



POWERING ECONOMIES DELIVERING EXCELLENCE

Annual Report 2007



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.

CONTENTS

01 ABOUT SP GROUP	24 OPERATIONS REVIEW - SINGAPORE OPERATIONS	54 AWARDS & ACCOLADES
04 FROM THE CHAIRMAN	26 SP PowerAssets	55 CORPORATE FINANCE & STRATEGIC INVESTMENTS
07 FINANCIAL HIGHLIGHTS A full Financial Statement is available online	28 SP PowerGrid	56 OPERATIONAL EXCELLENCE
08 GROUP STRUCTURE	34 PowerGas	56 Human Resource
09 CORPORATE REVIEW	38 SP Services	59 Information Systems
12 CORPORATE GOVERNANCE	42 SP Global Solutions	60 Risk Management
12 Board of Directors	43 Singapore District Cooling	61 COMMUNITY & ENVIRONMENT
16 Organisational Structure	44 OPERATIONS REVIEW - AUSTRALIA OPERATIONS	66 FINANCIAL SUMMARY
17 Ethics & Accountability	46 Stronger Business Model	
20 Senior Management	47 SP AusNet	
	51 SPI (Australia) Assets	

ABOUT SP GROUP

Singapore Power Group (SP) is a leading energy utility company in the Asia Pacific. It owns and operates electricity and gas transmission and distribution businesses in Singapore and Australia.

International industry indices rate SP's electricity grid in Singapore as one of the world's best performing networks. Singapore has among the fewest and shortest power outages of cities worldwide.

One of Singapore's largest corporations, SP recorded revenue of S\$5.4 billion and assets of S\$29.0 billion in FY 07/08.

In Singapore, SP provides electricity and gas transmission and distribution, and market support services to over a million industrial and domestic customers.

In Australia, SP owns and operates electricity and gas transmission and distribution businesses in Victoria, New South Wales and Queensland. It owns SPI (Australia) Assets, a diversified energy utility company, and 51 per cent of SP AusNet, which is publicly-listed on the Australian and Singapore stock exchanges.



POWERING ECONOMIES
DELIVERING EXCELLENCE



Every day, SP's highly reliable energy network underpins the thriving economy of the cities it operates in. Powering businesses and industries that create jobs and economic growth.

Every day, SP lights up millions of lives and thousands of workplaces. Ensuring power to work, aspire and achieve.

Harnessing quality processes, technologies and expertise. To power economies and deliver excellence.

FROM THE CHAIRMAN



"Today we have the scale and competencies, integration and execution skills, strong management and sound business strategy to achieve our vision to be a leading energy infrastructure company in the region."

NG KEE CHOE
CHAIRMAN

POWERING ECONOMIES, DELIVERING EXCELLENCE

FY 07/08 was a year of significant transformation for the Singapore Power Group. With the acquisition of the Alinta assets and businesses in Aug 07, we took an important step forward to realising our vision of becoming a leading energy utility company in the Asia Pacific region.

Our asset base has now increased to S\$29.0 billion, with two-thirds of our assets outside Singapore. We have also enlarged our business scale and increased our geographical and business diversification to further enhance the quality of our revenue stream.

Our Group portfolio today spans regulated, contracted and non-regulated businesses across several Australian states and Singapore. We provide the complete range of transmission and distribution competencies covering underground, overhead and undersea cables and pipes. We also provide technical management consultancy services to other utility companies in China, the Gulf region and ASEAN.

Financial Performance

For the financial year ended 31 Mar 08, SP recorded S\$1.09 billion net profit, including an exceptional gain from the sale of the Singapore Power Building.

Group revenue rose four per cent to S\$5.4 billion, while total assets grew 59 per cent to S\$29.0 billion, mainly due to the inclusion of the Alinta assets and businesses acquired. The Group's return on equity was a satisfactory 26 per cent.

Delivering Excellence

Our businesses were sharply focused on executing our strategy and delivering results.

In Singapore, SP PowerAssets continued its intensive network infrastructure development to increase capacity to meet the future needs of the growing Singapore economy.

SP PowerGrid again delivered exceptional network results in FY 07/08. It achieved one of the best network performance worldwide, surpassing its peers operating comparable underground networks. Singapore had one of the fewest outages among cities globally. This excellent performance was due to the adoption of cutting-edge condition monitoring technology, rigorous quality processes, and continuous investment in network infrastructure and staff development.

SP PowerGrid rolled out a wireless remote equipment monitoring system in Singapore for the 6.6kV distribution network to facilitate faster supply restoration to residential customers. The project, which involves installing wireless monitoring systems at over 1,000 substations in high density areas, will complete by end 2009.

Supporting The Gas Market

In Sep 07, PowerGas was designated as the developer, owner and operator of Singapore's first LNG terminal, extending its vital role as the country's gas transporter.

PowerGas is preparing to roll out a web-based IT system to manage the transportation of natural gas under the new market structure which will come into effect when the Energy Market Authority implements the new Gas Network Code in the third quarter of 2008.

Striving For Customer Service Excellence

SP Services tapped on technology to re-engineer its processes and improve customer service. Customers can now use SMS to request for utility connections.

SP Services' concerted efforts to enhance customer service has been duly recognised. Customers again ranked the company as providing the best customer service among major service providers in the country, in an independent annual customer satisfaction survey.

FROM THE CHAIRMAN

Growing Internationally

In Australia, following the acquisition of the Alinta assets and businesses, we have expanded our operations beyond Victoria, to Queensland and New South Wales and have become one of the largest energy infrastructure groups in the Asia Pacific. In addition to our core energy transmission and distribution businesses, we now provide competencies in asset development, construction and management services.

Through SP Global Solutions, SP expanded its reach to more utility companies in China, the Gulf region and ASEAN.

Empowering Our People

The Group continued to invest in staff development to deepen our bench strength and improve further our industry leading performance levels.

In Singapore, our strong rapport with UPAGE (Union of Power and Gas Employees) facilitated the signing of a new Collective Agreement in Jun 07, featuring a better link between individual performance and rewards. We cherish our excellent management-union partnership, as this is key to sustaining our business competitiveness.

Caring For The Community

As part of our corporate social responsibility programme, the SP Heartware Fund raised S\$3.4 million for the needy elderly from Oct 05 to end Mar 08 with the support of our business partners and staff. This surpassed our commitment to the Community Chest to raise S\$3 million in three years.

In Australia, our businesses invested considerable time and resources to promote environmental sustainability and preserve indigenous vegetation.

People Who Made It Possible

We take pride in our high standards of corporate governance. We are fortunate to have highly experienced Board members who provide sound advice and guidance. I would like to thank them for their invaluable counsel.

I also wish to extend my appreciation to Mr Keith Tay who retired from the Board at the SP Annual General Meeting in Jul 07, having served two terms. SP has benefited much from Mr Tay's past contributions, particularly from his chairing of the Audit Committee.

Our achievements would not have been possible without the support and cooperation of our stakeholders including our business partners. We deeply appreciate their contributions. And to all our employees, we thank them for their hard work and commitment to deliver another year of excellent performance and customer service.

The Future

Today we have the scale and competencies, integration and execution skills, strong management and sound business strategy to achieve our vision to be a leading energy infrastructure company in the region.

We are well positioned to assist the many growing economies expand their energy infrastructure and we stand ready to play a larger role in the international utility industry.

Thank you for your wonderful support as we strive to power economies, and deliver excellence.



