUE FOR MONEY



Source: DNV GL, 2014

partner in the nationwide Stay Prepared Starter Kits programme with Temasek Cares and Singapore Post, to empower individuals and families to stay prepared for emergencies. SP and SingPost delivered an emergency starter kit comprising three N95 masks to every household in Singapore in the first week of May 2014. SP volunteers also delivered over 400,000 starter kits to 144 charity homes, 86 constituencies and 37 foreign worker dormitories.

During the year, SP raised over \$1 million for the SP Heartware Fund. The SP Heartware Fund supports the needy elderly under the Home Help Service programmes. From this year, we have expanded the support to all 26 elderly programmes managed by the Community Chest. With the expansion of the Fund's coverage, Singapore Power will be able to assist over 31,000 beneficiaries through elderly social service programmes such as dementia day care, hospice care, community homes and caregiver support.

IN APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to the Management and staff, UPAGE, regulators and government agencies in Singapore and Australia.

I would like to place on record our thanks and appreciation to Mr Alan Chan, Mr Bobby Chin and Prof Jeremy Davis, who retired from the Board on 16 June 2014, for their contributions to the company.

I would like to welcome Mr Timothy Chia and Mr Ng Kwan Meng to the Board and look forward to their contribution.

Together with our stakeholders, we look forward to continued growth by creating sustainable solutions to enhance the economy and quality of life.

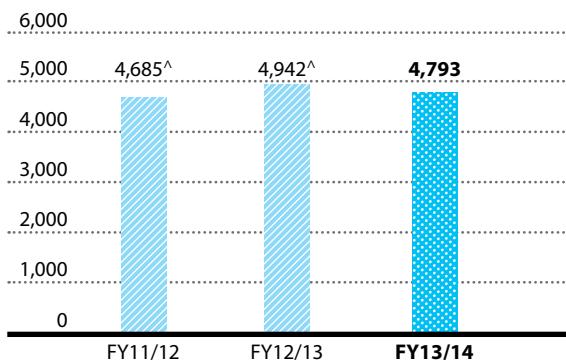
MOHD HASSAN MARICAN

Chairman

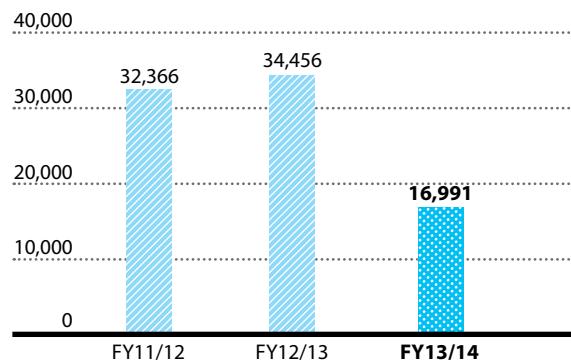
September 2014

FINANCIAL HIGHLIGHTS

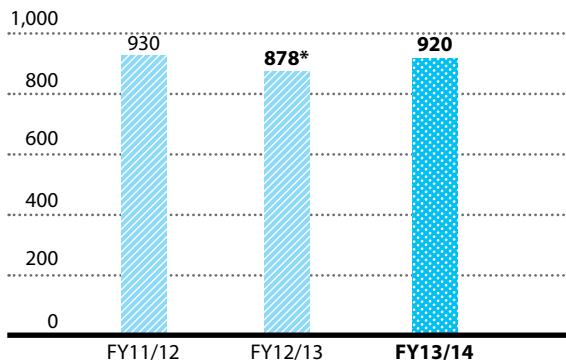
REVENUE FROM CONTINUING OPERATIONS (\$million)



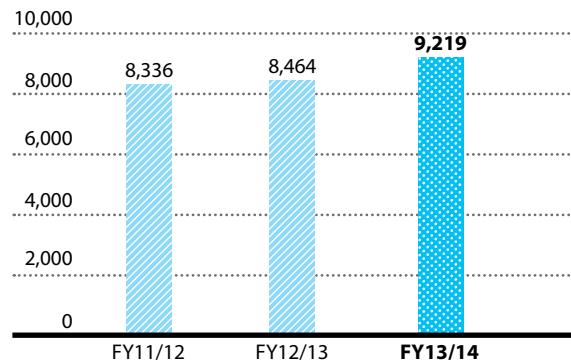
TOTAL ASSETS (\$million)



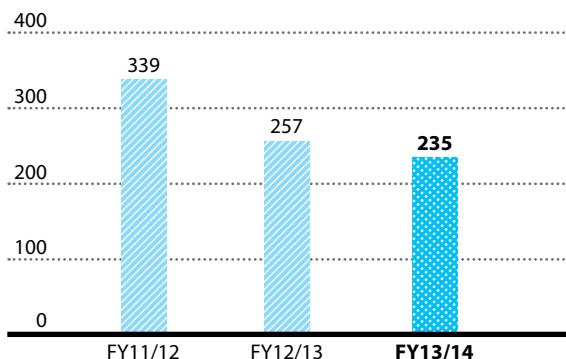
NET PROFIT AFTER TAX (\$million)



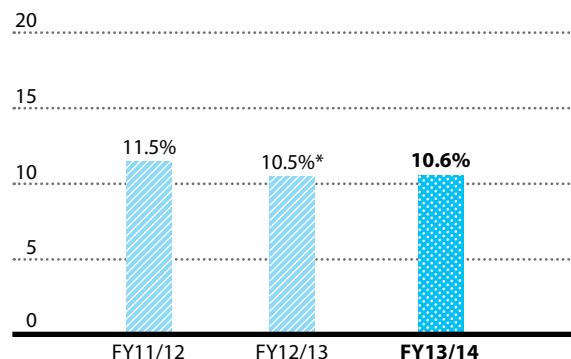
SHAREHOLDERS' EQUITY (\$million)



ECONOMIC VALUE ADDED (EVA) (\$million)



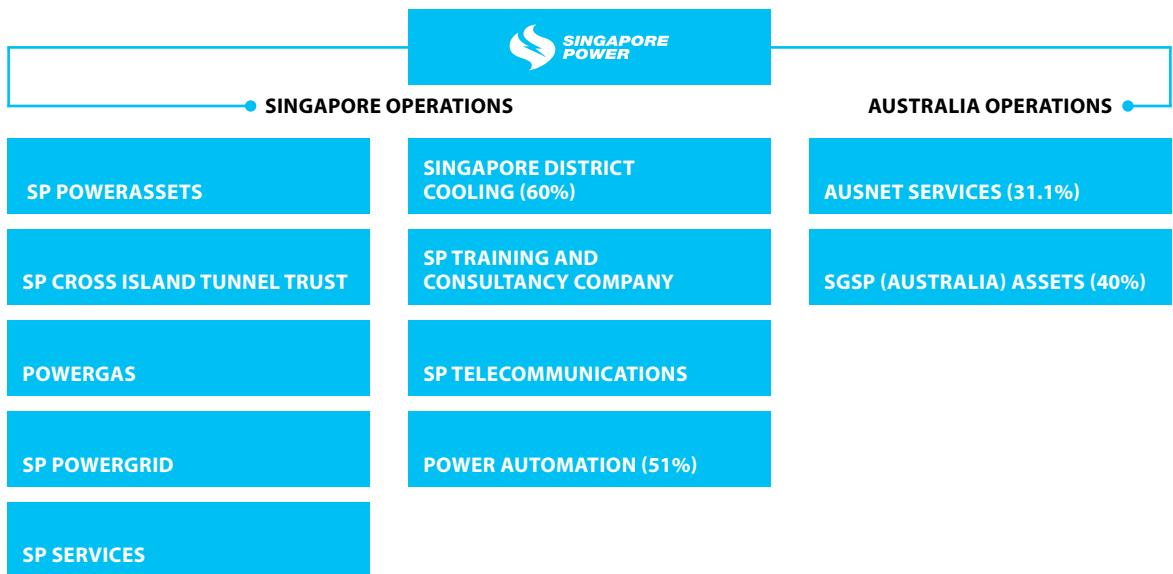
RETURN ON EQUITY (%)



[^] Restated

* Exclude exceptional items on impairment

GROUP STRUCTURE



SINGAPORE OPERATIONS

We own and operate the Singapore electricity and gas transmission and distribution networks. We also provide meter reading, billing, and customer service support for the utilities market.

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

SP Cross Island Tunnel Trust is a business trust with a portfolio comprising the North-South and East-West transmission cable tunnel 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.

Singapore District Cooling is a joint-venture company providing chilled water services for air-conditioning in buildings.

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.

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

AUSTRALIA OPERATIONS

AusNet Services and SGSP (Australia) Assets (SGSPAA) 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.

AusNet Services (formerly known as SP AusNet) owns and operates Victoria's electricity transmission network, an electricity distribution network in eastern Victoria, and a gas distribution network in western Victoria.

SGSPAA comprises **Jemena**, which owns and operates gas transmission pipelines, gas and electricity distribution networks in New South Wales, Queensland, Victoria and the Australian Capital Territory, and **Zintra Group**, which provides engineering, operations, maintenance and construction services to Jemena and external clients.

BOARD OF DIRECTORS



**TAN SRI MOHD
HASSEN MARICAN**

Tan Sri Mohd Hassan Marican is the Chairman of Singapore Power Ltd. He joined the Board on 15 February 2011 and was appointed Chairman on 30 June 2012.

Tan Sri Hassan is also the Chairman of Pavilion Energy Pte Ltd, Sembcorp Marine Ltd, Lan Ting Holdings Pte Ltd; and a Director of Sembcorp Industries Ltd, Regional Economic Development Authority of Sarawak, Sarawak Energy Berhad, Lambert Energy Advisory Ltd and mh Marican Advisory Sdn Bhd. 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, with over 30 years of experience in the energy sector, finance and management.



ALAN CHAN HENG LOON

Mr Alan Chan Heng Loon was a Director from June 2001 till 16 June 2014. He was formerly the Chairman of SP PowerAssets Ltd and PowerGas Limited.

Mr Chan is the Chief Executive Officer of Singapore Press Holdings Ltd. He sits on the boards of Singapore Press Holdings Ltd and its subsidiaries, MediaCorp TV Holdings Pte Ltd and MediaCorp Press Ltd. Mr Chan is the Chairman of the External Review Panel on SAF Safety; Chairman of the Singapore-China Foundation, a member of the Public Service Commission and the Centre for Liveable Cities Distinguished Advisors Panel; and a Director of Business China, and the Lee Kuan Yew Fund for Bilingualism. He also serves on the boards of the Federation Internationale of Periodics Publishers 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.



HO TIAN YEE

Mr Ho Tian Yee joined the Board in May 2003. He is also a Director of AusNet Services (formerly known as SP AusNet).

Mr Ho is the Managing Director of Pacific Asset Management (S) Pte Ltd. He is appointed as Investment Advisor of Blue Edge Advisors Pte Ltd and holds directorships in publicly-listed companies including DBS Group Holdings Ltd and DBS Bank Ltd. He is also a Director of Fullerton Fund Management Co Ltd and was formerly a Director of Fraser and Neave Ltd and Singapore Exchange Ltd.

Mr Ho has over 30 years' experience in managing global financial products and in organisational management. He was awarded the Public Service Medal in 1997.



TAN CHEE MENG

Mr Tan Chee Meng joined the Board in August 2005.

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, 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 Tan was a Director of SGSP (Australia) Assets Pty Ltd (formerly known as SPI (Australia) Assets Pty Ltd) and Mapletree Commercial Trust Management Ltd.



BOBBY CHIN YOKE CHOONG

Mr Bobby Chin Yoke Choong was a Director from January 2006 till 16 June 2014.

He is the Deputy Chairman of NTUC Enterprise Co-operative Ltd, the Chairman of NTUC Fairprice Co-operative Ltd, a Director of the Singapore Labour Foundation and Temasek Holdings (Private) Ltd. He is also a board member of various listed companies including AV Jennings Ltd, Yeo Hiap Seng Ltd, Ho Bee Land 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, Chairman of the Singapore Totalisator Board from 2006 to 2012, and a Director of Oversea-Chinese Banking Corporation Ltd from October 2005 to April 2014.



PROFESSOR JEREMY GUY ASHCROFT DAVIS AM

Professor Jeremy Guy Ashcroft Davis was a Director from August 2006 till 16 June 2014.

Professor 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.

He was the former AMP Society Professor at the Australian Graduate School of Management. Professor 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 the Transurban Group and AusNet Services (formerly known as SP AusNet).

BOARD OF DIRECTORS



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.

Mr Choi was also the Chairman of PowerGas Ltd and a Director of SP PowerAssets Ltd until he retired from the boards in April 2014.

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.



OON KUM LOON

Mrs Oon Kum Loon joined the Board in April 2010.

She is also a Director on the boards of Keppel Corporation Ltd and Keppel Land Ltd. She was a Director of SP PowerAssets Ltd and PowerGas Ltd until she retired from the boards in April 2014. Mrs Oon is a member of the Securities Industry Council.

Mrs Oon has about 30 years of extensive experience with DBS Bank Ltd, and held positions including Chief Financial Officer, Managing Director and Head of Group Risk Management. During her career with the bank, she was responsible for treasury and markets operations, corporate finance, and credit management and for the development and implementation of a group-wide integrated risk management framework.



TAN PUAY CHIANG

Mr Tan Puay Chiang joined the Board in April 2012. He is also a Director of SP Services Ltd.

Mr Tan's other board memberships include 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 Tan has been a member of various business and industry boards including the Australian Institute of Petroleum, the Washington, D.C.-based National Policy Association, and the American Chamber of Commerce in Hong Kong.

**ONG YEW HUAT**

Mr Ong Yew Huat joined the Board in February 2013.

He is the Chairman of the National Heritage Board, Singapore Tyler Print Institute and the Tax Academy of Singapore. He also serves on the boards of United Overseas Bank Ltd and United Overseas Bank Berhad. Mr Ong is the Chairman of the Tax Academy of Singapore.

Mr Ong, a former board member of the Singapore Accounting and Corporate Regulatory Authority, and the Public Accountants Oversight Committee, retired as the Executive Chairman of Ernst & Young Singapore after serving 33 years with the firm.

He was awarded the Public Service Medal in 2011.

**TIMOTHY CHIA CHEE MING**

Mr Timothy Chia joined the Board in June 2014.

Mr Chia is Chairman of Gracefield Holdings Ltd and Hup Soon Global Corporation Ltd. A Senior Advisor of EQT Funds Management Ltd, JM Financial Singapore Pte Ltd and Chairman – Asia for Coutts & Co. Ltd, Mr Chia also serves on the boards of several private and public-listed companies, including Banyan Tree Holdings Ltd and Fraser & Neave Ltd. Mr Chia is a member of the Board of Trustees of Singapore Management University.

Mr Chia was instrumental in the founding of Hup Soon Global. Prior to Hup Soon Group, Mr Chia was a director of PAMA Group Inc from 1986 to 2004 where he was responsible for private equity investments and from 1995 to 2004, he was President of PAMA. Mr Chia also previously served as Vice President of the Investment Department of American International Assurance Company Ltd from 1982 to 1986 and as President of Unithai Oxide Company Ltd from 1980 to 1981. From 2009 to 2011, he was Chairman – Asia for UBS Investment Bank.

BOARD OF DIRECTORS



NG KWAN MENG

Mr Ng Kwan Meng joined the Board in June 2014.

Mr Ng retired in August 2013 as Managing Director and Head, Group Global Markets at United Overseas Bank after serving 30 years with the bank. He was also an Executive Director and Chief Executive Officer of UOB Bullion and Futures Ltd, and a Director of Tuas Power Ltd.

Mr Ng was involved in the promotion of the forex and debt capital markets in Singapore. He was a member of the Singapore Foreign Exchange Market Committee, the working group on Financial Industry Competency Standards and National Integration Working Group for the Community.



WONG KIM YIN

Mr Wong Kim Yin is the Group Chief Executive Officer of Singapore Power Ltd. He is also the Chairman of SP PowerAssets Ltd, PowerGas Ltd, SPI Management Services Pty Ltd and Enterprise Business Services (Australia) Pty Ltd as well as a Director of SP Services 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. Prior to Temasek, he was with The AES Corporation, a global power company listed on the New York Stock Exchange.

SENIOR MANAGEMENT

IN ALPHABETICAL ORDER

PAUL ADAMS¹

Managing Director
Jemena

AMELIA CHAMPION

Head
Corporate Affairs

JEANNE CHENG

Managing Director
SP Services

LENA CHIA²

Chief Legal Officer
& General Counsel

MICHAEL CHIN

Managing Director
Special Projects
SP PowerGrid

CHUAH KEE HENG

Head
Strategic Development

NINO FICCA¹

Managing Director
AusNet Services

MADALENE HEE

Head
Internal Audit

JIMMY KHOO

Managing Director
Singapore District Cooling

PETER LEONG

Managing Director
SP PowerGrid

LIM CHOR HOON

Head
Human Resource

LIM HOWE RUN

Head
Regulatory Management and
Strategic Investments

LIM LAY HONG

Chief Financial Officer

CHRIS LIM

Managing Director
SP Training and
Consultancy Company

SIM KWONG MIAN

Executive Vice President
Chairman, SP Engineering Board

HELEN TAY³

General Counsel
& Company Secretary

SAMUEL TSO⁴

Head
Group Safety and Health

WONG CHIT SIENG

Chief Information Officer

WONG KIM YIN

Group Chief Executive Officer

¹ Till 3 January 2014

² From 1 July 2014

³ Till 30 June 2014

⁴ From 2 June 2014

CORPORATE GOVERNANCE

ETHICS & ACCOUNTABILITY

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

The Group adheres closely to the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (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.

SETTING DIRECTION

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. Special Board meetings may be convened as and when necessary to consider urgent corporate actions or specific issues of importance. During the financial year, the Board met four times and held a Board Strategic Review in October 2013.

ACCESS TO INFORMATION

The Board is provided with relevant information prior to Board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities. Board papers include management financial reports, annual budgets and performance against budget, updates on key outstanding issues and updates on new legislative developments.

The Board has separate and independent access to Senior Management. 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.

Newly-appointed Directors attend an orientation programme to familiarise themselves with the Group's business and governance practices.

The Directors may also attend appropriate courses, conferences and seminars so as to be better equipped to effectively discharge their duties as Directors.

BOARD COMPOSITION

There is a strong element of independence in the Board composition. Other than the Group CEO, all the directors are independent.

The Nominating Committee reviews the independence of each Director annually and provides its views to the Board for the Board's consideration in accordance with the Code.

The Board comprised 11 members during the financial year. The current Board size is 10 and 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 board committees to facilitate effective supervision of Management. These are the Audit Committee, the Board Risk Management Committee, the Board Executive Committee (formed on 1 April 2014), the Finance Committee (dissolved on 1 April 2014), 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.

AUDIT COMMITTEE

During the financial year, the Audit Committee (AC) comprised four independent Directors. Currently, the AC comprises five independent Directors. Members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge their 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.

Responsibilities of the AC include:

- 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

During the financial year, the Board Risk Management Committee (BRMC) comprised six independent Directors. Currently, the BRMC comprises five members, four of whom are independent. 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
- 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 risk governance responsibilities. While the BRMC oversees the SP Group's risk management framework and policies, the risk ownership remains with the business groups.

The BRMC meets at least three times a year.

FINANCE COMMITTEE

The Finance Committee (FC) comprised four Directors, three of whom were independent Directors.

The responsibilities of the FC were to consider and endorse, for the Board's approval, SP's annual operating and capital expenditure budgets, and business and financing plans; and approve or endorse SP's borrowing and financing-related matters.

The FC was subsequently dissolved on 1 April 2014, and its responsibilities have been subsumed under the recently constituted Board Executive Committee (ExCo).

BOARD EXECUTIVE COMMITTEE

The ExCo comprises five Directors, four of whom are independent Directors. The ExCo assists the Board to oversee the performance of the Company, its subsidiaries and its associated companies. It also reviews, endorses, approves or recommends to the Board for approval, acquisitions, financing plans, and the annual operating and capital expenditure budgets of the Group.

The ExCo meets at least four times a year.

NOMINATING COMMITTEE

The Nominating Committee (NC) comprises four Directors, all of whom are independent Directors. The NC is responsible for formulating policies and guidelines on matters relating to Board appointments, re-appointments, retirement and rotation of Directors.

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, all 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 or her own remuneration.

The SDCC meets at least twice a year.

CORPORATE GOVERNANCE

COMPOSITION OF BOARD AND BOARD COMMITTEES (AS AT 16 JUNE 2014)

Board Members	Audit Committee	Board [^]	Board Risk	Staff	
		Executive Committee	Management Committee	Nominating Committee	Development & Compensation Committee
Tan Sri Mohd Hassan Marican ¹ , Chairman	–	Chairman	–	Member	Chairman
Mr Alan Chan Heng Loon ²	–	–	–	–	–
Mr Ho Tian Yee ³	–	Member	Chairman	–	–
Mr Tan Chee Meng ⁴	Member	Member	–	Chairman	–
Mr Bobby Chin Yoke Choong ⁵	–	–	–	–	–
Prof Jeremy Guy Ashcroft Davis ⁶	–	–	–	–	–
Mr Choi Shing Kwok	Member	–	–	Member	–
Mrs Oon Kum Loon ⁷	Member	–	Member	–	Member
Mr Tan Puay Chiang ⁸	–	Member	Member	–	–
Mr Ong Yew Huat ⁹	Chairman	–	–	Member	–
Mr Timothy Chia Chee Ming ¹⁰	–	–	Member	–	Member
Mr Ng Kwan Meng ¹¹	Member	–	–	–	Member
Mr Wong Kim Yin ¹² <i>non-independent</i>	–	Member	Ex-officio	–	–

[^] Formed on 1 Apr 2014.

¹ Tan Sri Mohd Hassan Marican was appointed as Chairman of the ExCo on 1 Apr 2014.

² Mr Alan Chan Heng Loon retired as a Director of the Board and ceased to be Chairman of the NC and a member of the SDCC on 16 Jun 2014.

³ Mr Ho Tian Yee was appointed as a member of the ExCo on 1 Apr 2014.

⁴ Mr Tan Chee Meng stepped down as a member of the BRMC on 1 Apr 2014. He was appointed as a member of the ExCo and Chairman of the NC on 1 Apr 2014 and 16 Jun 2014 respectively.

⁵ Mr Bobby Chin Yoke Choong retired as a Director of the Board and ceased to be a member of the NC and the SDCC on 16 Jun 2014.

⁶ Prof Jeremy Davis retired as a Director of the Board and ceased to be a member of the AC and the BRMC on 16 Jun 2014.

⁷ Mrs Oon Kum Loon was appointed as a member of the AC on 16 Jun 2014.

⁸ Mr Tan Puay Chiang was appointed as a member of the ExCo on 1 Apr 2014.

⁹ Mr Ong Yew Huat was appointed as a member of the NC on 16 Jun 2014.

¹⁰ Mr Timothy Chia was appointed as a Director of the Board and a member of the BRMC and the SDCC on 16 Jun 2014.

¹¹ Mr Ng Kwan Meng was appointed as a Director of the Board and a member of the AC and the SDCC on 16 Jun 2014.

¹² Mr Wong Kim Yin was appointed as a member of the ExCo on 1 Apr 2014.

RISK MANAGEMENT

The SP Group's guiding principle is that every employee is a risk manager in his respective area of work. Key risk issues and mitigation plans are proactively highlighted to the Risk Management Committees of the respective subsidiaries as well as to the BRMC.

We continue to promote a culture of risk awareness amongst staff through initiatives such as induction courses and workshops, publishing relevant articles in company periodicals, and regular interaction between risk management teams and risk owners.