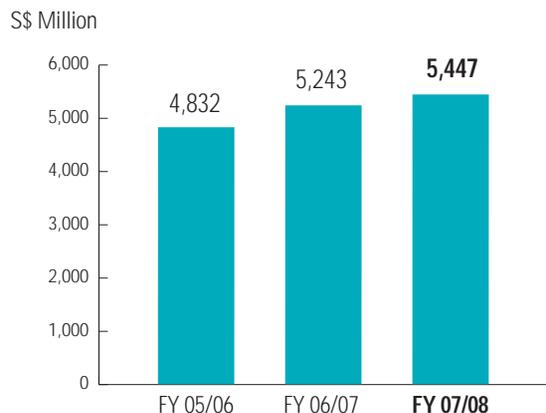
Ng Kee Choe

Chairman

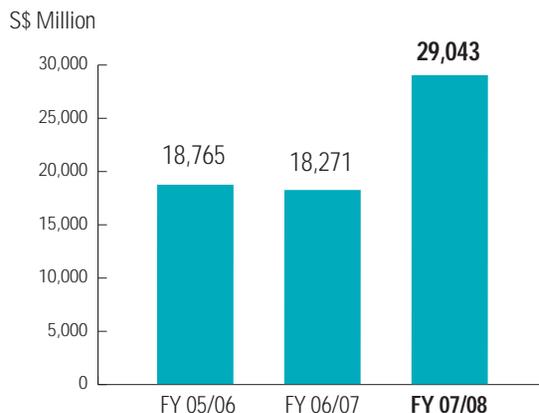
17 Jun 08

FINANCIAL HIGHLIGHTS

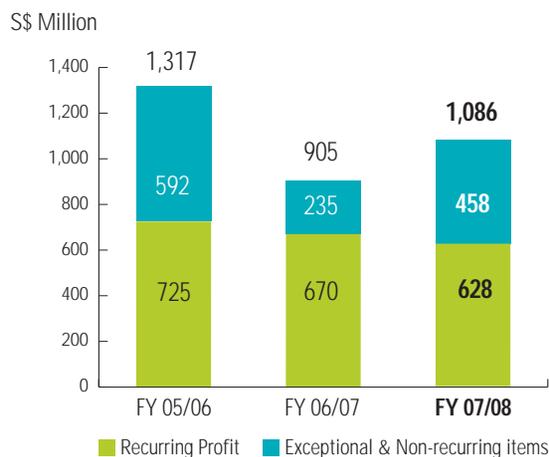
Operating Revenue



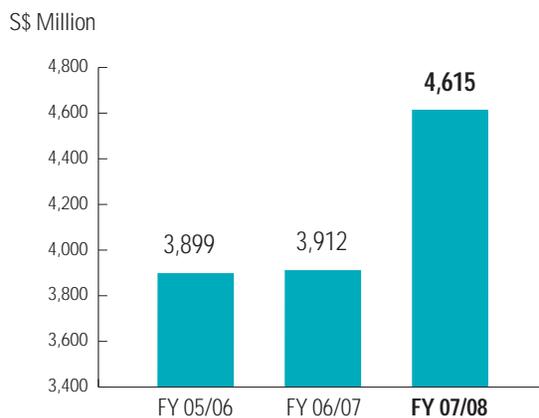
Total Assets



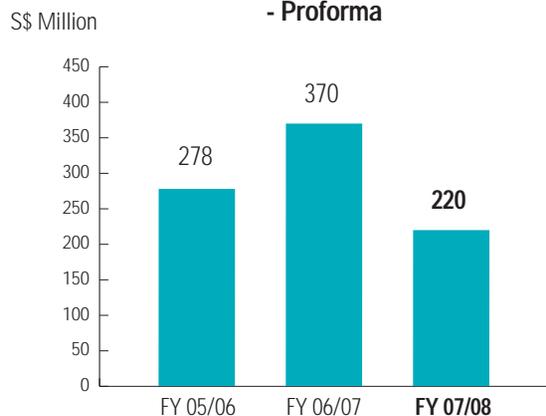
Net Profit After Tax



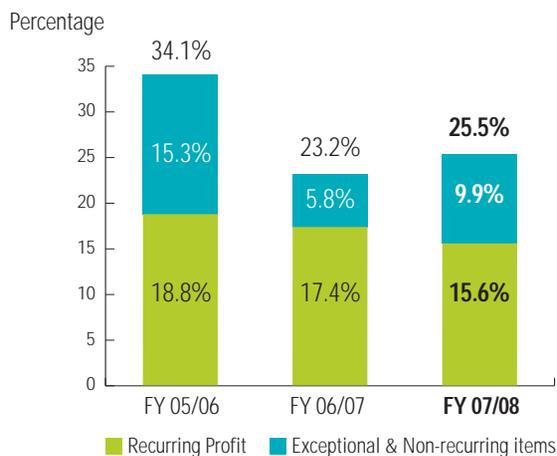
Shareholder's Equity



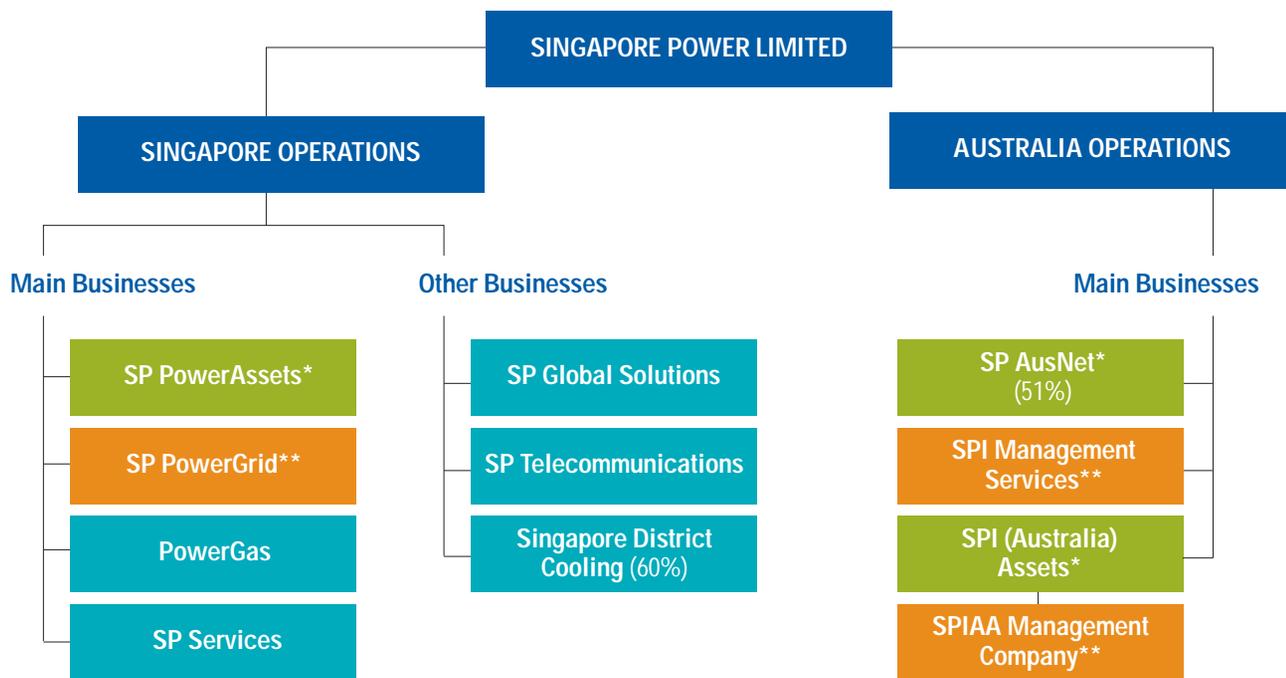
Economic Value Added (EVA) - Proforma



Return On Shareholder's Equity



GROUP STRUCTURE



Singapore Operations

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

SP PowerAssets owns the electricity transmission and distribution assets in Singapore.

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

PowerGas is the gas transporter and system operator in Singapore. It owns and operates gas transmission and distribution assets.

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

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

SP Telecommunications provides telecom infrastructure services. It leverages on SP's expertise in managing and developing infrastructure assets.

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

Australia Operations

Australia Operations has four main business units – SP AusNet, SPI Management Services, SPI (Australia) Assets and SPIAA Management Company.

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

SPI Management Services is the management unit operating the business of SP AusNet under a management service agreement.

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

SPIAA Management Company manages the assets owned by SPI (Australia) Assets. It also provides third party asset development, construction and management services.

* asset owning companies

** management services companies

CORPORATE REVIEW

Oct 03 S\$3.8B global bond issue to optimise capital structure	Jul 04 Acquired TXU Australia	May 05 Divested Merchant Energy Business in Victoria	Apr 06 Launched SP Global Solutions	Aug 07 Acquisition of Alinta Assets	Jan 08 Divested EverPower IPP in Taiwan
2003	2004	2005	2006	2007	2008
Oct 03 Restructured Singapore electricity transmission and distribution business (SP PowerAssets & SP PowerGrid)		Dec 05 SP AusNet listed on Australian & Singapore stock exchanges	Dec 06 Divested SPI Seosan in South Korea	Sep 07 Designated as LNG terminal owner & operator in Singapore	

In 2002, SP began its journey to transform itself from a principally Singapore company focused on the transportation of electricity and gas, to a premier energy utility group in the Asia Pacific.

With the acquisition of Alinta assets and businesses through SPI (Australia) Assets Pty Ltd in Aug 07, SP has reached a watershed in its corporate history.

Our S\$29 billion asset base today is more than double our S\$13.6 billion assets in 2002. Today, 70 per cent of our assets are overseas, compared to only 18 per cent five years ago.

The Group has made great progress in just five years due to our four pillars of strength

- Operational excellence
- Financial strategies
- Corporate finance capabilities
- Human talent.

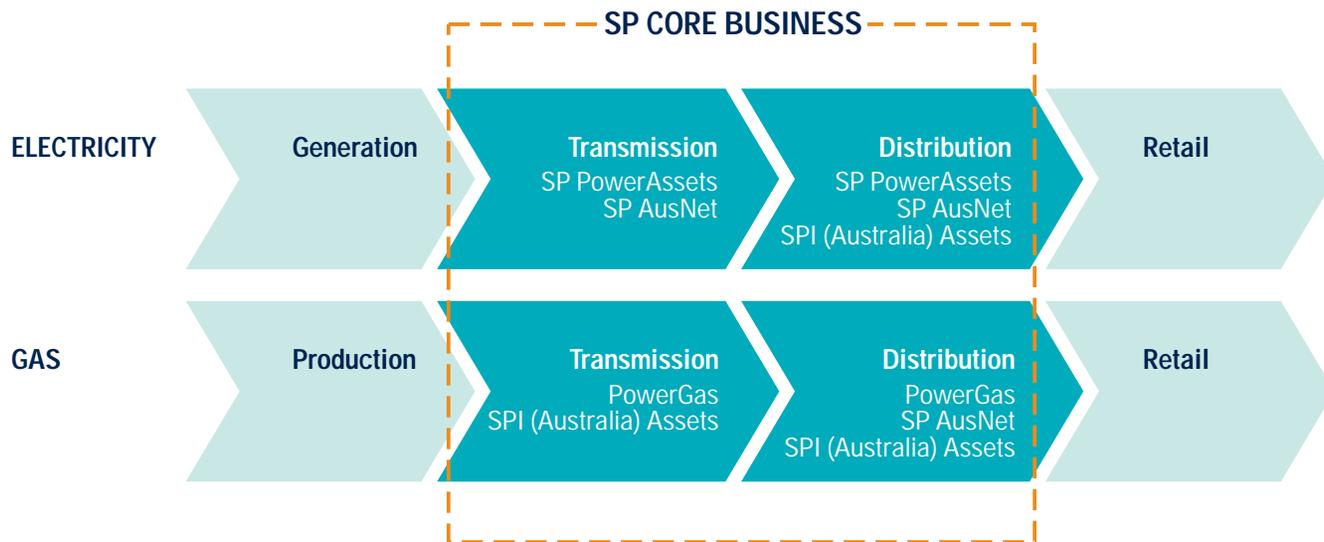
Operational Excellence

As the owner and operator of Singapore's entire electricity and gas transmission and distribution networks, and some of Australia's major electricity and gas networks, we take our responsibilities to the national and regional economies, and consumers seriously.

The Group maintains very high standards of network performance. The Singapore electricity grid is one of the world's best. On average, a consumer in the country experiences less than one supply interruption every 30 years, one of the lowest in the world.

This has been made possible by the deployment of new network technologies especially in the areas of condition monitoring. We have also invested heavily in the renewal and expansion of our networks in Singapore and Australia to maintain high operational performance and meet the increasing energy needs of these economies. In the last five years, SP has spent S\$4.3 billion in capital expenditure.

CORPORATE REVIEW



Financial Strategies

We maintain high financial discipline and are committed to a strong credit rating. This is evident in the rigorous financial, corporate governance and risk management processes embedded in the Group.

In line with our strategic focus, we have divested all our non-core assets and redeployed the proceeds to our core electricity and gas transmission and distribution businesses.

With our continual focus on operational excellence, financial discipline and optimal capital structure, SP's return on equity was 26 per cent for FY 07/08, including the sale of assets.

SP's financial strength has made it an established name in the global capital markets, enabling the Group to tap the equity and debt markets efficiently.

Corporate Finance

Due to the inherent market limitations in Singapore, we have looked overseas to realise our growth ambitions as well as to diversify our businesses.

The substantial growth in our asset base has been driven by our international acquisition strategy that focuses on

- The Group's core competencies in electricity and gas transmission and distribution
- Developed economies with established regulatory regimes and frameworks
- Regulated and contracted businesses that provide predictable and regular cashflows.

The acquired Alinta assets and businesses include the gas transmission pipelines in New South Wales and Queensland, a gas distribution network in New South Wales, an electricity distribution network in Victoria as well as significant asset management capabilities. These have increased our geographical and sectoral diversification in Australia.

Human Talent

SP's continued success depends on our people and their capabilities. Today, the Group has about 6,400 staff located in Singapore and Australia.

To support our rapid growth, we have accelerated efforts to recruit talent, nurture and develop our people. Some of the initiatives include

- Apprenticeship programmes
- Scholarship schemes
- Post-graduate programmes
- International posting assignments.

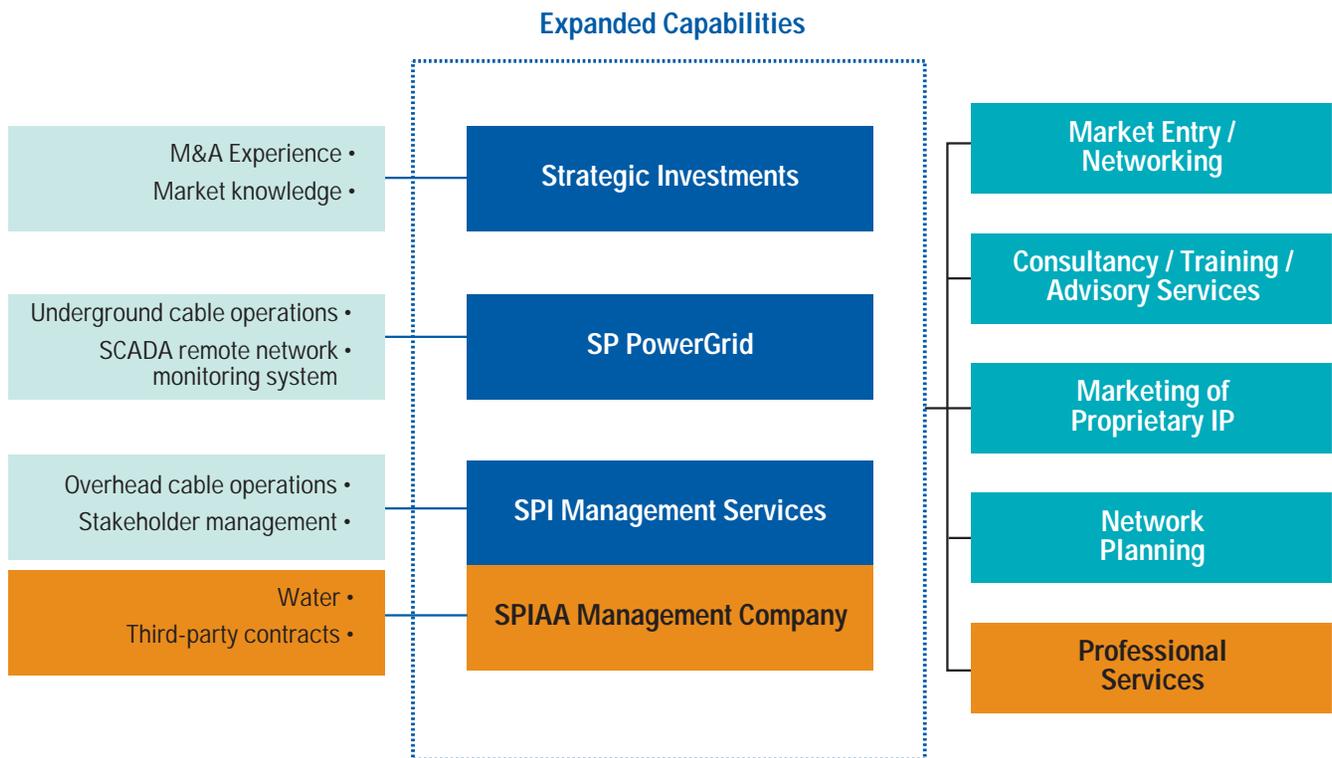
In fact, a key driver for the Alinta transaction was the addition of its pool of 2,400 management and staff to our workforce. The integration of these people into SP has substantially broadened our operational capabilities which

now cover water utilities as well and the management of third party contracts.