KEY RISK MANAGEMENT INITIATIVES IN FY13/14

- Enhancement of existing risk management processes
- Implementation of the Risk Information Management System
- Review of IT risks – Cyber Security & Personal Data Protection Act Compliance
- Review of Group insurance policies
- Review of SP PowerGrid's key operational risks – Capex Execution & Tunnel Construction
- Review of SP Services' business risks, including Full Retail Contestability

AWARDS & ACCOLADES

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 2014

Singapore Service Class Certification

SP Services

by SPRING Singapore, 2010 to 2014

People Developer Standard

by SPRING Singapore

Singapore Power, 2000 to 2017

SP PowerGrid, 2005 to 2017

SP Services, 2005 to 2015

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 27001:2013

in Operations and Maintenance of downstream Gas Transmission and Distribution

SP PowerGrid (Gas Operations)

by TÜV SÜD PSB Pte Ltd, 2014 to 2017

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

BS OHSAS 18001:2007

Certification for Occupational Health & Safety Management System

Singapore District Cooling

by TÜV SÜD PSB Pte Ltd, 2008 to 2014

Utility of the Year Award, 5th Annual Asia Power & Electricity Awards**SP Services**

by Terrapinn, 2014

**Smart Grid Project of the Year Award,
Asian Power Awards****Singapore Power Group**

by Charlton Media Group, 2014

Minister's Honour Roll (Star)**Singapore Power Group**

by the Ministry of Home Affairs, 2013 to 2018

Minister for Defence Award**Singapore Power Group**

by the Ministry of Defence, 2005 to 2015

Plaque of Commendation (Gold), May Day Awards**Singapore Power Group**

by National Trades Union Congress, 2014

Singapore H.E.A.L.T.H. Platinum Award**Singapore Power Group**

by the Health Promotion Board, 2004 to 2014

Special Events Platinum Award**Singapore Power Group**

by the Community Chest, 2014

SHARE Corporate Silver Award**Singapore Power Group**

by the Community Chest, 2014

*From Left: Lim Beng Chuan, Technical Officer, Network Management, Electricity
and Shawn Cham Say Hong, Principal Engineer, Network Management, Electricity*



SUSTAINING RELIABILITY AND EFFICIENCY

10,794

substations
delivering
electricity
to all in
Singapore

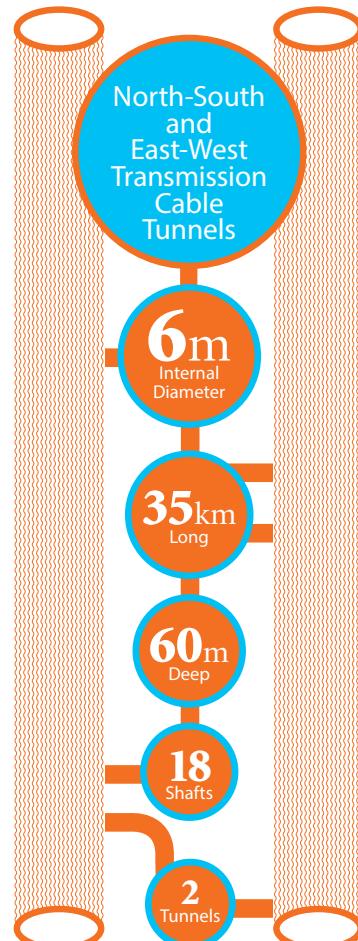


26,458km

of electricity
cables

43,690GWh

of electricity
transmitted and
distributed
in FY13/14



3,305km

of gas pipelines



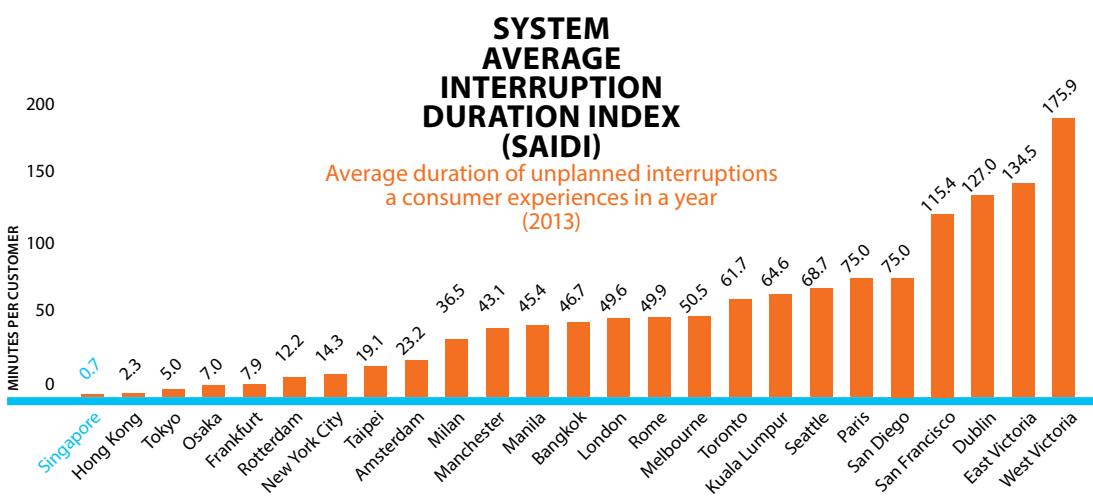
377,542bbtu

of natural gas
transported
in FY13/14



5,644bbtu

of town gas
transported
in FY13/14



Source: DNV GL, 2014

SUSTAINING RELIABILITY AND EFFICIENCY



Technical Officers Mohamed Musa bin Abdul Majeed (left) and Yakob Bin Mahdar carrying out inspection works at the Banyan gas offtake station.

Our network performance tops global benchmarks, and this is only possible with rigorous operations and processes that are in line with established international best practices. We also invest in infrastructure and advanced technology to strengthen our electricity and gas networks.

SP owns the electricity and gas transmission and distribution assets in Singapore. With the rising demand for power in Singapore, SP is committed to providing world-class energy utility services which remain reliable, efficient and sustainable.

Our network performance tops global benchmarks, and this is only possible with rigorous operations and processes that are in line with established international best practices. We also invest in infrastructure and advanced technology to strengthen our electricity and gas networks.

OPERATIONAL EXCELLENCE

WORLD-CLASS NETWORK PERFORMANCE

Singapore continues to experience the fewest and shortest electricity outages worldwide. The System Average Interruption Duration Index (SAIDI) was 0.74 minute per customer per year, while the System Average Interruption Frequency Index (SAIFI) was 0.02 interruptions per customer per year. This means the average electricity customer would only experience one interruption every 50 years.

Gas network performance for the year was also within the set targets. The SAIDI and SAIFI score for the year was 0.59 minute and 0.003 interruptions per customer per year respectively.

Singapore District Cooling (SDC) – which provides chilled water service to buildings for air-conditioning purposes – achieved 100 per cent performance in three areas: an accident-free record for workplace safety since it started operations in 2006; 100 per cent reliability in the supply of chilled water so its customers did not experience unplanned disruptions for yet another year and each of its customers experienced perfect quality of supply defined within stringent temperature ranges for the first time (no supply deviation). All this has translated to a high level of operational performance and strong customer satisfaction.

INVESTMENT IN INFRASTRUCTURE

Every successfully commissioned infrastructure adds

to the reliability and resilience of Singapore's power network and on this front, SP is constantly upgrading and expanding its operational infrastructure. The year saw good progress made on major 400kV and 230kV projects, while new projects and network planning initiatives were started.

Several major 400kV, 230kV and 66kV Transmission Projects were commissioned. They include:

- The Rangoon 400/230/66kV Substation will cater to a growing demand for power and strengthen the network in central Singapore.
- The Tembusu 230/66kV Substation will serve as an additional primary source to meet increasing load demand in Jurong Island, which is home to leading petroleum and petrochemical industries, and improve the fault level margin for more generation connections.



Staff at Singapore District Cooling work round the clock to deliver high levels of performance and reliability for customers.

SUSTAINING RELIABILITY AND EFFICIENCY



The Tembusu 230/66kV Substation is the first in Singapore to be installed with 500MVA 230kV series reactors, which will reduce the fault currents in the network and increase power resilience.

Key Transmission Projects in progress include:

- The Changi Expo 66kV Underground Substation is the first substation to be located underground in line with the government's strategy to optimise use of land. Scheduled for completion in 2016, the substation will serve the upcoming Downtown MRT line.
- A 230kV substation at Upper Jurong is scheduled for completion in 2015, to meet the area demand and facilitate customer connections.

The natural gas network was extended by 34km to connect to more industrial customers, while that for town gas was extended by 90km for residential and commercial premises in Woodlands, Sengkang, Yishun, Punggol, Tampines and Sembawang.

The Liquefied Natural Gas (LNG) Terminal, which commenced operations in May 2013, is a key government initiative to diversify the sources of gas supply to Singapore to strengthen energy resilience and security. SP is working closely with the Energy Market Authority and the Singapore Liquefied Natural Gas Corporation Pte Ltd to connect the LNG Terminal to its existing transmission networks.

More industrial consumers and power stations now have access to gas supply from the LNG Terminal, following the completion and commissioning of 20km of gas transmission pipelines and the Bahar Offtake Station in January 2014. This followed the first phase – completed in March 2013 – which involved the laying of underground pipelines, construction of gas offtake stations in Jurong Island and Tuas South, and laying a submarine pipeline across the West Jurong Channel.

SP operates the Gas Transportation IT System Solution (GTSS) which manages the transportation of natural gas in accordance with requirements under the Gas Network Code (GNC). In response to the expansion of the natural gas market as a result of LNG arrival, the GTSS has been upgraded to enhance system reliability and security. The Supervisory Control & Data Acquisition (SCADA) system upgrading was completed in June 2014 and certified to International Standard ISO 27001 to ensure both network and market operations meet the required performance standard.

The North-South and East-West transmission cable tunnel project, comprising two cross-island cable tunnels constructed 60m underground, will provide a long-term solution to the ongoing upgrading and renewal of the power cable grid infrastructure in Singapore. It reached a milestone with the launch of the first Tunnel Boring Machine (TBM) in February this year, which signified the commencement of the tunnelling phase.

Tunnel shaft construction is ongoing at the Shipyard, Benoi and West Jurong Island sites of the Jurong Island-Pioneer transmission cable tunnel project, and is expected to be completed by end of the year.



Workers at the tunnel boring machine, May Road shaft.



CP2-1



TAN KIM LENG

Shift Leader

Singapore District Cooling

JIMMY KHOO

Managing Director

Singapore District Cooling

ANG CHEE KEONG

General Manager

Singapore District Cooling

SINGAPORE'S SUCCESS IN DISTRICT COOLING

Located at basement five in downtown Marina Bay is Singapore District Cooling, the world's largest underground district cooling network, where chilled water is produced and distributed to commercial buildings in the area for air-conditioning purposes. The intricate network includes 8km of pipelines that connect the different plants and customers in the vicinity, such as Marina Bay Sands Integrated Resort, Marina Bay Financial Centre and Gardens by the Bay.

Singapore District Cooling recently achieved a milestone performance by scoring 100 per cent for an accident-free safety record, reliability, and quality of supply. In addition, a recent benchmarking study by DNV GL ranked Singapore District Cooling as having the world's highest utilisation of its distribution network, in terms of air-conditioned area per kilometre of network.

Singapore District Cooling's efficient network frees up land in the commercial centre of Marina Bay and is especially valuable in land-scarce Singapore. It is also up to 30 per cent more efficient than conventional building cooling systems, helping customers achieve significant energy savings.

The SDC team who celebrated the trio of "perfect" scores attributed their success to a strong operations philosophy, rigorously maintained processes geared toward keeping people and equipment safe, a customer-centric focus and good teamwork.

SUSTAINING RELIABILITY AND EFFICIENCY



Technical Officer Abbas Bin Mohd Supiah using the drawing versioning app. It was one of many apps developed to improve workplace productivity.

PRODUCTIVITY IMPROVEMENTS

SP is developing an Enterprise Asset Management (EAM) system for better productivity outcomes. The system optimises the use of SP assets such as equipment and facilities, by streamlining business processes and leveraging technology to align with best market practices.

In addition, SP is developing a Health Index (HI) System for network assets to support asset management decisions. The system would provide a better indication of the overall health status of individual assets and its remaining useful life, so that SP can adopt a more objective and systematic approach in planning and prioritising ageing assets for replacement.

A Supplier Relationship Management (SRM) system will also be introduced to enable the procurement team to better analyse the performance of suppliers and support management reporting requirements. SRM will also automate and improve processes by providing online workflows, electronic approvals of purchase requisitions, automated contract monitoring, and supplier collaboration functionalities.

Several productivity apps have been developed to enable staff to perform intranet-based services while on the go, such as submission of claims and leave application. A drawing versioning app was also developed for distribution planners to vet substation drawings and send to external Licensed Electrical Workers (LEWs) electronically. This saves time and paper compared to using hardcopy plans.

TECHNOLOGY FOR THE FUTURE

To create sustainable solutions for the electricity and gas networks, we are constantly engaged in research and development on energy efficiency and grid modernisation.

SMART GRID TECHNOLOGY

In collaboration with research institutes and tertiary institutions, SP is undertaking five Smart Grid projects.

The projects, with a total funding of \$7m, focus on the reliability and resilience of the electricity grid and span areas such as energy analytics, storage, condition monitoring and control systems. One such project is a collaboration with Singapore Polytechnic to develop an intelligent and scalable DC micro-grid control system which allows for the transmission and usage of electricity from renewable generation sources without the need for any AC-DC conversion.

IMPACT OF INTERMITTENT PV ON THE GRID

In 2014, SP embarked on the study of photovoltaic (PV) impact on the distribution network, especially in areas with a high penetration of solar energy. SP will work with industry partners and research institutes to study the potential issues arising from the integration of PV systems with the network grid, and come up with mitigating solutions.

GAS TRANSMISSION PIPELINE PROTECTION

An intelligent Fiber Optic Sensing System is being developed to monitor, detect and pinpoint, in real-time, any unauthorised third-party construction activities in the vicinity of gas pipelines. This enables SP to intervene early in protecting the safety and integrity of the gas network.

SUSTAINING RELIABILITY AND EFFICIENCY

OUR SAFETY PLEDGE

Safety is our highest priority

Every life is precious

Every accident is avoidable

We uphold safe practices and strive for zero accident

SAFETY – OUR HIGHEST PRIORITY

The safety of our people, our contractors and our communities is of the highest priority.

During the year, a Management Safety Committee chaired by the Group CEO, was instituted to set strategic directions and oversee safety improvement efforts. Further underscoring our commitment to safety, a new Group Safety and Health unit was established to spearhead safety initiatives across the Group, while a Safety Policy and Safety Pledge were implemented for staff and contractors.

SP conducted safety workshops for contractors to raise awareness of safety issues and facilitate sharing of lessons learnt and best practices at worksites. Apart from preventing accidents, engaging the contractors on safety issues also allows them to take ownership, and partner SP to build a strong safety culture.

A Personal Protective Equipment (PPE) campaign was also launched in April 2014 to encourage contractors to don PPE. As part of the campaign, training sessions were organised, while site safety inspections were conducted by SP PowerGrid management which were well-received by the contractors.

A Safety Refresher Course involving interactive group activities, videos and case studies was also conducted for about 1,700 technical staff.

During the annual Safety Roadshow conducted by the Health, Safety & Environment unit (HSE) under Operational Audit section in March 2014, HSE officers visited the various district offices to brief staff on safety matters and legislation concerning workplace safety and health. For the first time, office-based staff also benefited from these safety briefings.



Senior Principal Engineer Yew Mun Cheong leading workers in reciting the safety pledge.

SAFETY SCORECARD

SP PowerGrid engaged DuPont to conduct a Safety Management Evaluation in 2013. The evaluation showed improvement over the previous one in 2007, in many areas including visible management commitment, line organisation responsibility, infrastructure of safety organisation, supportive safety personnel, awareness and communication.

A DuPont Safety Perception Survey was also carried out to better understand staff perceptions on safety. Based on the findings of the evaluation and the survey, SP PowerGrid charted a Safety Roadmap to formulate and crystallise safety initiatives, to continue to drive improvement on safety performance.

RAISING STANDARD OF OCCUPATIONAL HEALTH & SAFETY SYSTEM

SP PowerGrid has embarked on a journey to improve its existing Occupational Health and Safety Management System (OHSMS), and gain accreditation under SS 506 Part 1 and the equivalent international OHSAS 18001 Standards.

SP PowerGrid is reviewing its safety documentation and practices, ensuring that they meet the requirements stipulated under these standards. The accreditation process is due for completion in end 2014.



SHAWN SEAH

Principal Engineer

Special Projects

SP PowerGrid

MICHAEL CHIN

Managing Director

Special Projects

SP PowerGrid

SAFETY IS OUR HIGHEST PRIORITY

As Singapore Power embarks on infrastructure projects to enhance the reliability and efficiency of its network, safety remains its highest priority. SP spares no effort to ensure the safety of the community, its workers and contractors.

SP invested \$4 million in building two access roads allowing heavy vehicles to access its cable tunnel construction projects at May Road and Kallang directly from expressways. This ensures the heavy vehicles safely bypass schools and residential areas. The move has been well received by community stakeholders, whom SP consulted in the course of undertaking this initiative.

The new access roads are the latest of safety measures implemented from the onset of the cable tunnel construction in 2012. Initial safety measures include deploying traffic marshals at schools, restricting heavy vehicle traffic during school peak hours, giving talks to students to raise road safety awareness and installing water barricades to prevent jaywalking around the construction sites.



MICHAEL AARON YAP

Assistant Director

Special Projects

SP PowerGrid

DR LEE HEE SUK

Construction Manager

SK Engineering & Construction Co Ltd

*From Left: Customer Care Officers **Hema Jayaseelan**, **Camelle Lim** and **Freddy Nyi***



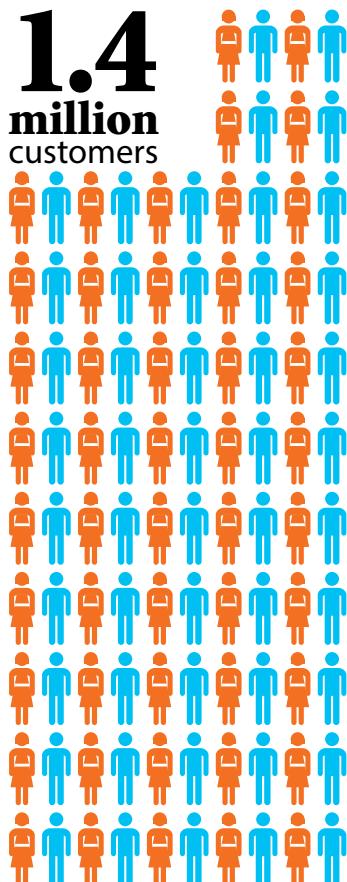
SUSTAINING SERVICE EXCELLENCE

3.3 million
electricity,
water and gas meters
are read every
two months



26,000
smart meters installed
as at August 2014

31,300
utilities account
opening and closing
requests monthly



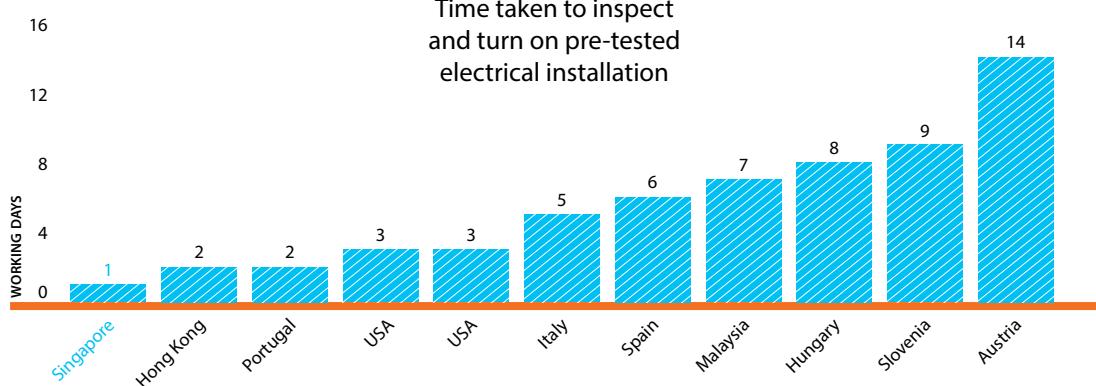
★ ★ ★ ★ ★
Best in Service
SP Services
is ranked among the
best in service standards,
according to an international
benchmarking study
conducted by established
global consulting firm
DNV KEMA



104,950
customer
service transactions
monthly

SERVICE COMMITMENT: ONE CALL, ONE CLICK, ONE STOP, ONE BUSINESS DAY

Time taken to inspect
and turn on pre-tested
electrical installation



Source: DNV KEMA, 2013

SUSTAINING SERVICE EXCELLENCE



Customer Care Officer Siti Nurtifah Binte Omar always serves promptly and with a smile. SP Services provides customers with excellent service, according to an international benchmarking study by DNV GL.

Our customers are at the heart of everything we do. We strive to uphold world-class energy utility services and take every opportunity to ensure customers enjoy convenient, cost-efficient service at every touch point.

SERVICE EXCELLENCE

SP Services is ranked among the best in service standards, according to an international benchmarking study conducted by established global consulting firm DNV KEMA (now known as DNV GL) last year. The study affirmed the customer-centric culture of SP Services, which is the only utility company in the world that connects consumers to electricity, water and piped gas supply within one business day upon application.

In the study, SP Services was also found to be the most cost-efficient among major electricity companies

in Asia, Australia, Europe, Japan, the United Kingdom and the United States.

At the 5th Annual Asia Power & Electricity Awards 2014 in April, SP Services was awarded the Utility of the Year, beating major utility companies in the region. The award recognises SP Services' outstanding performance in customer relationship management, and efforts in embracing technologies to improve operations. The judging criteria for this award is a combination of results from a judging panel as well as public voting.



Jeanne Cheng, Managing Director of SP Services, receiving the Utility of the Year award from Bryan Spear, Managing Director, Asia Pacific of Trilliant.

REGULAR CUSTOMER ENGAGEMENT

As part of efforts to engage industry partners, 15 representatives from Singapore's banking industry were invited to SP PowerGrid's Power Quality Interest Group meeting in November 2013 where they gained insights into SP's power quality management, network

performance and development projects, emergency preparedness and response, and the industry's business resilience and risk landscape.

The first edition of The Electricity Times was published in all the major daily newspapers on 1 April 2014. This quarterly public education bulletin aims to enhance public understanding of power matters, and raise awareness of SP's services and operations.

GREATER CONSUMER CONVENIENCE

SP has rolled out several initiatives to enhance its customer touchpoints and provide greater convenience.

From September 2013, consumers could pay their bills via two additional channels, the AXS e-station (Internet) and AXS m-station (mobile phone).

SP also developed a smart phone app that allows the public to give feedback or report on electricity and gas supply matters. It also enables the public to attach pictures and tag location-specific information to the feedback. This builds on an earlier smart phone app, which allowed customers to submit their own meter readings for greater billing accuracy and convenience.

To better serve the growing number of contestable consumers, SP launched the MyPower portal (www.mypower.com.sg), which enables consumers to check their contestability eligibility status and apply for contestability. Contestable consumers can obtain their detailed consumption charts through the portal.

To encourage greater energy efficiency, SP partnered the Energy Market Authority and PUB to launch an initiative allowing consumers to compare their electricity, water and gas consumption in the last six months against the national average consumption and the average consumption of their neighbours living in similar housing types.

In the coming months, SP Services will be expanding the project with additional features and make this service available through other channels such as mobile applications.

THE ELECTRICITY TIMES

BRINGING YOU WORLD-CLASS SERVICES

ONE CALL ONE CLICK ONE STOP IN ONE DAY

Thank! But it may be a while before I can watch my favourite drama series because I haven't set up my utilities.

Wow, your new place is so nice and spacious!

You know, all it takes is just ONE CALL for you to apply for your utilities. Or you can do it with ONE CLICK by visiting the Singapore Power website.

Really? So I don't need to get out of the house? But you know I like meeting people.

Then just head down to any Customer Service Centre for ONE STOP service. Get your electricity, gas and water supply connected at the same time!

I haven't heard of this happening anywhere else in the world! So when will my utilities be activated?

With Singapore Power's ONE BUSINESS DAY* service, everything will be up and running by the next working day!

*For residential applications received before 8pm on weekdays or 10am on Saturday or day of public holiday.

NEWS CURRENTS

Singapore Power brings you more convenience through:



A utilities portal to make your online transactions



Mobile apps to send your meter readings and feedback on electricity and gas supply matters



Improving energy efficiency and reducing carbon footprint by:

- Enabling you to compare your utility usage with that of your neighbours*
- e-billing to minimise paper wastage

*For residential customers with existing accounts and sufficient number of neighbours during a meter reading cycle.

Key Statistics

86,700

customer service transactions monthly

1.4 million

bills sent monthly

8.4 million

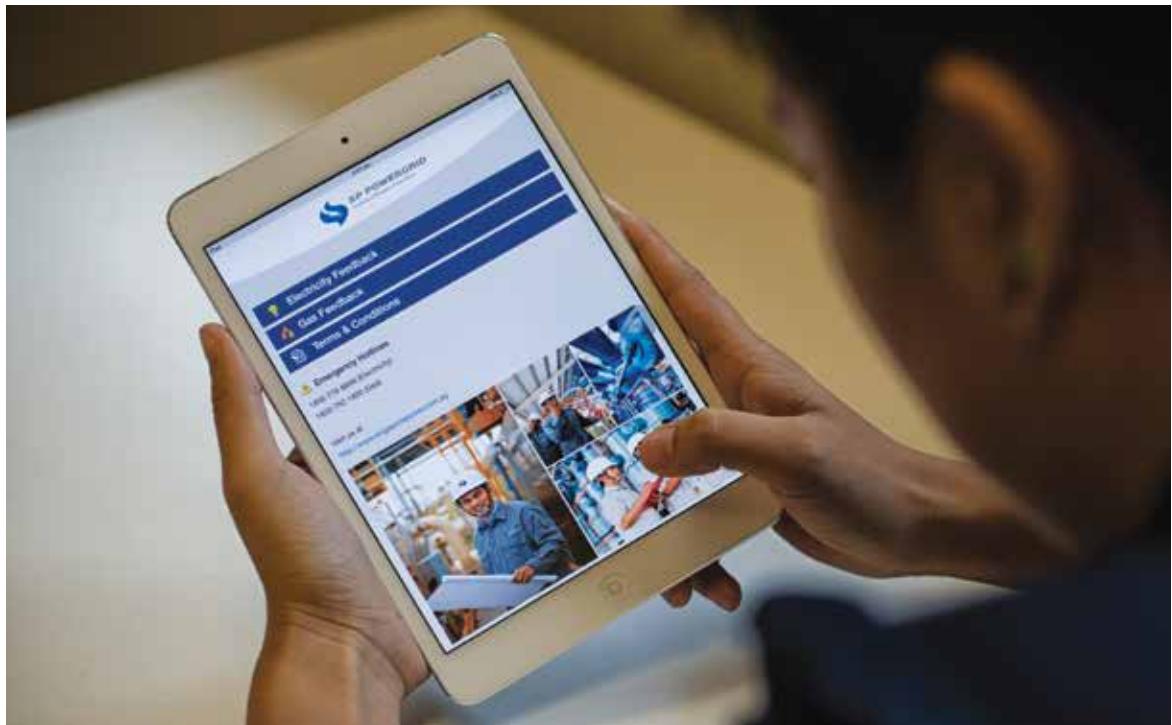
electricity, water and gas meters are read every two months*

31,300

utilities account opening and closing requests monthly



SUSTAINING SERVICE EXCELLENCE



SP's new app enables the public to conveniently provide feedback on electricity and gas matters.