Delivering Excellence

With our larger asset base and expanded capabilities spanning two countries, we are now in an ideal position to seize growth opportunities. We will continue to explore quality accretive opportunities in US, Europe and ASEAN that will create long term value for our shareholders.

We will also continue to deepen and grow our core competencies. For instance, with our proven track record, SP has been mandated to build, own and operate Singapore's first Liquefied Natural Gas terminal as part of the country's efforts to diversify its energy sources. We are committed to working with the relevant stakeholders for the successful roll-out of the terminal.



With expanded capabilities, SP can now provide a wide spectrum of professional management and consultancy services

BOARD OF DIRECTORS



MR NG KEE CHOE
Chairman



MR ALAN CHAN HENG LOON



MR ERIC GWEE TECK HAI



MR HO TIAN YEE



MR TAN CHEE MENG, SC

MR NG KEE CHOE

Mr Ng Kee Choe, 63, is the non-executive Chairman of Singapore Power Limited. He was appointed Director on 1 Sep 2000 and became its Chairman on 15 Sep 2000. He is also the non-executive Chairman of SP AusNet*.

Mr Ng's other current board directorships include his position as Chairman of NTUC Income Insurance Co-operative Limited, President Commissioner of PT Bank Danamon Indonesia Tbk, Director of Singapore Airport Terminal Services Limited and Director of Singapore Exchange Limited. He is also a member of the Temasek Advisory Panel, a member of the International Advisory Council of China Development Bank and Chairman of Tanah Merah Country Club.

Mr Ng was the Vice-Chairman of DBS Group Holdings. He retired from his executive position in Jul 03 after 33 years of service with DBS. For his contributions to public service, Mr Ng was conferred the Public Service Star in 2001.

MR ALAN CHAN HENG LOON

Mr Alan Chan Heng Loon, 55, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 Jun 01 and is also the Chairman of SP PowerAssets Limited.

Mr Chan is currently the Chief Executive Officer and a Director of Singapore Press Holdings Limited. He is the Chairman of the Urban Redevelopment Authority and SPH Magazines Pte Ltd. He is a member of the Board of Trustees of the Courage Fund, the Board of Governors of The Singapore-China Foundation, INSEAD Singapore Council and INSEAD France. He is also a member of the Casino Regulatory Authority of Singapore.

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

MR ERIC GWEЕ TECK HAI

Mr Eric Gwee Teck Hai, 69, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 Jan 01. He is the Chairman of SP Services Limited and a Director of SP AusNet*.

Mr Gwee is also a Director of WorleyParsons Ltd and the Melbourne Business School Ltd. He was the Chairman of the Board of Governors for the Institute of Technical Education (ITE) and the Public Transport Council. He was also the Chairman of CPG Corporation Pte Ltd and a Director of ExxonMobil Singapore Private Limited till 2001.

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

MR HO TIAN YEE

Mr Ho Tian Yee, 55, is a non-executive independent Director of Singapore Power Limited. He joined the Board on 1 May 03.

Currently, Mr Ho is the Managing Director of Pacific Asset Management (S) Pte Ltd and holds directorships in publicly-listed companies including Fraser and Neave Limited and Singapore Exchange Limited. He is a member of the Risk Committee of The Government of Singapore Investment Corporation Pte Ltd and also the newly appointed Chairman of Times Publishing Limited.

Mr Ho was a former director of Great Eastern Holdings Limited, The Overseas Assurance Corporation Limited and The Great Eastern Life Assurance Corporation Limited. He was awarded the Public Service Medal in 1997.

MR TAN CHEE MENG, SC

Mr Tan Chee Meng, 51, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 Aug 05. He is also a Director of SP PowerAssets Limited.

Mr Tan is Head (International Projects) and a Partner of WongPartnership LLP. He was appointed Senior Counsel in Jan 06, and a Specialist Judge in Jul 06. Mr Tan is a Fellow of the Singapore Institute of Arbitrators and an Accredited Adjudicator of the Singapore Mediation Centre. He is a Regional Panel Arbitrator of the Singapore International Arbitration Centre and is on the Panel of Accredited Arbitrators of Badan Arbitrase Nasional Indonesia.

Mr Tan also sits on the Board of the National Council of Social Service and is a member of the Board of Governors of St Gabriel's Foundation.

BOARD OF DIRECTORS



MR BOBBY CHIN YOKE CHOONG



PROF JEREMY GUY ASHCROFT
DAVIS AM



MR PAUL CHAN KWAI WAH



BG(NS) CHOI SHING KWOK



MR QUEK POH HUAT

MR BOBBY CHIN YOKE CHOONG

Mr Bobby Chin Yoke Choong, 56, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 23 Jan 06. Mr Chin is the Chairman of Singapore Totalisator Board.

Mr Chin serves on the boards of the Competition Commission of Singapore and several publicly-listed companies including Oversea-Chinese Banking Corporation Limited, AV Jennings Limited, Yeo Hiap Seng Ltd, Ho Bee Investment Limited and Neptune Orient Lines Limited. He also sits on the Board of Trustees of the Singapore Indian Development Association (SINDA).

Mr Chin was the Managing Partner of KPMG Singapore from 1992 to 2005. He served as Chairman of the Urban Redevelopment Authority from Apr 01 to Mar 06. In 2003, Mr Chin was awarded the Public Service Medal.

PROF JEREMY GUY ASHCROFT DAVIS AM

Prof Jeremy Guy Ashcroft Davis, 65, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 Aug 06 and is also a Director of SP AusNet*.

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

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

MR PAUL CHAN KWAI WAH

Mr Paul Chan Kwai Wah, 54, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 Aug 06.

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

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

BG(NS) CHOI SHING KWOK

BG(NS) Choi Shing Kwok, 48, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 Aug 06. He is currently the Permanent Secretary of the Ministry of Transport.

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

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

MR QUEK POH HUAT

Mr Quek Poh Huat, 61, was appointed a Director of Singapore Power Limited in Nov 01 and Group Chief Executive Officer in May 04.

Within the Singapore Power Group, Mr Quek serves as Director on the boards of SP PowerAssets Limited, SP Services Limited and SP AusNet*. He is currently also Chairman of SP PowerGrid Limited, PowerGas Limited, SPI Management Services Pty Ltd and SPI (Australia) Assets Pty Ltd. He is a board director of publicly-listed Singapore Technologies Engineering Ltd.

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

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

As at 9 May 08



Board of Directors
Chairman
Mr Ng Kee Choe

Nominating Committee
Chairman
Mr Alan Chan Heng Loon

Staff Development & Compensation Committee
Chairman
Mr Ng Kee Choe

Finance Committee
Chairman
Mr Ng Kee Choe

Audit Committee
Chairman
Mr Bobby Chin Yoke Choong

Risk Management Committee
Chairman
Mr Ho Tian Yee

Head
(Internal Audit) ----- Subsidiaries' Internal Audit
Ms Madalene Hee

Group Chief Executive Officer
Mr Quek Poh Huat

General Counsel & Company Secretary
Ms Chi Ping Huey

Chief Operating Officer
Mr Ong Boon Hwee

Chief Financial Officer
Mr Yap Chee Keong

Managing Director
SPI Management Services
& SP AusNet
Mr Nino Ficca

Chief Executive Officer
SPI (Australia) Assets
Mr Peter Magarry

Managing Director
SP PowerGrid
Mr Sim Kwong Mian

Managing Director
PowerGas
Mr John Baptist Tay

Managing Director
SP Services
Mr Wong Chit Sieng

Managing Director
Strategic Investments
& Deputy CEO
SPI (Australia) Assets
Mr Lim Howe Run

Managing Director
Australia Investments
Mr Jimmy Khoo

- Human Resource & Administration
- Information Systems
- Corporate Communications
- SP Global Solutions

- Finance**
- Financial Management & Planning
 - Group Accounts ----- Subsidiaries' Finance
 - Group Tax
 - Group Tax
 - Risk Management
 - Settlements
 - Treasury

Group Risk Management
Reports to Risk Management Committee

Subsidiaries' Risk Management



ETHICS & ACCOUNTABILITY

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

The Company has used the Code as its guide and best practice standard and has put in place an internal framework to ensure good corporate governance in its business practices and activities.

The Whistleblower Policy, which was launched in 2005, strengthens ethical business conduct in the Group. The Group endeavours to enhance shareholder value by ensuring the highest standards of corporate governance, transparency and accountability.

Setting Directions

The Board provides broad strategic directions for the Group and undertakes key investment and funding decisions. In addition, the Board ensures that Management maintains a robust system of internal controls to protect the Group's assets and reviews the Group's financial performance.

The Board meets at least four times a year to review the Group's business performance. In the last financial year, the Board met five times and held a Board Strategic Retreat. In addition, the Board Steering Committee and Due Diligence Committee were set up for special projects such as the acquisition of Alinta Assets.

Access To Information

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

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

The Board also has separate and independent access to Senior Management and the Company Secretary. Should the Directors, whether as a group or individually, require

independent professional advice to carry out their duties, the Company will arrange to appoint, at the Company's expense, a professional advisor to render due advice.

Accountability

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

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

There is a strong element of independence in the Board composition – independent non-executive Directors constitute more than three-quarters of the entire Board. The independence of each Director is reviewed annually by the Nominating Committee in accordance with the Code.

The current size of 10 Board members is appropriate for effective decision-making, taking into account the scope and nature of the Group's operations. Collectively, the Directors have a wealth of expertise and experience in the management of business at senior and international levels.

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

Board Committees

The SP Board is supported by specialised board committees to facilitate effective supervision of Management. These are the Audit Committee, the Risk Management Committee, the Finance Committee, the Nominating Committee and the Staff Development and Compensation Committee. As and when required for specific projects such as the acquisition of Alinta Assets, special board steering committees and due diligence committees have been constituted to provide support and guidance to Management.



Audit Committee

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

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

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

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

The members are:

Mr Bobby Chin Yoke Choong (Chairman wef 27 Jul 07)
Mr Tan Chee Meng
BG(NS) Choi Shing Kwok
Mr Timothy Chia Chee Ming (co-opted external member)

Risk Management Committee

The Risk Management Committee (RMC) assists the Board in fulfilling its oversight responsibilities.

The RMC reviews and approves:

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

The RMC meets at least three times a year.

The members are:

Mr Ho Tian Yee (Chairman)
Mr Paul Chan Kwai Wah
Mrs Oon Kum Loon (co-opted external member)
Mr Quek Poh Huat (ex-officio)*

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

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

Finance Committee

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

The responsibilities of the FC are to:

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

The FC holds at least two meetings a year.

The members are:

Mr Ng Kee Choe (Chairman)*
Mr Ho Tian Yee
Mr Eric Gwee Teck Hai
Mr Quek Poh Huat*

Nominating Committee

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

* Non-independent

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

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

The members are:

Mr Alan Chan Heng Loon (Chairman)

Mr Ng Kee Choe*

Mr Quek Poh Huat *

Staff Development & Compensation Committee

The Staff Development and Compensation Committee (SDCC) oversees the remuneration of the Group Chief

Executive Officer and senior executives. The SDCC establishes and maintains an appropriate and competitive level of remuneration to attract, retain and motivate senior executives to manage the Group successfully.

No Director is involved or has participated in any proceedings in respect of his own remuneration.

The SDCC meets at least twice a year. The SDCC comprises three Directors, two of whom are independent Directors.

The members are:

Mr Ng Kee Choe (Chairman)*

Mr Alan Chan Heng Loon

Mr Bobby Chin Yoke Choong

Communication With Shareholder

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

Board Composition

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

*Non-independent



MR QUEK POH HUAT
Group Chief Executive Officer



MR YAP CHEE KEONG
Chief Financial Officer



MR ONG BOON HWEE
Chief Operating Officer



MR SIM KWONG MIAN
Managing Director
SP PowerGrid



MR NINO FICCA
Managing Director
SPI Management Services
& SP AusNet



MR PETER MAGARRY
Chief Executive Officer
SPI (Australia) Assets

Mr Quek Poh Huat

Mr Quek Poh Huat, Group Chief Executive Officer, is Chairman of SP PowerGrid Limited and PowerGas Limited, and a Director on the boards of Singapore Power Limited, SP PowerAssets Limited and SP Services Limited. At the Group's Australian operations, he is Chairman of SPI Management Services Pty Ltd and SPI (Australia) Assets Pty Ltd and a Director of SP AusNet.*

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

He has also completed the Advanced Management Program from the Harvard Business School, US.