FACILITATING COMPETITION AND CONSUMER CHOICE

SP plays an instrumental role in the implementation of retail contestability for the electricity market. This will eventually empower the 1.2 million residential consumers to purchase electricity from retailers of their choice.

In the past year, Singapore has taken major steps towards full liberalisation of the electricity retail market. The contestability threshold was lowered from 10,000kWh to 8,000kWh on 1 April 2014, and

subsequently to 4,000kWh on 1 October 2014. As a result, more consumers have the choice of buying electricity from any of the licensed electricity retailers, or from the wholesale electricity market.

SP has implemented the use of Advanced Metering Infrastructure (AMI) meters which measure contestable consumers' usage at half-hour intervals, so that they can enjoy competitive pricing and better manage their electricity consumption to enjoy savings on their bills. It has also improved its IT systems to provide reliable back-end support.



LAWRENCE LEE

Head, Operations & Projects
SP Services

RAZALI BIN MOHD

Deputy Director, Properties & Infrastructure
SP PowerGrid

JEANNE CHENG

Managing Director
SP Services

PROVIDING CONSUMERS GREATER CHOICE

As the nation moves towards liberalising the electricity market, Singapore Power has been working steadfastly behind the scenes to swiftly deploy technology and refine processes in order to support a growing number of contestable consumers.

By August 2014, SP had installed 26,000 smart meters, a feat which was achieved in less than two years instead of the usual three-year timeframe. The smart meters allow contestable consumers to better monitor and manage their usage, and help them to achieve savings.

SP has also enhanced its IT systems to provide reliable back-end support. Throughout the process, the combined expertise of a core team from SP PowerGrid, SP Services and Information Technology worked closely with the Energy Market Authority, retailers, consultants and other stakeholders.



WONG CHIT SIENG

Chief Information Officer

Singapore Power

LIM AH KUAN

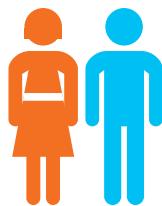
Director

SP PowerGrid



From left: **Leong Wai Yee**, Executive Engineer, Electricity Operations; **Yong Haur Ming**, Engineer, Electricity Operations; **Lee Say Teck, Cedric**, Deputy Director, Electricity Operations; **Nur Hafiza Binte Mohd Zulkifli**, Engineer, Gas Operations and **Woon Thian Han, Henrick**, Engineer, Special Projects

SUSTAINING OUR TALENT



3,500
local
employees



103
scholarships
awarded



381
higher education
sponsorships
invested

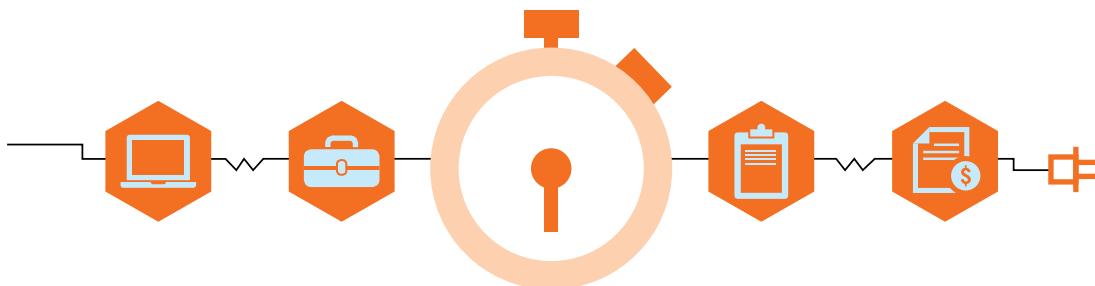


360°
Leadership
Feedback

75

TRAINING HOURS
PER EMPLOYEE

(in FY13/14)



SP Training Institute
conducted
246
training sessions through
75
courses
(FY13/14)

13
Polytechnic
and

9
ITE
graduands

22
recipients
awarded the
Nithiah Nandan
Scholarships



60%
of engineering
workforce are
Professional Engineers
or pursuing
certification
through
SP sponsorship

SUSTAINING OUR TALENT



Recipients of the Singapore Power Nithiah Nandan ITE and Polytechnic scholarships with NTUC Secretary-General Lim Swee Say, Mrs Nithiah Nandan, SP Group CEO Wong Kim Yin and UPAGE leaders.

SP launched the Singapore Power Nithiah Nandan ITE and Polytechnic Scholarships for students from the Institute of Technical Education (ITE) and the polytechnics.

As SP powers the nation, it is the ideas, energy and passion of our workforce that upholds our world-class performance. Over the year, SP has implemented numerous initiatives to attract talent, develop core competencies and reward performance.

ATTRACTING BRIGHT SPARKS

SP has launched its Singapore Power Nithiah Nandan ITE and Polytechnic Scholarships for students from the Institute of Technical Education (ITE) and the polytechnics. The new scholarships will build on existing efforts to nurture talent for the power sector, and also provide students from diverse backgrounds with more pathways into the sector.

Named after the late unionist Mr Nithiah Nandan, the scholarships were awarded to the inaugural batch of 22 recipients (13 Polytechnic and 9 ITE graduands) in March 2014.

Scholarship recipients are assured of a job at SP after graduation, where they will develop the knowledge and technical skill sets relevant to the power sector, and possibly obtain sponsorship for further studies.

NURTURING TALENT

SP invests in a wide range of learning and development programmes to cater to staff with different needs and aspirations. This includes higher education sponsorships to enable staff to upgrade their knowledge and skills through further studies. As of March 2014, 381 higher education sponsorships have been awarded.

In July 2013, SP started the EDGE (Engineering Development for Graduates) Programme to prepare new graduate engineers for technical excellence and leadership by exposing them to the diverse facets of the organisation.

Following a year of structured training which comprises theory-based lessons, short attachments and on-the-job training, they will undergo two job rotations to SP's business and operation units in the next four years. One of the key milestones of this programme will be to attain Professional Engineer accreditation with SP's sponsorship.

EDGE welcomed its second cohort of fresh engineers this year, bringing the total number of engineers under the Programme to 58.

STRENGTHENING LEADERSHIP & PERFORMANCE MANAGEMENT

SP progressively rolled out a "360° Leadership Feedback" survey for management staff during the year in review, to better identify the strengths and development needs of our leaders.

Serving as a development mirror, the 360° Leadership Feedback gathers comprehensive feedback

from superiors, peers, subordinates and other stakeholders who have worked with the person being rated. It will also provide valuable input for coaching sessions to help leaders develop their strengths and management skills.

The Powering Leaders Programme was also launched this year, to hone leadership capabilities of management staff. The programme comprised panel discussions with leaders from other industries, management case studies and group activities to reinforce learning and experience sharing.

COMPETITIVE PAY AND BENEFITS

The salary ranges of the seven non-executive job classes were enhanced, following Collective Agreements which were made between the Union of Power and Gas Employees (UPAGE) and SP, on 3 October 2013. The new salary ranges arose from a rigorous benchmarking exercise, to reflect job market value.



EDGE engineers at a team-building programme by Outward Bound Singapore.

SUSTAINING OUR TALENT



Andrew Tan, Senior Principal Trainer from SP Training Institute, conducting a course on Electrical Safety for Distribution Works.

To emphasise SP's pay-for-performance philosophy, the Variable Bonus framework was enhanced to incorporate a Corporate Bonus – which recognises team efforts in the accomplishment of group safety and financial goals – and a Merit Bonus for strong performers.

We also enhanced general benefits including medical benefits, insurance benefits relating to accidents and life coverage, and allowances for shift and vocational work.

MANAGING KNOWLEDGE

Set up in April 2013, the SP Engineering Board has moved towards boosting engineering standards within SP, and putting in place an internal knowledge management system for effective sharing of information.

To raise engineering standards, the Board developed a Technical Competency Framework which clearly identifies the core competencies that technical staff must possess. This framework will shape how these staff will be trained, deepen their technical competencies and arm them with relevant skills and knowledge.

A knowledge management framework to capture, codify and utilise knowledge within SP has also been developed. This will encourage knowledge sharing and reduce employees' search time for relevant knowledge, to enhance safety and improve workforce efficiency.

The Board is also reviewing electricity and gas transmission and distribution practices to align these with current international best practices, looking at how to boost grid performance and efficiency by studying the latest technology, and driving business performance by using data analytics.

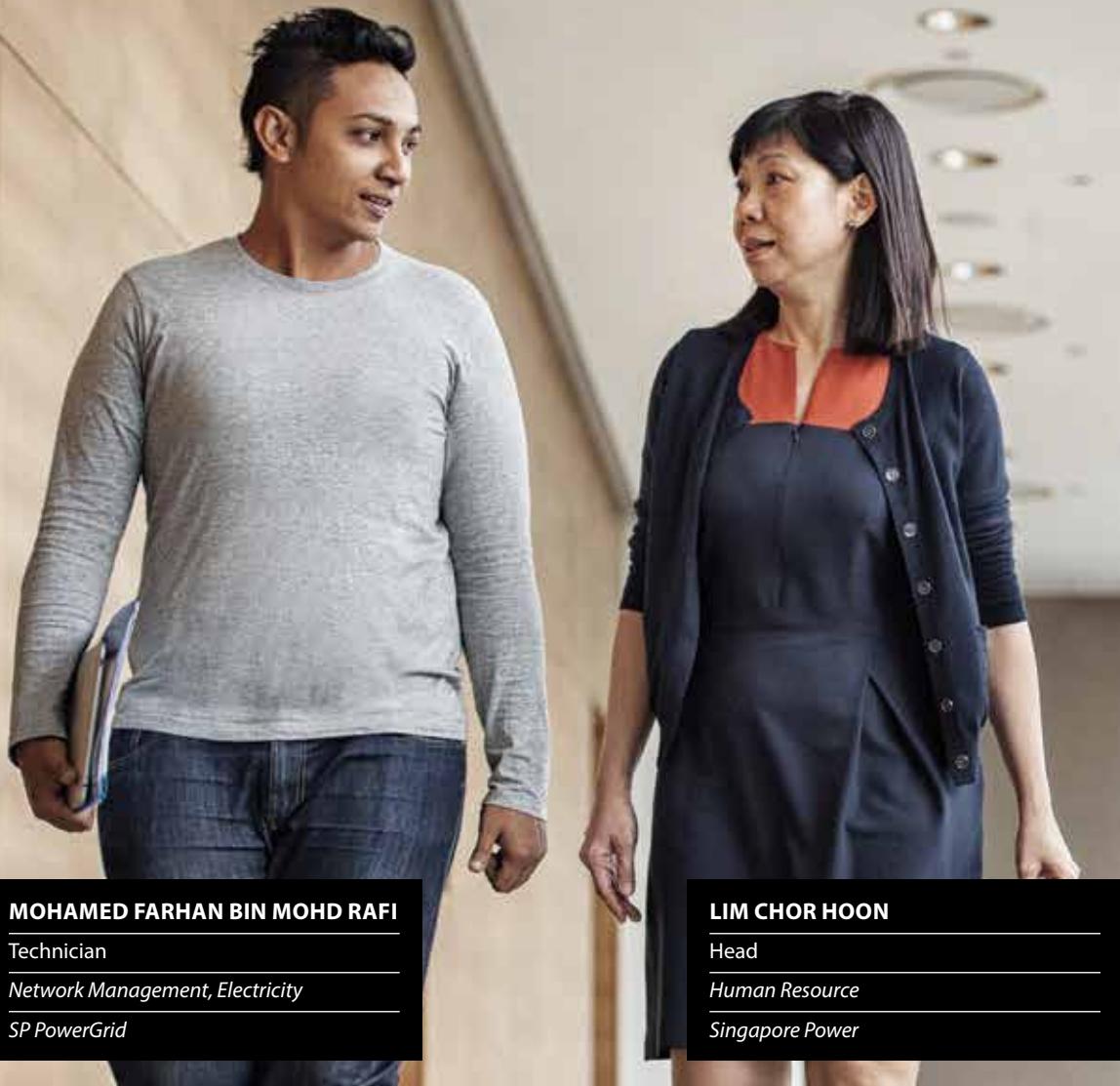
BOOSTING INDUSTRY COMPETENCIES

The Singapore Power Training Institute (SPTI) runs all internal training courses for SP's employees. Conducted by a team of experienced engineers with specialised skills and knowledge of best practices, the courses are

structured to enhance core competencies in operations and safety.

SPTI ran 246 training sessions conducted through 75 courses during the year in review. In FY 14/15, 22 new courses will be introduced to better meet the needs of the power sector. Training facilities at Woodleigh Park have also been upgraded, so participants can utilise better training equipment in a more comfortable environment.

In line with the Singapore Government's plan to build a strong talent core in the power industry, SPTI, together with industry partners and the Energy Market Authority, will develop a comprehensive end-to-end training programme covering power generation and transmission to end-services, to meet the nation's power needs.



MOHAMED FARHAN BIN MOHD RAFI

Technician

Network Management, Electricity

SP PowerGrid

LIM CHOR HOON

Head

Human Resource

Singapore Power

STRENGTHENING OUR TALENT POOL

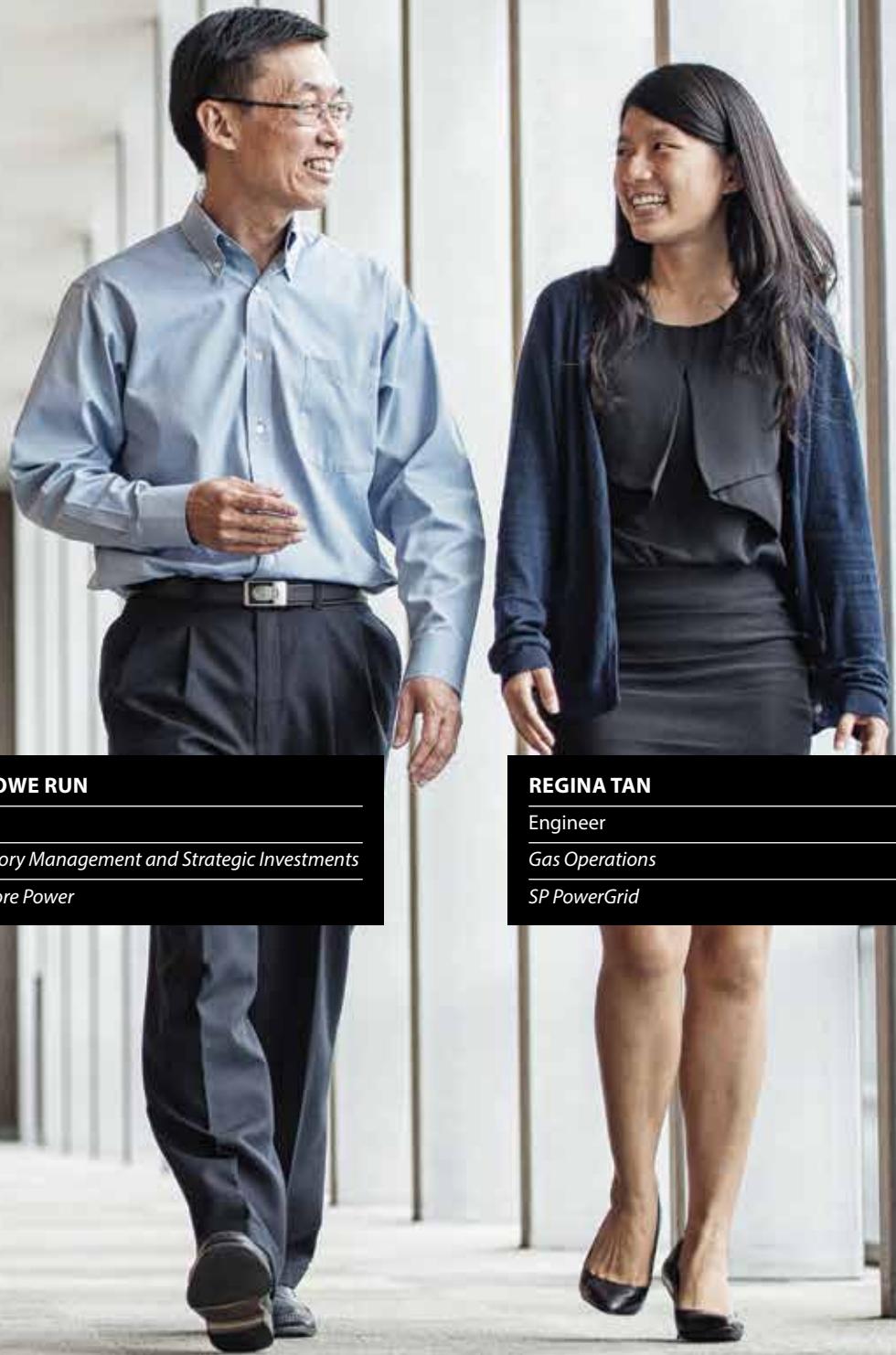
Singapore Power's people are its strongest resource. From diversifying its search for talent to strengthening its existing expertise, SP places emphasis on developing a well-skilled and dedicated workforce to manage the complexity of the nation's power needs.

Lim Chor Hoon, Head of Human Resource, oversees SP's strategies on attracting and retaining talent. Her team ensures all employees have clear pathways and the resources to acquire the right skills at every stage of their career.

Mohamed Farhan bin Mohd Rafi, a recipient of the Singapore Power Nithiah Nandan ITE and Polytechnic Scholarship, has started his career in Network Management, Electricity Operations. The scholarship was introduced in 2014 to draw top talent from the polytechnics and ITEs into the power industry.

Regina Tan, an engineer with Network Development, Gas Operations, was amongst the pioneer batch of SP's Engineering Development for Graduates (EDGE) Programme last year, which provides graduate engineers with a structured learning programme and postings to critical operational areas.

Lim Howe Run, who has served in SP for 26 years, has benefited from numerous professional and personal growth opportunities throughout his career, including a management stint in Australia. Beginning as an engineer, Howe Run has ventured into a wide range of business areas, such as financial analysis, business development, asset management and risk management. He is currently a member of SP's senior management, heading Regulatory Management and Strategic Investments.



LIM HOWE RUN

Head

Regulatory Management and Strategic Investments

Singapore Power

REGINA TAN

Engineer

Gas Operations

SP PowerGrid



From Left: Soon Yi Bin, Principal Engineer (Electricity Operations), with Mdm Cheong Kim Chwee, resident of AWWA Community Home for Senior Citizens in 2014. From this year, SP has broadened its support of elderly services to all 26 elderly programmes managed by Community Chest, including this AWWA Home.

SUSTAINING OUR COMMUNITY

In 2013,
SP Heartware Fund
supported the delivery of



673,000

warm meals to the
doorsteps of needy seniors
and made sure seniors were
accompanied on



13,000

trips for medical and
rehabilitation care



SP supports

31,000

beneficiaries from

26

elderly
programmes
run by
Community
Chest



More than

**\$8
million**

raised for the
SP Heartware Fund

TEMASEK CARES STAY PREPARED INITIATIVE

Partnering SingPost to deliver starter kits to

1.2 million
households



SP volunteers delivered over

400,000

starter kits to

144

charity homes,

86

constituencies and

37

foreign worker dormitories

\$388,000

raised
from the
SP Charity Golf
2013

**\$1.05
million**

raised for the
SP Heartware Fund
in FY13/14

SUSTAINING OUR COMMUNITY



Muhammad Juraimi bin Mohamed Ali, Technician (Electricity Operations), helping an elderly resident at AWWA community home wear an N95 mask.

In 2013, the widespread effects of the regional haze left some Singaporeans caught without protective N95 face masks. This was the impetus for the nation-wide Stay Prepared initiative to encourage people to be prepared for emergencies.

SP is committed to contributing to our community, reflecting SP's larger commitment to nation-building. During the year, we continued to raise funds and volunteer our time for worthy causes.

HELPING SINGAPORE STAY PREPARED

In 2013, the widespread effects of the regional haze left some Singaporeans caught without protective N95 face masks. This was the impetus for the nation-wide Stay Prepared initiative to encourage people to be prepared for emergencies.

In this Temasek Cares initiative, SP was a lead partner in the starter kit programme. Our work in providing households with world-class reliability around the clock

represents emergency preparedness, and it is a value which SP hopes to seed in the community.

SP volunteers along with Singapore Post distributed emergency starter kits to 1.2 million households in May 2014. Our staff also delivered over 400,000 starter kits to 144 charity homes, 86 constituencies and 37 foreign worker dormitories. Each kit consisted of three N95 masks, emergency contact numbers and instructions on how to wear the mask in four languages.

In addition, SP was also involved in conceptualising and designing the overall starter kit, and setting up a call centre so members of the public could get answers to questions about the initiative.



Meter reader Yoganathan s/o Tharmalingam was part of the team that delivered emergency starter kits to 1.2 million households in Singapore.

KEEPING OUR COMMUNITY SAFE

Sparing no effort to uphold safety standards, SP built two roads for heavy construction vehicles to access the May Road and Kallang construction sites directly from expressways, in order to bypass nearby residential areas and schools. Initiated in consultation with community stakeholders, this move was well received. This initiative builds on safety measures which the cable tunnel team had implemented from the onset of the project in end 2012, including deploying traffic marshals at schools, restricting heavy vehicle traffic during school peak hours, giving talks to students to raise road safety awareness and installing water barricades to prevent jaywalking around the construction sites.

RAISING FUNDS FOR THE ELDERLY

The SP Heartware Fund, which benefits the needy elderly, is a core community programme for SP. It has been growing from strength to strength over the years. Last year, we raised over \$1 million for the Fund, totalling to \$8 million which has been raised since 2005. The money goes to seven Home Help Service programmes run by the Community Chest, benefiting needy elderly people who live alone or have little family support. Essential services are provided to the needy elderly in their homes such as meal delivery, personal

hygiene, housekeeping, laundry and medical escort services for medical consultations.

A key fund-raising event was the SP Charity Golf 2013 held on 30 August 2013, which brought in over \$388,000. All proceeds went to the beneficiaries as fund-raising activities were underwritten by SP. Staff also contributed over \$30,000 to the Fund, and SP matched every dollar donated.