Mr Yap Chee Keong

Mr Yap Chee Keong, Chief Financial Officer, is responsible for providing financial strategy and leadership throughout the Group. This includes overseeing the corporate finance, treasury, financial management, tax planning and risk management functions. He is also responsible for corporate planning and strategic investments.

Prior to joining SP, Mr Yap worked with multinational, listed and private companies as Chief Financial Officer and in other senior management positions.

Mr Yap has a Bachelor of Accountancy degree from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore.

Mr Ong Boon Hwee

Mr Ong Boon Hwee, Chief Operating Officer, oversees SP's main business units in Singapore, corporate services and business development initiatives in the region.

Prior to joining SP, he was part of Temasek's senior management as Managing Director for Temasek's Strategic Projects and Strategic Relations and CEO of Temasek Management Services. Mr Ong is Director of ST Kinetics, Aetos Security Management and Singapore Institute of Management. He also serves on the committees of non-profit organisations such as National Volunteer & Philanthropy Centre, A*STAR Audit Committee, Temasek Foundation, Singapore Millennium Foundation and ST Endowment Programme.

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

Mr Sim Kwong Mian

Mr Sim Kwong Mian, Managing Director, SP PowerGrid, has been with SP for 13 years. Prior to this, he was with the Public Utilities Board for 18 years.

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

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

Mr Nino Ficca

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

Mr Ficca has worked in the energy industry for over 25 years, including in a number of senior management roles. He has been a Director and Deputy Chairman of the Energy Supply Association of Australia until Dec 07, and a member of the National Electricity Market Operations Committee.

Mr Ficca holds a Bachelor of Engineering (Electrical) Honours degree and a Graduate Diploma in Management from Deakin University, Australia.

Mr Peter Magarry

Mr Peter Magarry, Chief Executive Officer, SPI (Australia) Assets, was previously Chief Operating Officer, Alinta Asset Management and General Manager, Alinta Network Services.

Prior to joining the company, he was General Manager, TXU Networks.

Mr Magarry has over 35 years' experience in the energy industry in Australia. He holds an Australian Institute of Company Directors' Diploma, as well as an Associate Diploma in Electrical Engineering (Power) from Queensland Institute of Technology, Australia.

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



MR JOHN BAPTIST TAY
Managing Director
PowerGas



MR WONG CHIT SIENG
Managing Director
SP Services &
Head (Information Systems)



MS CHI PING HUEY
General Counsel
& Company Secretary



MR LIM HOWE RUN
Managing Director
Strategic Investments
& Deputy CEO
SPI (Australia) Assets



MRS LYNN LOH
Head (Human Resource
& Administration)



MR JIMMY KHOO
Managing Director
Australia Investments

Mr John Baptist Tay

Mr John Baptist Tay, Managing Director, PowerGas, is responsible for the entire gas transportation business of the company.

For the last 31 years, he has been involved in various aspects of the gas business, including commercial and industrial gas utilisation, metering, network planning and development.

A Professional Engineer in Mechanical Engineering, Mr Tay graduated with a First Class Honours degree in Mechanical Engineering from Sheffield University, UK.

Mr Wong Chit Sieng

Mr Wong Chit Sieng, Managing Director, SP Services, and Head (Information Systems), has over 29 years' experience in strategic business IT planning and the development and management of banking application systems.

Before joining SP, Mr Wong was Director of Operations and Principal Consultant, Asia Pacific & Japan, at a US banking software company. He was also with Overseas Union Bank for nine years as its Senior Vice President & Deputy CIO, and as Vice President at Chase Manhattan Bank for 10 years.

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

Ms Chi Ping Huey

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

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

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

Mr Lim Howe Run

Mr Lim Howe Run, Managing Director, Strategic Investments and Deputy CEO, SPI (Australia) Assets, is responsible for the management of SP's overseas investments.

Prior to his appointment as Managing Director and Deputy CEO, he has held various positions in risk management, asset management and business development within the Group.

Mr Lim holds a Bachelor of Engineering (Mechanical) degree from the National University of Singapore. He is also an alumni of the Harvard Business School, US.

Mrs Lynn Loh

Mrs Lynn Loh, Head (Human Resource and Administration), has over 20 years' experience in human resource.

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

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

Mr Jimmy Khoo

Mr Jimmy Khoo, Managing Director, Australian Investments, works closely with SP's Australian subsidiaries to achieve corporate objectives.

Prior to joining SP, Mr Khoo held senior management positions in various government organisations. He has extensive experience in strategy and planning, IT and technology development.

Mr Khoo holds a Master of Business degree from Stanford University, US and a Master of Arts from Oxford University, UK.

As at 17 Jun 08





SINGAPORE

OPERATIONS

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



SP POWERASSETS

DEVELOPING INFRASTRUCTURE FOR FUTURE GROWTH



Cable tunnels being constructed for the installation of transmission cables

SP PowerAssets is the sole provider of electricity transmission and distribution services in Singapore. Its S\$6.8 billion fixed asset base comprises modern and robust networks at 400kV, 230kV and 66kV for transmission, and 22kV, 6.6kV and 400V for distribution.

During the year in review, SP PowerAssets continued its intensive network infrastructure development, planning for additional capacity to meet the growing power needs of the Singapore economy.

Investments were made to expand the transmission and distribution infrastructure. At the same time, progressive upgrading and renewal of existing equipment were carried out to ensure the continuity of the electricity grid's excellent track record of high reliability.

- The tunnel breakthrough for Harbour Drive-Labrador cable tunnel was achieved in Feb 08. This will enable the installation of 400kV and 230kV circuits to bring more power from the western to the central part of Singapore by 2009.
- A 400kV circuit is being installed to further reinforce the 400kV transmission connection to the East. It will be commissioned by end 2008.
- Three 230kV substation buildings are being constructed at Labrador, Marina South and Choa Chu Kang as part of the 230kV network development to cater for increasing load demand and renewal works.
- Three 230/66kV 200MVA transformers were commissioned to meet load growth while six 230kV circuits are being installed to further enhance network security.
- Several existing 66kV substations are being progressively upgraded as part of a network renewal programme to enhance reliability and maintain leading network performance.



New substations being constructed to meet increasing load growth

SP PowerAssets is also working on the development of two major cable tunnels for the future installation of transmission cables on the island.

The project comprises a 17 km East-West tunnel and an 18 km North-South tunnel. These tunnels will accommodate multiple 400kV and 230kV circuits and are scheduled for completion in 2015.

The tunnels will provide secure corridors for faster and more efficient installation of transmission cables as they avoid the problem of underground congestion from the various infrastructure services. Inconvenience to the public and road users will also be minimised as no excavation will be needed to lay new cables. Generally, cables installed in tunnels are more reliable as they are not exposed to the environment and are not vulnerable to excavation damage.

Integrated Asset Management

SP PowerAssets depends on an integrated approach in the lifecycle management of its network assets, balancing the need to maintain excellent network reliability with cost effectiveness. Its framework for optimising the lifecycle management of its asset base is guided by its Asset Management Policy manual.



SP POWERGRID MANAGEMENT



MR SIM KWONG MIAN
Managing Director



MR CHANG SWEE TONG
Deputy Managing Director



MR CHENG SEE TAU
General Manager
(Network Management)



MR CHAN ENG KIAT
General Manager
(Network Planning)



MR LOY SAI CHIN
Acting General Manager
(Network Development)



MR CHUNG CHOON HEONG
General Manager
(Projects)



MR HAN TEK FONG
Director
(Asset Management)



DR YOON KOK THEAN
Director
(Procurement)



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



MR ALBERT TEOW
Director
(Corporate Services)

SP POWERGRID

DELIVERING EXCELLENT PERFORMANCE



An engineer checks a 66kV switchboard

SP PowerGrid manages and operates the transmission and distribution assets of SP PowerAssets.

In FY 07/08, according to international indices that measure electricity grid reliability, Singapore continued to be one of the global leaders in delivering excellent network performance.

SP PowerGrid's SAIDI (System Average Interruption Duration Index) score of 1.14 minutes and SAIFI (System Average Interruption Frequency Index) score of 0.02 showed that it continued to outperform its peers operating comparable underground networks.

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

SP PowerGrid's network performance for FY 07/08 was well within the regulatory targets and better than the previous year's.

The exceptional performance was due to its strategic use of state-of-the-art equipment and cable condition monitoring technology, rigorous quality processes, and investment in network infrastructure and staff expertise.

Condition Monitoring Technology

SP PowerGrid's comprehensive efforts in condition monitoring continued to contribute to better performance with 69 potential failures averted in FY 07/08.

The Oscillating Wave Test System has prevented 74 potential 22kV and 6.6kV cable failures since it was introduced in Jan 06. SP PowerGrid collaborated with an international research centre to become the first to apply the technology in underground distribution cable inspection.

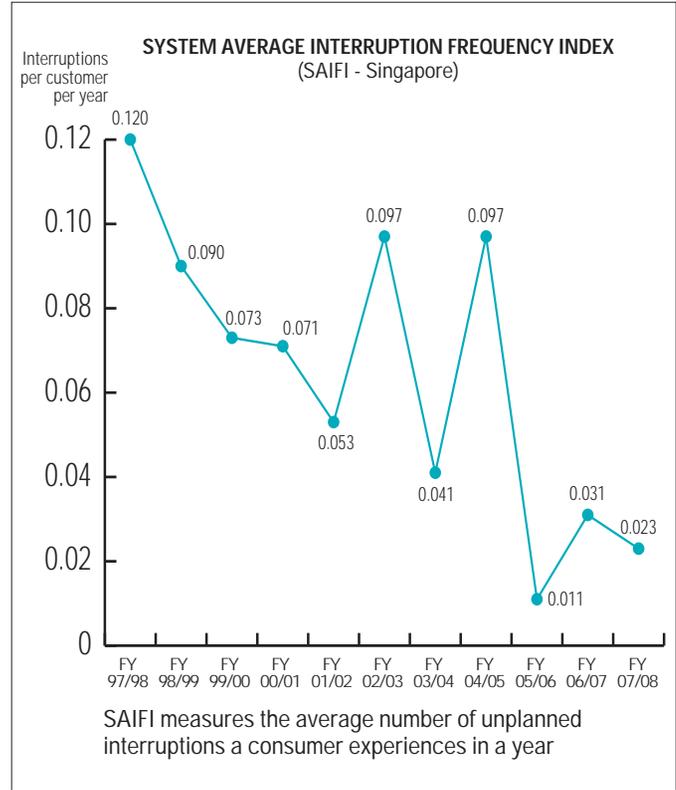
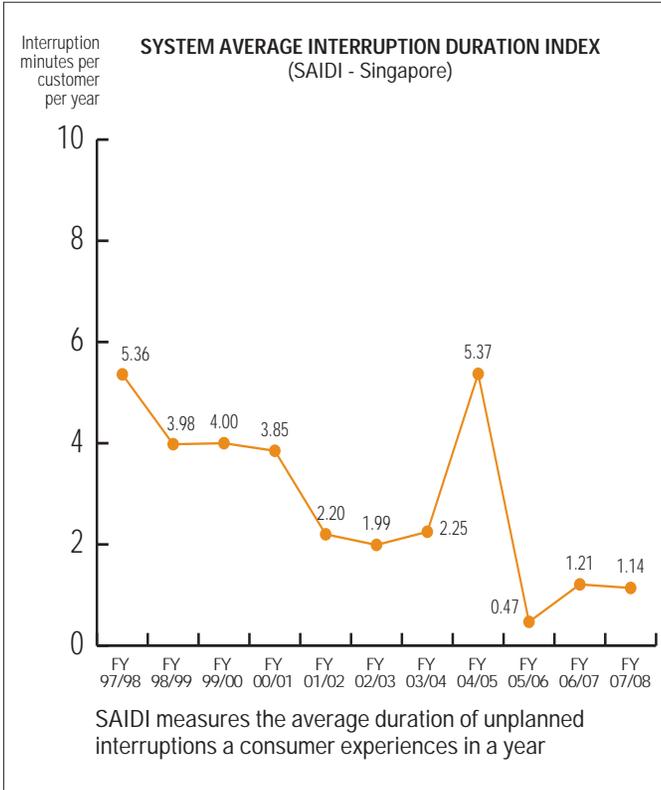
Today, the oscillating wave test equipment is installed in specially designed vans to make it easy for its engineers to carry out site tests on underground cables in various parts of the island.