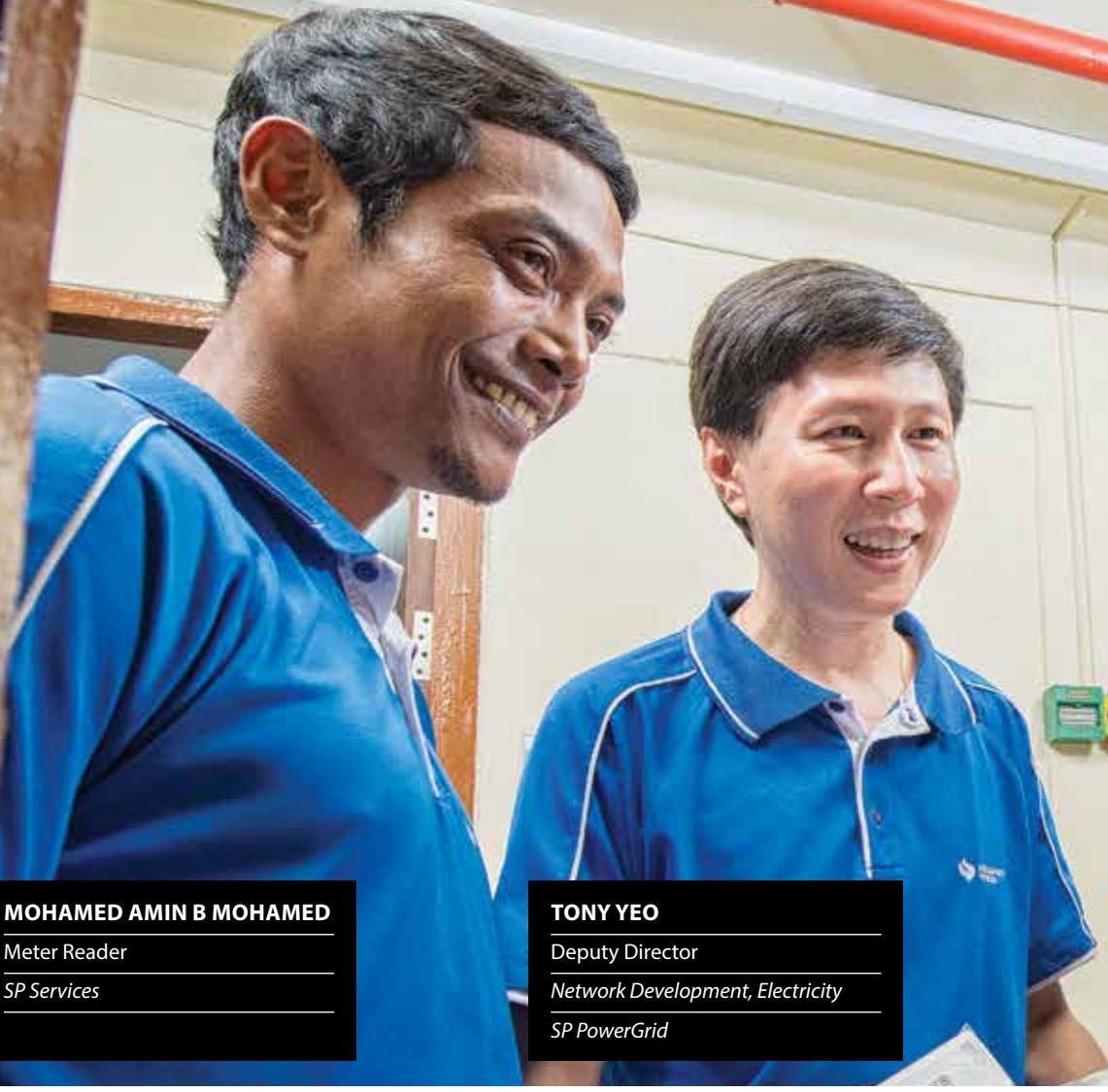
Since 2014, SP has broadened its support to all 26 elderly programmes managed by Community Chest, reaching out to 31,000 beneficiaries. Services include dementia day care, hospice care, community homes and caregiver support.

In addition, SP staff donated over \$34,000 under the Community Chest SHARE programme and SP again matched every dollar donated. In recognition of our support of the Community Chest, we received the SHARE Corporate Silver award for staff participation in the SHARE programme and the Special Events Platinum award for fund-raising through events.

SP also contributed close to \$300,000 to various charity organisations and community causes during the year in review.



SP Group CEO Wong Kim Yin (left) presenting a cheque for funds raised in 2013 to Sim Gim Guan, CEO of NCSS and Ng Ling Ling, Managing Director of Community Chest.



MOHAMED AMIN B MOHAMED

Meter Reader

SP Services

TONY YEO

Deputy Director

Network Development, Electricity

SP PowerGrid

REACHING OUT TO THE COMMUNITY

Powering the nation goes beyond providing reliable and efficient utility services. Singapore Power also reaches out to the community, making a positive difference to the needy and underprivileged.

SP was a lead partner in Temasek Cares' Stay Prepared Starter Kit programme. Together with Singapore Post, Singapore Power delivered emergency starter kits to all 1.2 million households in Singapore in May 2014. Each kit comprised N95 masks, wearing instructions in four languages and emergency contact numbers.

SP was actively involved in the concept development, design, planning and delivery of the starter kits. SP staff volunteers also delivered 17,000 starter kits to 144 charity homes. In addition, staff delivered starter kits to constituencies for low-income families and foreign worker dormitories.

The effort was an extension of the nation-wide Stay Prepared initiative to encourage households in Singapore to be better prepared for emergencies.



LYNETTE TAN

Director, Customer Relationship Management

SP Services

MDM P. SEENIVASAGAM

Resident

AWWA Community Home for Senior Citizens

SUSTAINING OUR COMMUNITY



SP volunteers hosted elderly beneficiaries of Lions Befrienders to a Chinese New Year lunch.

NURTURING VOLUNTEERISM

SP staff continued to spend time and effort on various outreach initiatives. During the Chinese New Year, volunteers packed and delivered auspicious goody bags or *fu dai* containing essential items sponsored by SP for about 100 elderly beneficiaries at a festive lunch gathering at Mei Ling Street.

On 22 April 2014, they hosted elderly beneficiaries of the Lions Befrienders, Thye Hua Kwan Moral Charities and TOUCH Community Services to tea and participated in a green activity to commemorate Earth Day. The beneficiaries tried their hands at potting air-purifying plants using recycled pots donated and decorated by our volunteers.

SP volunteers also visited the Bright Hill Evergreen Home and Pertapis Senior Citizens Fellowship Home

in 2014 to bring cheer to the elderly residents. Our volunteer efforts were featured on the ComChest Care & Share Charity Show on 27 July 2014. During the show, Chief Information Officer Wong Chit Sieng presented a cheque to ComChest Chairman Philip Tan for our contributions.

To build ties in the communities we work in, the SP Cable Tunnel Team participated in various outreach activities involving stakeholder groups near the shaft locations. These include Peirce and Admiralty secondary schools, Tanglin Trust School, Franciscan Missionaries of Mary and grassroots leaders. Their involvement also helped to raise awareness of the ongoing North-South and East-West transmission cable tunnel project.

FINANCIAL SUMMARY CONTENTS

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Income Statements **66** / Statements of Comprehensive Income **67** / Statements of Changes in Equity **68**
Selected Notes to the Summary Financial Statements **70**

SUMMARY DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

IMPORTANT NOTE

The summary financial statements as set out on pages 65 to 76 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:

Tan Sri Mohd Hassan Marican
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
Mr Tan Puay Chiang
Mr Ong Yew Huat
Mr Wong Kim Yin

2 PRINCIPAL ACTIVITIES

The principal activities of the Company are 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.

SUMMARY DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

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 the Company for the financial year in which this report is made, or render any item in the financial statements of the Group and the 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 65 to 76 was approved by the Board of Directors on 30 May 2014 and was signed on its behalf by:



TAN SRI MOHD HASSAN MARICAN

Chairman



MR WONG KIM YIN

Group Chief Executive Officer/Director

30 May 2014

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 MARCH 2014

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

Member of the Company
Singapore Power Limited

The accompanying summary financial statements of Singapore Power Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 March 2014, the income statements and statements of comprehensive income of the Group and of the Company and the statement of changes in equity of the Group for the year then ended, and related notes as set out on pages 65 to 76, are derived from the audited financial statements of the Group for the year ended 31 March 2014. We expressed an unmodified audit opinion on those audited financial statements in our report dated 30 May 2014.

The summary financial statements do not contain all the disclosures required by the Singapore Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in note 1.

Auditors' 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 derived from the audited financial statements of the Group for the year ended 31 March 2014 are consistent, in all material respects, with those audited financial statements, on the basis described in note 1.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 May 2014

BALANCE SHEETS

AS AT 31 MARCH 2014

	Group		Company	
	2014	2013	2014	2013
	\$ million	\$ million	\$ million	\$ million
Non-current assets				
Property, plant and equipment	9,436.1	25,363.0	24.0	25.7
Intangible assets	107.3	3,293.1	7.6	6.7
Subsidiaries	–	–	6,780.8	6,780.8
Associates and joint venture	3,345.3	1,376.1	–	–
Other investments	–	14.9	–	–
Other non-current assets	170.5	695.9	1.1	1.8
Deferred tax assets	12.6	15.7	–	–
	13,071.8	30,758.7	6,813.5	6,815.0
Current assets				
Inventories	48.3	170.8	–	–
Trade and other receivables	737.6	1,651.0	2,689.1	6,502.6
Cash and cash equivalents	3,133.6	1,875.2	2,872.4	224.3
	3,919.5	3,697.0	5,561.5	6,726.9
Total assets	16,991.3	34,455.7	12,375.0	13,541.9
Equity				
Share capital	3,911.9	3,911.9	3,911.9	3,911.9
Reserves	39.7	(201.7)	–	–
Accumulated profits	5,267.3	4,753.5	4,886.5	5,087.8
Equity attributable to owner of the Company	9,218.9	8,463.7	8,798.4	8,999.7
Non-controlling interests	55.6	1,917.5	–	–
Total equity	9,274.5	10,381.2	8,798.4	8,999.7
Non-current liabilities				
Bank loans	100.0	2,580.9	–	–
Debt obligations	3,715.3	11,979.1	–	–
Other financial liabilities	111.6	1,475.1	–	–
Other non-current liabilities	470.7	980.9	3.6	4.0
Deferred tax liabilities	1,099.8	1,338.0	1.4	1.5
	5,497.4	18,354.0	5.0	5.5
Current liabilities				
Trade and other payables	1,890.2	2,435.0	3,567.1	4,139.7
Bank loans	–	630.0	–	–
Debt obligations	162.1	2,221.4	–	352.9
Other financial liabilities	34.0	300.4	–	32.5
Current tax payable	133.1	133.7	4.5	11.6
	2,219.4	5,720.5	3,571.6	4,536.7
Total liabilities	7,716.8	24,074.5	3,576.6	4,542.2
Total equity and liabilities	16,991.3	34,455.7	12,375.0	13,541.9

INCOME STATEMENTS

YEAR ENDED 31 MARCH 2014

Note	Group		Company	
	2014 \$ million	2013 \$ million (Restated*)	2014 \$ million	2013 \$ million
Continuing operations				
Revenue	4,793.1	4,941.9	198.3	404.4
Other income	261.0	194.1	10.3	–
Expenses				
– Purchased power	(3,202.7)	(3,384.0)	–	–
– Depreciation of property, plant and equipment	(456.5)	(445.5)	(5.8)	(5.1)
– Amortisation of intangible assets	(21.9)	(26.8)	(2.6)	(1.6)
– Maintenance	(97.5)	(114.4)	(4.6)	(4.5)
– Staff costs	(392.6)	(311.3)	(57.7)	(43.0)
– Property taxes	(56.3)	(50.7)	(0.3)	(0.3)
– Other operating expenses	(97.0)	(81.4)	(13.8)	(14.4)
Operating profit	729.6	721.9	123.8	335.5
Finance income	13.5	14.0	21.9	24.5
Finance costs	(82.5)	(266.1)	(6.9)	(20.7)
Share of profit of associates, net of tax	33.3	–	–	–
Profit before taxation	693.9	469.8	138.8	339.3
Tax (expense)/credit	(153.1)	(120.0)	4.9	3.6
Profit from continuing operations	540.8	349.8	143.7	342.9
Discontinued operations				
Profit from discontinued operations, net of tax	4	344.6	721.9	–
Exceptional items				
– Impairment loss on intangible assets	4	–	(426.4)	–
– Impairment loss on investment in associates and joint venture	4	–	(94.7)	–
– Gain on derivatives used for economic hedge	4	129.0	–	–
Profit for the year		1,014.4	550.6	143.7
				342.9
Profit attributable to:				
Owner of the Company		919.7	357.3	143.7
Non-controlling interests		94.7	193.3	–
Profit for the year		1,014.4	550.6	143.7
				342.9

* See note 4.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2014

	Group		Company	
	2014 \$ million	2013 \$ million	2014 \$ million	2013 \$ million
Profit for the year	1,014.4	550.6	143.7	342.9
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Defined benefit plan remeasurements, net of tax	58.5	(7.8)	–	–
Share of defined benefit plan remeasurements of associates	5.9	–	–	–
	64.4	(7.8)	–	–
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign operations	(950.9)	(100.5)	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	107.3	(203.9)	–	–
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	7.7	221.9	–	–
Net change in fair value of cash flow hedges on recognition of the hedged items				
on balance sheet, net of tax	49.5	3.1	–	–
Disposal of subsidiaries (note 4)	741.1	–	–	–
Share of hedging reserve of associates	(9.2)	–	–	–
	(54.5)	(79.4)	–	–
Other comprehensive income for the year, net of tax	9.9	(87.2)	–	–
Total comprehensive income for the year	1,024.3	463.4	143.7	342.9
Attributable to:				
Owner of the Company	1,100.2	277.4	143.7	342.9
Non-controlling interests	(75.9)	186.0	–	–
Total comprehensive income for the year	1,024.3	463.4	143.7	342.9

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2014

Group	Currency				Total equity			
	Share capital \$ million	translation reserve \$ million	Hedging reserve \$ million	Other reserve \$ million	Accumulated profits \$ million	attributable to owner of Company \$ million	Non-controlling interests \$ million	Total equity \$ million
At 1 April 2012	3,911.9	157.8	(170.6)	(109.0)	4,546.2	8,336.3	1,600.3	9,936.6
Total comprehensive income for the year								
Profit for the year	–	–	–	–	357.3	357.3	193.3	550.6
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	(84.1)	–	–	–	(84.1)	(16.4)	(100.5)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	(148.8)	–	–	(148.8)	(55.1)	(203.9)
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	–	157.0	–	–	157.0	64.9	221.9
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	–	–	2.7	–	–	2.7	0.4	3.1
Defined benefit plan remeasurements, net of tax	–	–	–	(6.7)	–	(6.7)	(1.1)	(7.8)
Total other comprehensive income	–	(84.1)	10.9	(6.7)	–	(79.9)	(7.3)	(87.2)
Total comprehensive income for the year	–	(84.1)	10.9	(6.7)	357.3	277.4	186.0	463.4
Transactions with owner, recognised directly in equity								
Contributions by and distribution to owner								
Dividends declared	–	–	–	–	(150.0)	(150.0)	–	(150.0)
Equity contribution by non-controlling interests	–	–	–	–	–	–	291.4	291.4
Dividends paid to non-controlling interests	–	–	–	–	–	–	(160.2)	(160.2)
Total transactions with owner	–	–	–	–	(150.0)	(150.0)	131.2	(18.8)
At 31 March 2013	3,911.9	73.7	(159.7)	(115.7)	4,753.5	8,463.7	1,917.5	10,381.2

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2014

Group	Currency				Total equity				Total equity \$ million
	Share capital \$ million	translation reserve \$ million	Hedging reserve \$ million	Other reserve \$ million	Accumulated profits \$ million	owner of the Company \$ million	Non- controlling interests \$ million		
At 1 April 2013	3,911.9	73.7	(159.7)	(115.7)	4,753.5	8,463.7	1,917.5		10,381.2
Total comprehensive income for the year									
Profit for the year	–	–	–	–	919.7	919.7	94.7		1,014.4
Other comprehensive income									
Translation differences relating to financial statements of foreign operations	–	(731.4)	–	–	–	(731.4)	(219.5)		(950.9)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	76.0	–	–	76.0	31.3		107.3
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	–	6.9	–	–	6.9	0.8		7.7
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	–	–	44.9	–	–	44.9	4.6		49.5
Defined benefit plan remeasurements, net of tax	–	–	–	46.3	–	46.3	12.2		58.5
Disposal of subsidiaries (note 4)	–	700.4	40.7	–	–	741.1	–		741.1
Share of other comprehensive income of associates	–	–	(9.2)	5.9	–	(3.3)	–		(3.3)
Total other comprehensive income	–	(31.0)	159.3	52.2	–	180.5	(170.6)		9.9
Total comprehensive income for the year	–	(31.0)	159.3	52.2	919.7	1,100.2	(75.9)		1,024.3
Transactions with owner, recognised directly in equity									
Contributions by and distribution to owner									
Dividends declared	–	–	–	–	(345.0)	(345.0)	–		(345.0)
Equity contribution by non-controlling interests	–	–	–	–	–	–	12.8		12.8
Dividends paid to non-controlling interests	–	–	–	–	–	–	(168.3)		(168.3)
Total transactions with owner	–	–	–	–	(345.0)	(345.0)	(155.5)		(500.5)
Changes in ownership interests in subsidiaries									
Disposal of subsidiaries (note 4)	–	–	–	–	–	–	(1,630.5)		(1,630.5)
Other									
Transfer from other reserve to accumulated profits	–	–	–	60.9	(60.9)	–	–		–
At 31 March 2014	3,911.9	42.7	(0.4)	(2.6)	5,267.3	9,218.9	55.6		9,274.5

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

1 BASIS OF PREPARATION

The summary financial statements are derived from the audited financial statements of the Group for the year ended 31 March 2014.

2 CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised Financial Reporting Standards (FRS) and Interpretations to FRS (INT FRS)

The Group has adopted all the new and revised FRS and INT FRS that became mandatory for the financial year beginning on 1 April 2013. Other than those discussed below, the adoption of these new FRS and INT FRS has no significant impact to the Group.

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRS. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRS, including FRS 107 *Financial Instruments: Disclosures*.

From 1 April 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption have been included in the audited financial statements of the Group.

Presentation of items of other comprehensive income

From 1 April 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

3 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Australian Taxation Office (ATO) disputes

(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 respect of fees imposed under Section 163AA of the Electricity Industry Act 1993 in the 1999 to 2001 tax years. Under the amended assessments, the amount of primary tax payable is A\$54.0 million.

In October 2011, the ATO 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. Up to 31 March 2013, this amount has been recorded as a non-current receivable. 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.

On 10 October 2012, SP AusNet lodged a notice of appeal and other documents in the Federal Court, appealing the ATO's amended assessments.

On 12 September 2013, the Federal Court delivered judgement against SP AusNet's appeal. On the basis of this ruling, for the year ended 31 March 2014 SP AusNet has derecognised the A\$30.6 million non-current receivable and recognised a A\$70.2 million provision for tax, representing the unpaid portion of primary tax and the unpaid general interest charge up to 31 March 2014.

This provision represents the amount that is potentially payable under the amended assessments and, along with the write-off of the non-current receivable and the deductibility of the general interest charge, has reduced net profit after tax for the year ended 31 March 2014 by A\$86.7 million.

On 7 October 2013, SP AusNet lodged a notice of appeal in the Federal Court. On 7 April 2014, the Full Court of the Federal Court of Australia delivered judgement against SP AusNet. SP AusNet has subsequently sought special leave to appeal to the High Court of Australia. The application hearing is expected to be heard in the second half of calendar year 2014. SP AusNet continues to believe that the fees imposed under Section 163AA are deductible.

If SP AusNet is ultimately successful in these proceedings, then the A\$86.7 million reduction in net profit after tax that has been recognised at 31 March 2014 would be reversed (contingent assets) and the A\$30.6 million part-payment would be refunded, with interest.

The Group's share of the contingent assets will be A\$27.0M.

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

3 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

(a) Australian Taxation Office (ATO) disputes (continued)

(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 amount payable is A\$44.0 million (representing A\$27.4 million of primary tax, plus an interest and administrative penalty component of A\$16.6 million).

In November 2011, SP AusNet lodged notices of objection in relation to the amended assessments issued. The ATO 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.

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.

The Federal Court delivered judgement in favour of SP AusNet on 25 March 2014. The ATO subsequently lodged a notice of appeal in the Federal Court on 15 April 2014. It is expected that the appeal will be heard by the Full Court of the Federal Court in the second half of calendar year 2014, with a decision expected before the end of calendar year 2014. The A\$17.1 million part-payment continues to be recognised as a non-current receivable at 31 March 2014.

As at 31 March 2014, the total amount in dispute for intellectual property deductions, including additional accrued interest on the unpaid portion of the amended assessments, is A\$50.7 million.

The Group's share of the amount in dispute is A\$15.8M.

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

3 CONTINGENT LIABILITIES AND CONTINGENT ASSETS *(continued)*

(b) Victorian February bushfires

SP AusNet is a defendant in litigation that has been brought in connection with the 7 February 2009 bushfires located at Beechworth, Kilmore East, and Murrindindi, respectively. In all three matters, 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.

On 16 May 2012, the Supreme Court of Victoria formally approved the settlement deed for the Beechworth bushfire class action. That settlement was reached without admission of liability by SP AusNet or any other party.

The Kilmore East Supreme Court hearing is presently underway, and according to the court timetable, it is likely to conclude in June 2014 with judgement expected by March 2015. SP AusNet is a defendant in this proceeding, along with the State of Victoria (Department of Sustainability and Environment, Country Fire Authority and others) and a contracted asset inspector.

The Murrindindi class action is in very early stages, and it is expected that the trial will formally commence some time in 2015.

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 safety record, network asset management and network maintenance programs are consistent with industry practice, and its bushfire mitigation and vegetation management programs comply with Electricity Safety (Bushfire Mitigation) Regulations. 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.

There are many variables associated with litigation and it is impossible to provide a prior assessment of the ultimate resolution of either the Kilmore East or Murrindindi proceedings. However, SP AusNet is vigorously defending both claims and rejects any assertion of negligence. SP AusNet strongly holds the belief that it has consistently complied with its regulatory obligations, including in the year ended 31 March 2009. It is therefore reasonable to consider that SP AusNet's insurance and, if required, a claim to the regulator for pass-through of residual costs ultimately incurred in relation to these proceedings, would be sufficient to cover SP AusNet's liability, if any, associated with the February 2009 bushfires. However, the ultimate resolution of these matters cannot be known with certainty.

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

4 DISCONTINUED OPERATIONS

On 3 January 2014, following approval by Australia's Foreign Investment Review Board, the Group has divested 60 per cent of its shareholding in SGSP (Australia) Assets Pty Ltd (formerly known as "SPI (Australia) Assets Pty Ltd") and its subsidiaries (collectively referred to as SGSPA) and 19.9 per cent of the 51 per cent security holding in SP AusNet.

Comparative statement

SP AusNet and SGSPA were not classified as held for sale or discontinued operations as at 31 March 2013. To facilitate year-on-year comparison, the comparative income statement has been restated to show the discontinued operations separately from continuing operations.

	Group	
	2014	2013
	\$ million	\$ million
Results of discontinued operations		
Revenue*	3,122.5	4,285.6
Expenses*	(2,351.4)	(3,410.6)
Results from operating activities	771.1	875.0
Tax	(280.8)	(153.1)
Results from operating activities, net of tax	490.3	721.9
Sale of discontinued operations		
Gain on sale of discontinued operations	653.4	–
Realised currency translation loss and hedging loss	(741.1)	–
Transaction costs	(58.0)	–
Net loss on sale of discontinued operations	(145.7)	–
Profit from discontinued operations, net of tax	344.6	721.9
Exceptional items		
– Impairment loss on intangible assets	–	(426.4)
– Impairment loss on investment in associates and joint venture	–	(94.7)
– Gain on derivatives used for economic hedge	129.0	–
Total profit from discontinued operations, net of tax	473.6	200.8
Total profit from discontinued operations, net of tax attributable to:		
Owner of the Company	391.6	20.6
Non-controlling interests	82.0	180.2
Total profit from discontinued operations, net of tax	473.6	200.8
Cash flows from discontinued operations		
Net cash from operating activities	1,702.9	2,050.4
Net cash from investing activities	2,441.1	(2,287.6)
Net cash from financing activities	(1,285.6)	907.5
Net cash flows for the year	2,858.4	670.3

* Revenue comprises revenue, other income and share of profit/losses of joint venture and associates;

Expenses comprise total operating expenses and net finance cost.

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

4 DISCONTINUED OPERATIONS (*continued*)

*Comparative statement (*continued*)*

The gain on derivatives used for economic hedge amounting to \$129.0 million arose from the foreign exchange contracts entered into by the Group to mitigate the foreign exchange risk on the consideration from the divestment. The Group has not designated the derivatives as hedging instruments in a hedge accounting relationship. These derivatives were entered into and have matured within the financial year.

Effect of disposal on the balance sheet of the Group

	Group 2014	\$ million
Property, plant and equipment	15,311.9	
Intangible assets	2,783.6	
Associates and joint venture	1,231.4	
Other non-current assets	899.1	
Inventories	107.6	
Trade and other receivables	638.1	
Cash and cash equivalents	36.5	
Bank loans	(2,519.1)	
Debt obligations	(8,731.5)	
Other financial liabilities	(410.5)	
Other non-current liabilities	(398.3)	
Deferred tax liabilities	(406.3)	
Trade and other payables	(708.8)	
Current tax liabilities	(80.6)	
Net assets and liabilities	7,753.1	
Less: Non-controlling interests	(1,630.5)	
Net assets disposed	6,122.6	
Consideration received, satisfied in cash	3,521.2	
Cash and cash equivalents disposed of	(36.5)	
Net cash inflow	3,484.7	

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

5 REGULATORY RESET

As the external environment has experienced significant changes, SP PowerAssets Limited, PowerGas Limited and Energy Market Authority have agreed to an earlier commencement of the next regulatory period. Accordingly, the appeal on certain aspects of the determination for the regulatory period from 1 April 2013 to 31 March 2018 has been withdrawn.

6 SUBSEQUENT EVENTS

In April 2014, the Company reduced its issued ordinary share capital by \$1 billion. The sum of \$1 billion arising from the capital reduction was returned to the owner of the Company.

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SP POWERASSETS LIMITED

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SP SERVICES LIMITED

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