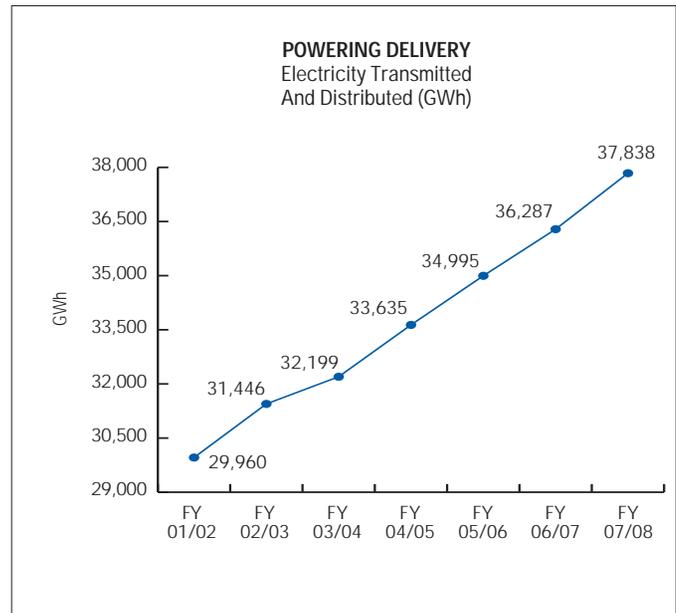
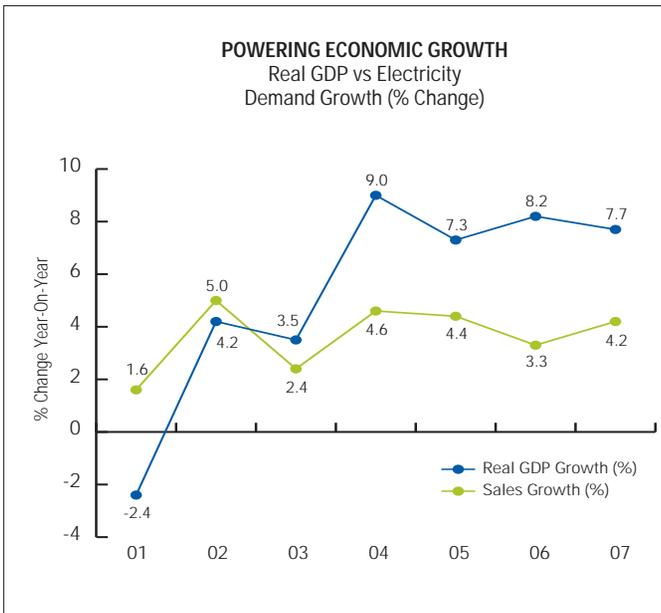
SP POWERGRID

Singapore Has One Of World's Best Performing Electricity Networks

With The Fewest And Shortest Outages Of Cities Worldwide



Key Network Indicators - Singapore





The cutting-edge Oscillating Wave Test equipment helps engineers monitor the condition of cables

Condition monitoring technology will continue to be a key strategic tool in maintaining the superior performance of Singapore's fully underground cable network, and SP's competitive edge in international projects.

Remote Monitoring Of Distribution Network

A wireless SCADA (Supervisory Control and Data Acquisition) system was commissioned in Mar 07 to extend remote monitoring to the 6.6kV distribution network.

From a control centre, the system can remotely monitor the status of substation equipment and provide real-time information on faulty equipment or cables to field engineers. This will enable faster response for supply restoration.

As part of the project, substations supplying power to high density residential areas have been identified for installation of the wireless monitoring system. Fitting out works have commenced and will be completed by end 2009.

Faster Mobile Generator Teams

In Apr 07, SP PowerGrid reorganised its mobile generator standby teams to work on three shifts and decentralised the mobile generators to four sites on the island. This initiative has shortened supply restoration time by up to 30 minutes.

Building Customer Relationships

During the year in review, SP PowerGrid extended its Power Quality Interest Group programme from the high-tech manufacturing sector to the service industry.

These interest groups meet regularly to share experiences in power quality management, the latest equipment and technologies. They form part of SP PowerGrid's strategy of powering the economy by working closely with key industry groups to manage power quality together.

SP POWERGRID

With support from the Monetary Authority of Singapore and The Association of Banks, the interest group for the banking industry held its first meeting in Oct 07. The response from the banks was encouraging.

In FY 07/08, SP PowerGrid held five meetings for the Semiconductor and Electronics, Pharmaceutical, and Chemical and Petrochemical groups.

Power Quality Workshop

SP PowerGrid conducted its fourth annual Power Systems Reliability & Quality Workshop in Feb 08. Fifty-two participants from manufacturing companies and government agencies learnt more about the latest technology and practices in maintenance, power quality and condition monitoring.

Power quality is crucial in Singapore due to the large number of high tech industries with voltage sensitive equipment. At cutting-edge semiconductor wafer fabrication companies, pharmaceutical and petrochemical plants, a dip in the supply voltage for a fraction of a second can cause production stoppages.

SP PowerGrid supports the growth of key industries in the country by working closely with the companies to help them achieve optimal power quality.

At the workshop, participants also had the opportunity to try out condition monitoring equipment, harmonics and voltage dip mitigation devices.



Checking the switchgear at a substation



The Geographical Mapping System provides real-time information on all electrical facilities on the island for SP PowerGrid staff

ISO Certification

SP PowerGrid obtained its ISO 9001:2000 certification in 2002. During the year in review, SP PowerGrid continued to comply with the ISO 9001:2000 standards for the development and management of its transmission network and achieved ISO 9001:2000 for the development and management of its distribution network.

The Distribution Control & Customer Service section also achieved ISO 9001:2000 certification in Apr 07 for the operation, control and monitoring of the distribution network as well as the management of network incidents and customer calls.

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

Preventing Cable Damage

To enhance cable damage prevention efforts, cable protection management teams were formed for major worksites in the vicinity of underground 230kV and 400kV cables.

The teams of managers from SP PowerGrid, principals and contractors meet regularly to discuss earthworks' status and preventive measures to be taken at the worksites.

The increased communication among the various parties has improved the coordination of joint efforts to avoid inadvertent cable damage.



POWERGAS MANAGEMENT



MR JOHN BAPTIST TAY
Managing Director



MR CHIN TERK CHUNG
Director
(Network Management)



**MR BANNY KOH
SIEW LIM**
Director
(Network Development)



MR TAI SENG CHONG
Director
(System Operation)



MR LIM SONG HAU
Director
(Technical Projects)



MR ONG MIN SING
Director
(LNG Project)

POWERGAS

EMPOWERING THE FUTURE



Ensuring highly reliable gas supply

PowerGas owns and operates the gas transmission and distribution network in Singapore. This includes two onshore receiving facilities for the receipt of gas from Sumatra and Malaysia, and over 2,800 km of pipelines.

PowerGas focuses on ensuring the efficient and reliable delivery of natural gas to power generation companies and industrial plants, and town gas to commercial and residential customers.

The year in review saw PowerGas develop an IT system for the commencement of the new gas framework. Major pipeline extensions were also completed to deliver gas to new areas of industrial and population growth.

Major Transmission Projects

PowerGas continued to expand its gas transmission infrastructure to serve major industrial customers in Jurong and Tuas. Its transmission pipeline to deliver natural gas to the Pfizer tri-generation plant in Tuas South was completed in Oct 07.

In Jan 08, PowerGas began operating the Attap Valley Onshore Receiving Facility, which receives natural gas from Malaysia through an undersea pipeline from the international border to Singapore. This follows the restructuring and liberalisation of Singapore's gas market where PowerGas as the Transporter is slated to own and manage the entire gas pipeline network.

POWERGAS

Pipeline extension involving hot-tapping works to connect a branch line to the North-South transmission pipeline was completed in Jan 08. The new pipeline delivers natural gas to the Mandai Compressed Natural Gas (CNG) refuelling station, which is owned and operated by a taxi company. Vehicles that use CNG as fuel emit less pollution.

Pressure Uprating And Volume Controls

The installation of the First Stage Filter and Pressure Regulation in the Sakra Onshore Receiving Facility (ORF) was completed in Apr 08. This involves upgrading the pressure rating of the Sakra ORF to the same pressure rating as upstream facilities.

Volumetric control is also being installed at Sakra ORF to prepare for the implementation of the Gas Network Code. The volumetric control will enable the injection of precise volumes of gas into the gas network according to the shippers' quantity specifications.

Expanding The Distribution Network

At the distribution level, expansion of the natural gas network continued with the installation of a further 4.1 km of pipelines to serve several industrial customers. These included a semiconductor wafer fabrication plant in Woodlands Tech Park which was commissioned in Mar 08.

Two new offtake stations were also built to inject more gas into the distribution network to meet increasing demand.

Enhancing The Town Gas Network

During the year in review, the town gas network was extended to reach more customers in new public housing estates as well as private condominiums and commercial buildings. In Nov 07, a new supply pipeline was built in Changi to deliver town gas to several commercial customers.



The ultrasonic meter measures natural gas volumes

FY 07/08 also saw the renewal and reinforcement of 15 km of pipelines and the diversion of 4.3 km of pipelines affected by the Mass Rapid Transit extension works.

Increased Metering Capabilities

PowerGas' meter calibration facility was accredited under the Singapore Accreditation Council-Singapore Laboratory Accreditation Scheme for volumetric gas meters in Oct 07. The meter laboratory is the only certified third party gas meter calibration facility in Southeast Asia.

With the accreditation, PowerGas can now test and calibrate gas meters for its industrial customers with flow ranges up to 2,500 cubic metres per hour.



Calibrating gas meters at the Meter Laboratory

New Gas Industry Framework

PowerGas has developed a web-based IT system called the Gas Transportation System Solution (GTSS) to manage the transportation of natural gas according to the rules of the Gas Network Code. Training on the system for market participants has been completed. The IT system is undergoing operational trial which is expected to end in the third quarter of 2008.

LNG Terminal

In Sep 07, the Ministry of Trade and Industry designated PowerGas as developer, owner and operator of Singapore's first Liquefied Natural Gas (LNG) terminal. It cited synergistic benefits for PowerGas to operate the proposed terminal on Jurong Island, given its current role as the gas transporter and system operator in Singapore.

PowerGas subsequently concluded a LNG Terminal Agreement with the Energy Market Authority in Apr 08. It has begun various work streams on the proposed LNG

terminal, including basic design and front-end engineering to prepare the tender specifications.

The proposed terminal will initially be designed with a capacity of three million tonnes a year, with provision to expand to double this capacity. The complex will include a jetty, unloading facilities, storage tanks, regasification equipment and associated civil and utilities infrastructure.

Ensuring High Reliability

To maintain PowerGas' track record of exceptional reliability in gas delivery, rigorous cathodic protection audits are carried out throughout the year to ensure that its underground transmission pipelines are adequately protected from corrosion.



SP SERVICES MANAGEMENT



MR WONG CHIT SIENG
Managing Director



MRS JEANNE CHENG
Deputy Managing Director



MR LAWRENCE LEE
Acting Director
(Operations)



MS LILY TAN
Acting Director
(Information Systems)



MR HEY BONG KOI
Head
(Finance & Accounts)

SP SERVICES

PROVIDING CUSTOMER CHOICE



Customer Service Officers at the Integrated Call Centre attend to the service needs of over one million customers

As a Market Support Services Licensee, SP Services plays a key role in facilitating competition in the liberalising electricity retail market. Close to 70 per cent of the total electricity demand is today open for competition. Of the 8,500 contestable customers, about one-third are buying electricity from the wholesale market through SP Services while the rest are purchasing from the electricity retailers.

To promote customer choice, SP Services registers consumer accounts and enables them to switch seamlessly among retailers, and between buying from the wholesale electricity market and retailers. It also provides billing, meter reading and data management services for the entire electricity market.

SP Services continues to supply electricity to smaller consumers, such as commercial businesses and households, at tariff rates approved by the Energy Market Authority (EMA).

Consumers enjoy a convenient 'one-stop' service for all their utility needs. As a billing agent, SP Services provides efficient customer services, consolidated billing and payment collection on behalf of the various utility service providers such as the Public Utilities Board, City Gas, and refuse collection companies.

Using Technology To Improve Services

During the year, SP Services continued to tap on technology to re-engineer some of its processes, and improve customer service and convenience.

Recognising the widespread use of SMS messaging, the company introduced a new channel for customer communications. Consumers can now use SMS to request for their utility supplies to be connected.

SP Services extended its customer hotline operating time by four hours daily with new telephone technologies. Its service officers now answer customers' calls from their homes after office hours.

SP SERVICES



Achieving customer service satisfaction is a priority

Its interactive voice response telephone system was upgraded to provide more helpful information, and was put through a series of tests for user-friendliness before it was launched.

SP Services also increased the number of service counters at its Customer Service Centre in Toa Payoh. The new centre provides a friendly environment with improved layout and queue management system.

The company's Pay-As-You-Use scheme has expanded to more than 13,500 active accounts. First introduced in 2005, the programme helps customers with arrears better manage their consumption while paying their bills over time.

Higher Customer Satisfaction

SP Services' passionate efforts to provide exceptional customer service were well appreciated. In its annual customer satisfaction survey, consumers continued to rank



The tablet PC enables real-time communication with back-end staff for better customer servicing

the company as the best among major service providers in Singapore. The survey saw SP Services' customer satisfaction rating rise 11 percentage points to 88 per cent compared to the previous year.

SP Services staff scored highly on providing helpful, courteous and timely service. They also achieved top marks for being punctual, responsive and giving clear information. The survey by an independent research agency in Dec 07 interviewed 1,200 people across various customer touch-points, from the walk-in service counters to telephone services and on-site visits by technicians.

The company's service excellence was also recognised at the 2007 Contact Centre Association of Singapore Awards. SP Services won the Silver award for Best Customer Service Professional, and Bronze award for Best Contact Centre Team Leader.



The Wireless Workforce Management System is used in field operations for optimal resource allocation

Major Projects

SP Services is upgrading its billing system to enable more efficient management of its database and IT system. The project is expected to be completed by Aug 08.

The company also participated in the pilot testing of the Electricity Vending System (EVS). Initiated by EMA, the EVS explores the concept of an efficient retailing scheme incorporating smart meter technologies and e-payment system.



Sharing energy saving tips with young visitors at SP Services' Electricity Efficiency Centre

In its audit for re-certification by the International Organisation for Standardisation (ISO) in Mar 08, SP Services continued to exceed the service standards set by the Regulator. The ISO auditors commended SP Services for its rigorous work processes to ensure operational excellence, and for continuing to set higher targets for service standards.

New Initiatives

Going forward, SP Services will continue to study ways to further improve its customer services and operational efficiency, while managing rising business costs.

In FY 07/08, it provided consultancy and training services to utility companies in China and the Gulf region. In the year ahead, SP Services will continue to provide advisory services to companies looking to improve their customer service management.

SP GLOBAL SOLUTIONS

POWERING PERFORMANCE



Celebrating a great relationship - SP PowerGrid (right) provides consultancy and training services to Beijing Power Corporation (left)

SP Global Solutions is providing many city utility companies with consultancy and training services that leverage on SP's expertise in excellent network management.

These span from regulatory and technical solutions in network planning, development, maintenance and asset management to condition monitoring and customer management systems.

Upgrading Energy Infrastructure

As the economies in the Asia Pacific grow, and demand for power increases, more cities in the region are seeking to upgrade their utility infrastructure and energy efficiency.

Interest in SP Global Solutions' services is strong as international benchmark indicators rate SP's electricity network performance as one of the world's best. Its outstanding infrastructure underpins the thriving Singapore economy and SP excels in meeting the exacting power quality needs of high tech industries.

SP's engineers in Singapore and Australia have excellent track records in designing robust electricity and gas networks to support the energy needs of rapidly growing cities. These range from underground cables and pipes in

crowded cities, to overhead cables over large areas, and undersea cables and pipes.

As both owner and operator of energy delivery networks, SP has the experience to provide cost-effective and pragmatic solutions.

In FY 07/08, SP Global Solutions provided consultancy services to utility companies in China, the Gulf region and Southeast Asia, to upgrade their energy infrastructure and expand capacity to support their economic growth.

Engineers from Qatar, Shanghai and Beijing went through intensive training stints at SP's facilities in Singapore.

Broader Scope Of Services

Going forward, SP Global Solutions will explore consultancy opportunities in India, the Gulf region and ASEAN countries.

It will also broaden its scope to provide a complete range of town master planning and utility network management services, working closely with supply partners.

As SP Global Solutions engages utility companies in the region, it will also seek collaborative opportunities to participate in new markets, beyond training and consultancy services.

SINGAPORE DISTRICT COOLING

POISED FOR STRONG GROWTH



Marina Bay today (left) and in 2010 (right). District cooling is becoming an enabling infrastructure at Marina Bay

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

As a new utility service, district cooling is more energy efficient and eliminates the need for in-house chillers. This frees up valuable commercial space and reduces building costs.

Just in its second year of commercial operations, Singapore District Cooling has exceeded its performance targets and surpassed regulatory requirements in providing a constant supply of chilled water at consistent temperatures round-the-clock.

In addition to supplying One Raffles Quay with chilled water, the company will also be serving the Integrated Resort, Marina Bay Financial Centre and other commercial developments in the new downtown once they are completed.

The service will also be extended to new developments in the Collyer Quay financial district in response to demand.

New Investments

To meet the projected robust demand, Singapore District Cooling is investing over S\$110 million in the next three years to extend the chilled water piping network and expand

production capacity. This includes developing a second district cooling plant within the Integrated Resort site which will be operational by 2010.

With its strong value proposition, Singapore District Cooling is poised to benefit from district cooling's becoming the new essential service in the downtown. Besides meeting the most demanding air-conditioning needs of modern commercial buildings, district cooling's higher energy efficiency also contributes to environmental protection.



The district cooling system eliminates the need for in-house chiller plants in buildings





AUSTRALIA

OPERATIONS

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

STRONGER BUSINESS MODEL

In FY 07/08, SP significantly transformed its business in Australia with the acquisition of Alinta Ltd in a consortium with Babcock and Brown International Pty Ltd.

Through the acquisition, SP acquired most of Alinta's assets in the eastern states of Australia. These assets are held under SP's subsidiary, SPI (Australia) Assets. The new investment adds to SP's already diversified portfolio of assets across the energy value chain, anchored mainly in the stable and regulated wires and pipes businesses.

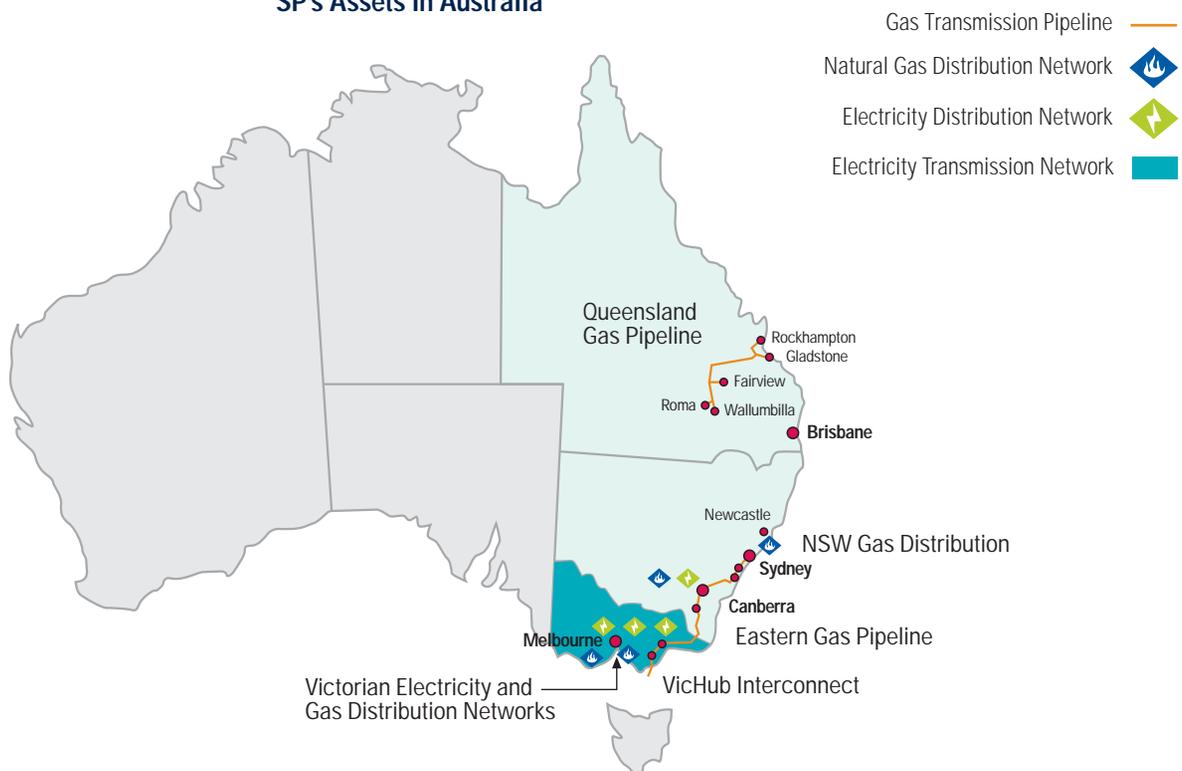
Prior to the acquisition, SP already had presence in Australia through SP AusNet, its 51 per cent owned subsidiary. SP AusNet's electricity transmission and distribution network, and its gas distribution assets, deliver a full range of energy related products and services to industrial and domestic customers in Victoria.

The Australian division of SP is today one of the largest energy infrastructure groups in the country, with operations spanning regulated, contracted and non-regulated businesses across Victoria, Queensland and New South Wales.

SPI (Australia) Assets' strong portfolio of asset management work for third parties and expanding market share in asset services will underpin the Group's business growth going forward.

With its substantially enlarged skills base, scale and extensive experience in operating quality assets, SP is well positioned to participate in new energy infrastructure developments, and to support and contribute to economic growth in Australia.

SP's Assets In Australia



SP AUSNET

ORGANIC GROWTH



Electricity distribution line work underway in Lilydale



Electricity transmission testing in Altona

SP AusNet's business comprises essential electricity transmission and electricity and gas distribution infrastructure across Victoria and about 90 per cent of its revenue comes from operating these regulated assets.

Electricity Transmission

SP AusNet's electricity transmission network comprises over 6,500 km of transmission lines that carry electricity from power stations to electricity distributors and large customers in Victoria.

The network is centrally located among the five eastern states of Australia that form the National Electricity Market and provides key links between the electricity transmission networks of South Australia, New South Wales and Tasmania.

In FY 07/08, the electricity transmission network contributed A\$434 million in regulated revenue to SP AusNet's financial performance and transmitted 52,104 GWh of electricity. SP AusNet invested A\$142 million to refurbish and increase capacity at several key terminal stations.



SP AUSNET MANAGEMENT



MR NINO FICCA
Managing Director



MR GEOFF NICHOLSON
Chief Financial Officer
& Company Secretary



MR PAUL ADAMS
General Manager
(Network Services)



MR NORM DREW
General Manager
(Network Development)



MR CHARLES POPPLE
General Manager
(Regulatory &
Business Strategy)



MR ADRIAN HILL
General Manager
(Corporate Development
& Investor Relations)



MR PETER MERRITT
General Manager
(Business Systems
& Services)



MR JOHN AZARIS
General Manager
(Human Resource
& Communications)



Working at the Altona Terminal Station



Taking a call at the Network Operations Centre

As part of its focus on delivering a safe and reliable energy supply, SP AusNet continually upgrades its electricity network.

During the year, SP AusNet completed the refurbishment of nine electricity transmission stations. The programme, which began in 2004, included the terminal stations at Malvern, Terang, Horsham, Ballarat, Redcliffs, Mt Beauty, Shepparton, Brunswick and Bendigo.

The installation of additional 500/220kV transformers at Rowville and Moorabool terminal stations is proceeding ahead of schedule.

SP AusNet has also committed another A\$40 million to upgrade the South Morang terminal station to meet growing demand in the Victorian northern corridor. The area is expected to become one of the fastest growing regions in Australia over the next three years.

Electricity Distribution

The distribution network carries electricity from the transmission network to connected electricity customers in eastern metropolitan Melbourne and eastern Victoria. The network is over 46,000 km long, spans 80,000 sq km and services about 600,000 customers.

In FY 07/08, the electricity distribution network contributed A\$464 million in regulated revenue to SP AusNet's financial performance and distributed 7,543 GWh of electricity. SP AusNet invested A\$185 million to improve network performance and connect 9,500 new customers.

To further meet growing energy demand, SP AusNet commissioned a A\$16 million upgrade to the Lang Lang Zone Sub-Station and a 66kV powerline from Pakenham South to Lang Lang.

Gas Distribution

SP AusNet's 9,408 km distribution pipelines carry natural gas from the transmission network to over 537,000 customers across 60,000 sq km in central and western Victoria. It also owns 183 km of gas transmission pipelines.

In FY 07/08, the gas distribution network contributed A\$168 million revenue and distributed 70.3 PJ of gas. SP AusNet invested A\$75 million to expand the network and connect about 14,000 new customers.

SP AUSNET



Installing the gas distribution network in western Victoria



Warragul workers on an electricity distribution job

Upgrades And Extensions

As the Victorian community expands, so does SP AusNet's gas distribution network. SP AusNet has just completed the largest gas extension project in Victoria since the 1970s. The A\$54 million Natural Gas Extension Programme took three years to complete and provides natural gas to 12 regional towns in Western Victoria.

As part of the project, SP AusNet installed 350 km of gas mains which will form the backbone infrastructure to provide Victoria's western corridor with reliable and efficient energy supply.

Services

Data and Measurement Solutions (DMS), one of SP AusNet's service-based businesses, enjoyed more than 60 per cent increase in external revenues in FY 07/08. It also secured a large contract with City West Water. DMS, through SP AusNet, is a key participant in the Victorian Government's initiative to roll out 'Advanced Metering Infrastructure'.

SP AusNet's Technical Services business markets condition monitoring, chemical testing, energy metering and electrical calibration services to the energy industry throughout Australia and abroad.

In FY 07/08, Technical Services increased its external revenue by more than 25 per cent. The growth has been achieved through securing several new contracts for condition monitoring and diagnostic testing with both Australian and international energy companies.

The Year Ahead

SP AusNet will continue to invest in its networks, with an estimated A\$2.7 billion of capital expenditure over the next five years. This expenditure will enable the business to upgrade capacity, meet growing customer demand and continue to provide a safer operating environment.

The expenditure will also be used to improve the underlying performance of the networks, with particular emphasis on improving reliability on the electricity distribution network. Expansion and commercialisation of niche services including metering, technical services and the provision of telecommunication assets will also contribute to future revenue growth for the business.

SPI (AUSTRALIA) ASSETS

PREPARING FOR GROWTH



The Eastern Gas Pipeline transports natural gas over 700 km, from Victoria to major commercial clients in New South Wales

In FY 07/08, SPI (Australia) Assets made significant investments to expand its electricity and gas infrastructure to prepare for anticipated demand growth, and ensure network reliability. It also achieved several firsts in innovative projects and won major new contracts.

New South Wales Gas Network

In New South Wales, it invested almost A\$46 million in extensions to the gas distribution network, the completion of the Sydney Primary Loop and equipment upgrades.

The Sydney Primary Loop was officially commissioned in Dec 07. SPI (Australia) Assets had constructed 30 km of new gas pipelines through suburban Sydney over the last three years. The project ensures the continuing supply of gas to over 400,000 homes and businesses and capacity to meet demand forecast over the next 25 years.

Gas Transmission Pipelines

Several major transmission construction projects worth A\$152 million were initiated to increase gas supply capacity and meet projected demand forecasts.

At the Eastern Gas Pipeline, construction is progressing on a mid-line compressor station which will initially boost pipeline capacity by 15 per cent. Construction has also begun on an extension to the Queensland Gas Pipeline to meet customers' increased gas needs.



SPI (AUSTRALIA) ASSETS MANAGEMENT



MR PETER MAGARRY
Chief Executive Officer



MR IAN WELLS
Chief Financial Officer



MR DON PLOWMAN
Chief Operations Officer



MS LINDA DAWSON
Executive General Manager
(Human Resource)



MR DAVID CLERK
Executive General Manager
(Business Strategy)



MR SHAUN REARDON
Executive General Manager
(Energy Investments)



MS CATHY BIBBY
Chief Information Officer



**MS YASMIN
BROUGHTON**
General Counsel &
Company Secretary



SPI (Australia) Assets operates major electricity distribution assets in Melbourne and southeast of the city



Fixing a powerline overlooking Port Phillip Bay, Mornington Peninsula

Victorian Electricity Network

In Victoria, two new zone substations were commissioned at Coolaroo and Sydenham, to accommodate new housing and business developments. A second transformer at Braybrook zone substation was also commissioned to reinforce supply in the western area of the electricity network.

Innovative Firsts

In the Rosehill Recycled Water Scheme, an Australian first, SPI (Australia) Assets has teamed up with various partners to convert isolated gas pipelines to supply recycled water for industrial use and irrigation. The project could save Sydney residents 4.3 billion litres of drinking water a year.

SPI (Australia) Assets also won a contract for the supply and storage of natural gas from its Sydney-Newcastle Gas Pipeline to Delta Electricity's Colongra gas fired power station in New South Wales. It will own and operate the nine km gas pipeline and compressor station connecting the power plant. The high pressure pipeline and infrastructure will provide storage capacity to ensure Delta has enough gas to meet peak power demand.

The Year Ahead

SPI (Australia) Assets will be pursuing over A\$600 million of potential contracts for asset services in the year ahead. Backed by established capabilities and resources, and an excellent track record in Victoria, New South Wales and Queensland, it is well positioned to be the preferred asset services provider to the major utility companies.

AWARDS & ACCOLADES



Country Deals of the Year 2007 – Singapore

- Singapore Power Group by Asiamoney

Asian Awards 2007 for Best Deal

Asian Awards 2007 for Most Innovative Deal / Best M&A deal

- Singapore Power Group by The Asset

Singapore Quality Class Certification

- SP Services by SPRING Singapore, 2006 to present

Business Continuity Management Certification

- PowerGas by SPRING Singapore, FY 04/05 to FY 07/08

ISO 9001:2000 Certification for Quality Management System

- SP PowerGrid (Distribution Control & Customer Services Section) by Certification International, FY 06/07 to present
- SP PowerGrid (Network Development) by Certification International, FY 02/03 to present
- SP PowerGrid (Network Management) by Certification International, FY 02/03 to present
- SP Services by BSI Management System, FY 04/05 to present
- PowerGas by SGS International Certification Services, FY 03/04 to present

ISO/IEC 17025 for Calibration and Measurement of Meters

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

People Developer Standard by SPRING Singapore

- Singapore Power Group, 2000 to present
- PowerGas, 2003 to 2007
- SP PowerGrid, 2005 to present
- SP Services, 2005 to present

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

- Singapore Power Group by Health Promotion Board, 2004 to 2007

Work-Life Achiever Award

- Singapore Power Group by Ministry of Manpower, 2006 to 2007

Minister for Defence Total Defence Award

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

Home Team NS Awards for Employers (Special Award)

- Singapore Power Group by Ministry of Home Affairs, 2007

Finalist, Business Achievement Award

- SP AusNet, by Equal Employment for Women in the Workforce Agency (EOWA), 2007

Finalist, WorkSafe, Victoria Award

- SP AusNet, 2007

Sustainability Victoria WasteWise Bronze Accreditation for Southbank and major regional offices

- SP AusNet, 2007

Award for Excellence, Energy and Resource

- SPI (Australia) Assets Mallaty Creek Project by Association of Australia Consulting Engineers, 2007

Engineering Excellence Award for Engineering Innovation

- SPI (Australia) Assets Mallaty Creek Project by Institute of Engineers Australia, 2007

CORPORATE FINANCE & STRATEGIC INVESTMENTS



SP clinched the Asiamoney Country Deals of the Year award and two The Asset Asian Awards for the Alinta deal

Strategic Investment

Following SP's joint acquisition with Babcock and Brown of Alinta Assets, we now own two major investments in Australia – 51 per cent stake in SP AusNet and wholly owned SPI (Australia) Assets Pty Ltd. Expertise and knowledge sharing are in progress at the two businesses to maximise synergies and leverage on their competitive strengths and capabilities for mutual benefit.

The A\$13.8 billion Alinta transaction was the largest infrastructure acquisition in Australia, with SP's share at A\$8.3 billion (\$\$10.6 billion).

SP has received several awards for the acquisition, including the

- Asiamoney Country Deals of the Year 2007 – Singapore Award
- The Asset Asian Awards 2007 for Best Deal
- The Asset Asian Awards 2007 for Most Innovative Deal / Best M&A Deal.

Value Creation

During the year, we continued to create value through the divestment of our remaining non-core assets. The sale of SP Building at 111 Somerset Road was completed in Feb 08 and realised a gain of S\$453 million.

In FY 07/08, we completed our divestment of SPI Seosan in South Korea and received the final sale proceeds in Sep 07.

SP also divested our 25 per cent stake in Everpower IPP in Taiwan, our last non-core generation asset.

The disposals sharpen SP's focus on our core businesses of electricity and gas transmission and distribution.

Financing

SPI (Australia) Assets Pty Ltd secured a A\$6.2 billion bridge facility from a consortium of banks in Aug 07 to fund the acquisition of Alinta Assets. The subsidiary is in the process of re-financing the bridge facility with longer tenure debt. The financial strength of the Group has put it in good stead to access the regional debt markets efficiently.

In Feb 08, SP AusNet secured A\$1.55 billion of syndicated bank debt facility to refinance existing bank debt.

Capital Management

The Group is committed to an optimal capital structure and to maintaining its strong credit ratings. SP has one of the best credit ratings among utility companies in Asia. It is currently rated AA- by Standard & Poor's and Aa3 by Moody's Investors Service.

HUMAN RESOURCE

POWERING OUR PEOPLE



Strengthening the SP team spirit through a core teamwork programme of fun and challenging activities



We continue to expand our talent pool through our scholarship programme

SP's industry leading performance is underpinned by its highly committed and energetic workforce. This is supported by an open and caring environment that encourages staff development and work-life harmony.

With 6,400 staff in Singapore and Australia, enhancing our employees' skills and knowledge are key to strengthening our core competencies and maintaining our exceptional performance.

Strategic recruitment and succession planning continued to ensure we have the best talent in the right places to maintain our deep bench strength.

Growing Our Human Talent

Throughout the organisation, SP invests in continuous staff training to hone our workforce expertise at all levels. During the year in review, each staff completed 48.7 training hours.

To accelerate learning, SP uses blended learning, which combines classroom, on-the-job and e-learning, mentoring, simulations and collaboration. E-learning, such as eCourses for technicians on restoring power supply, is widely used to support business operations.

SP's pool of undergraduate scholars increased to 17 with the award of five scholarships in FY 07/08. Upon graduation, the scholars will begin a two-year programme to acquire operational and management experience through structured job rotations across the subsidiaries and functions. Their holistic training will also include attending technical, management and general development courses.

From FY 07/08, employees pursuing part-time courses received financial assistance under the new personal development subsidy scheme. This supplements the Total Learning Plan where courses are fully sponsored by the company.



SP AusNet MD Nino Ficca (third from left) with Apprentice of the Year award recipients

In Australia, SP AusNet recruited 35 trainees and apprentices for the electrical and gas network installation, maintenance and protection divisions. The 2007 intake also saw SP AusNet's first female apprentice.

SP AusNet co-funded bursaries for 13 engineering students and also continued its Skilling For The Future programme for senior high school students.

SP AusNet was the main sponsor for the Victorian Energy Education and Training Programme, which promotes careers in the energy sector by offering students training in the energy industry.

During the financial year, SPI (Australia) Assets' Graduate Development Programme drew 59 engineering, finance and information systems graduates.

To give staff international exposure and professional development opportunities, 11 SP and three SP AusNet staff received overseas postings ranging from three months to two years. Such attachments also facilitate the transfer of technical expertise and knowledge across countries.

Motivating Superior Performance

Our performance management system nurtures a culture of performance with a fair and robust reward system. Our staff work towards key performance indicators, and achievement of these targets determine their incentive payments.

The exceptional achievements of individuals or teams are recognised and celebrated by the entire organisation at forums such as the Management Annual Plan. The highest accolade for employees is the Appreciation for Commitment and Excellence Award, which honours staff with excellent performance. In addition, SP PowerGrid and SP Services staff who provide outstanding customer service were also recognised and rewarded.

A Caring Employer

An employee engagement survey, conducted in FY 07/08, reached out to staff to understand their views on how to ensure working with the company is meaningful and work life is satisfying.



The successful partnership between SP management and UPAGE representatives grew deeper in Malacca

SP's Quality Life Programme today offers employees a host of sporting activities and advice on how to better manage work-life situations.

In FY 07/08, new initiatives to engage staff included:

- A HR Outreach Programme for staff to interact more easily with the HR team
- An online Compliments Bank so staff can 'publicly' recognise colleagues who have gone the extra mile to help SP teams produce exceptional service
- A one-day attachment scheme that allows staff to learn more about the work of colleagues in other subsidiaries or functions.

To foster the SP team spirit, a core programme stressing teamwork through fun and challenging activities was organised for all staff.

In Australia, SP AusNet formed the Diversity Initiatives Group to attract women into the engineering industry through strategic presence at schools and trade fairs, sponsorship of university programmes and creating a more conducive work environment for women. Two SP AusNet

female staff were given engineering scholarships as part of the programme.

SPI (Australia) Assets' Learning and Organisation development team conducted over 100 workshops to help 1,500 employees adapt to change in the workplace. It also launched a 'Leap into Life' campaign to promote health and well-being at work and at home.

Strong Management-Union Partnership

SP continued to nurture its successful partnership with the Union of Power and Gas Employees (UPAGE) through open communication and mutual trust.

In Oct 07, a Union-Management Seminar in Malacca enabled both parties to discuss employee and business issues extensively.

The strong rapport facilitated the signing of a new Collective Agreement in Jun 07 featuring a better link between individual performance and rewards.

SP believes a strong working relationship between management and UPAGE is key to sustaining its business competitiveness and positioning as an employer of choice.

INFORMATION SYSTEMS

EMPOWERING OPERATIONS



The bulk processing project has helped IS staff ensure service quality and reliability to the various business units

SP invests in Information Technology to automate key processes, empower the workforce and improve productivity. IT programs are closely aligned to business unit goals to ensure efficient execution of the business strategy. Common shared systems and infrastructure across the Group drive greater synergies.

Our information systems infrastructure supports millions of transactions monthly, and is key to delivering superior customer service and operational efficiency.

Automating Bulk Processes

The Information Systems Data Centre, which operates on a 24-hour day, seven days a week, executes about 6,000 bulk processing jobs every night spanning different computing platforms. In Dec 07, work began on automating the scheduling and monitoring of such jobs.

The first phase involving automating SP Services' invoicing for contestable commercial customers and the entire Human Resource Management system was successfully implemented in Mar 08. Phase Two is progressing well and will automate various finance functions as well as SP Services' customer management and billing functions for over a million non-contestable customers.

The project has improved job processing efficiency and gives alerts of potential delays so that prompt action can

be taken. It has also enabled the IS department to increase service reliability levels to the various business units.

Work is in progress on upgrading the Group's Financial and Logistics Information System. When completed in the last quarter of 2008, the project will provide more comprehensive management reporting to enable speedier decision making.

In FY 07/08, SP's corporate network achieved zero virus infection and internet intrusion. On-line systems availability and network up-time exceeded the targeted 99.8 per cent.

Supporting The Gas Market

IS has jointly developed a web-based IT system called the Gas Transportation System Solution (GTSS) to support the de-regulated market operations and facilitate trading of natural gas according to the business rules of the Gas Network Code.

The system has been tested with PowerGas, and is now being piloted with the participants in the gas industry. The system implementation and opening of the gas market is scheduled for third quarter 2008. Post implementation, the application and technical support will be provided by the IS team.

RISK MANAGEMENT

OWNERSHIP AND ACCOUNTABILITY



Staff use a systematic approach to assess, mitigate and monitor risks

In SP, Enterprise Risk Management is adopted and implemented to recognise risk management as a fundamental driver of effective corporate governance and operational efficiency. A systematic and holistic approach is thus implemented to identify, assess, mitigate, report and monitor the different types of risks, which include operational and IT risk, regulatory risk, financial risk, legal risk, and strategic and reputation risk.

SP's Board of Directors, Board Risk Management Committee and Management are committed to a proactive and structured approach to risk management as an integral part of the day-to-day activities of the Group at all levels within the organisation. This is to preserve and enhance business delivery, ensure compliance with regulatory obligations, protect the Group's assets and safeguard the interest of various stakeholders such as employees, company and community.

The Group's guiding principle is that the responsibility for risk management rests with all employees in their respective areas of work and the roles and responsibilities on escalation and communication of risks are to be clearly defined. In addition, SP adopts openness and honesty in the reporting, recognition and management of risks and maintains a culture of high level of risk awareness in the Group at all times.

Risk Management In All Activities

For the year under review, SP further strengthened its risk management by embedding risk management processes in all business units and activities. SP's traditional qualitative models are supplemented by stochastic risk management models and sophisticated methodologies. Standard risk assessment tools, metrics and procedures have also been institutionalised into the Group's business processes.

Promoting Risk Awareness

In addition, Group Risk Management promotes risk awareness through presentations, staff induction courses and featuring risk management articles in the monthly staff e-newsletter. These initiatives nurture greater understanding of risk management processes at all levels.

COMMUNITY & ENVIRONMENT

CARING CORPORATE CITIZEN



SP staff pack 'Bags of Love' for the elderly (top left), host the elderly at a festive celebration (top right), and bring a 'Bag of Love' to a senior citizen (bottom right)

Caring Corporate Citizen

SP has a long tradition of actively supporting the underprivileged in the community. In FY 07/08 the collective efforts of SP and its employees grew this commitment further in Singapore and Australia. SP also continued to invest effort and resources in sustaining the environment.

Helping The Needy Elderly

In 2005, SP launched the SP Heartware Fund and committed to raise S\$3 million over three years for the Singapore Community Chest to support the needy elderly.

At end FY 07/08, the SP Heartware Fund is close to raising the remaining amount to deliver its 'S\$3 million in three years' commitment. Over the last two years, it has successfully raised S\$1 million annually.

The funds are used to provide lunch and dinner every day for about 1,000 needy elderly throughout the country. Many of these seniors are permanently or, in some cases, temporarily unable to look after themselves.



SP Chairman Ng Kee Choe (right) presents to the Community Chest funds raised for the elderly from the Charity Golf tournament

These needy elderly are cared for in their own homes, under the Home Help Service programmes. Five voluntary organisations under the National Council of Social Services provide them with meals, assistance with hygiene and housekeeping, and transport to medical care.

By taking care of the elderly's basic needs, SP has made it possible for them to age in their own homes and within their communities with grace and dignity.

Singapore has the fastest aging population in the world after Japan. By 2030, almost 20 per cent of the population will be 65 years or older. As the population ages, the number of destitute elderly struggling to manage on their own will rise.

Raising Funds

During the year in review, SP held a Charity Golf Tournament and enlisted the support of its business associates to raise funds for the needy elderly.

It also distributed direct mailer appeals to 1.2 million households and businesses to contribute to the SP Heartware Fund. Staff made donations from their monthly salary to the Fund, which SP matched dollar-for-dollar. The Group also used its website to generate donations for the needy elderly.

At year-end, SP staff held a 'Bags of Love' campaign over the employee intranet to raise S\$10,000 to purchase bags of food and toiletries for the elderly. Volunteers then helped deliver the bags in time for Christmas.

SP underwrites all its fund-raising costs, and the SP Heartware Fund is administered free by the Community Chest. Thus every dollar raised goes to the beneficiaries.

Staff Volunteerism

SP's staff volunteerism programme focuses employee efforts on helping the needy elderly and promotes volunteerism by providing a ready avenue for them to help the community.



An SP AusNet staff (third from right) hands the bus keys to Cottage By The Sea officials

The programme comprises a core 'Meals on Wheels' scheme for staff who can commit regular volunteer time, and a series of ad-hoc volunteer activities for those who would like to participate occasionally.

In the 'Meals on Wheels' scheme, staff commit two to three hours on weekends to deliver lunch or dinner to the needy elderly. The ad-hoc volunteer activities involve organising festive gatherings and outings for the Home Help elderly.

More than 100 staff actively participate in the volunteer programme. SP shows its support for the weekend meal delivery scheme by giving the volunteers a transport allowance. Volunteers also get preferential allocation of tickets to charity movie premieres and National Day rehearsals.

To encourage volunteerism, articles on staff community activities are regularly published in the company's newsletter. The volunteerism programme has given SP's fund-raising

efforts greater meaning and urgency, as staff interact with the elderly and see how their fund-raising efforts are helping them.

Corporate Giving

SP continued to contribute to nation building as a principal sponsor of the National Day Parade.

During the year in review, SP also sponsored direct mailer appeals for the Society for the Physically Disabled and Dover Park Hospice. At the Society for the Physically Disabled, 300 elderly benefited from 10,000 rehabilitation sessions conducted in FY 07/08.

SP also supported the fund-raising efforts of the Home Nursing Foundation, MILK Fund and TOUCH Community Services by carrying fund-raising appeal messages in its utility bill envelopes.



SP AusNet employees at the Rowville Terminal Station revegetation site

Caring For The Community

In Australia, SP AusNet jointly sponsored a new 12-seater bus for children's charity 'Cottage by the Sea' to transport children to a holiday house, and on activities during their stay.

SP AusNet staff are also sponsoring 10 children in various countries, through PLAN Australia, by making fortnightly contributions from their salaries. In FY 07/08, SP AusNet staff raised A\$30,000 to train a Seeing Eye dog for the vision impaired.

In May 07, SPI (Australia) Assets received the 'Commissioner's Annual National Award' from the Salvation Army. It had funded a large four-wheel drive vehicle and

trailer for emergency services. During the summer bushfire crisis, the vehicle and trailer were deployed to provide over 10,000 meals to 2,500 fire fighters and emergency service workers who were battling to save regional communities and forests.

SPI (Australia) Assets is also a long-time supporter of Waverley Emergency Adolescent Care, a non-profit agency that assists families with troubled teenagers. Besides an annual cash contribution, it also donates electrical appliances such as fridges and computers.

It also supports its staff's volunteerism efforts by giving A\$500 to organisations where its employees have put in more than 25 hours of volunteer work a year.



SPI (Australia) Assets staff plant trees to help sustain the environment, as part of a programme with Landcare Australia

Caring For The Environment

In FY 07/08, SP AusNet and SPI (Australia) Assets continued their ongoing partnership with Landcare Australia. They contributed A\$290,000 to fund revegetation and environmental restoration projects.

SPI (Australia) Assets launched the ‘Repair, Restore and Rejuvenate’ programme to carry out rehabilitation projects to preserve the natural environment. Under its Green Corridors project, the subsidiary links isolated habitats of Australian wildlife and plants trees in urban areas.

SP AusNet set up a Sustainability Working Group to increase the effectiveness of its environmental projects.

As a founding partner of Greening Australia’s Greening Circle, SP AusNet has achieved life member status for its concerted efforts over the years. Greening Australia works with farmers, community groups, land agencies, schools, companies and individuals to protect and restore indigenous vegetation.

In FY 07/08, SP AusNet conducted a carbon footprint exercise to identify the extent of greenhouse emissions released from its operations. A project group then worked on reducing the emissions and reviewed the company’s carbon strategy to mitigate risks.

Conserving Energy

In developing its new offices and warehouses at Sydney Olympic Park and Clayton, SPI (Australia) Assets used sustainable methods and recyclable material where possible.

Recycled and rain water were used in the construction and cleaning process. To reduce greenhouse emissions, SPI (Australia) Assets will use ‘green energy’ for part of its electricity requirements.

Important Note

The Summary Financial Statements as set out on pages 66 to 78 contains only a summary of the information in the Directors' Report and financial statements of Singapore Power Limited's (the "Company") Annual Report. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Company or of the Company and its subsidiaries (collectively the "Group").

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

SUMMARY DIRECTORS' REPORT

31 March 2008

1 Directors

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

Mr Ng Kee Choe
Mr Alan Chan Heng Loon
Mr Eric Gwee Teck Hai
Mr Ho Tian Yee
Mr Tan Chee Meng
Mr Bobby Chin Yoke Choong
Prof Jeremy Guy Ashcroft Davis
Mr Paul Chan Kwai Wah
BG (NS) Choi Shing Kwok
Mr Quek Poh Huat

2 Principal activities

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

3 Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Ng Kee Choe		
Singapore Airport Terminal Services Limited shares	11,000	11,000
Singapore Telecommunications Limited shares	3,080	3,080
SP AusNet securities*	150,000	150,000
PT Bank Danamon Indonesia Tbk	50,000	50,000
Mr Alan Chan Heng Loon		
Singapore Telecommunications Limited shares	2,970	2,970
SP AusNet securities*	100,000	100,000
CitySpring Infrastructure Trust units	10,000	10,000
Mr Eric Gwee Teck Hai		
Singapore Telecommunications Limited shares	1,980	1,980
SP AusNet securities*	100,000	100,000
Mr Ho Tian Yee		
Singapore Telecommunications Limited shares	1,490	1,490
Mr Tan Chee Meng		
SP AusNet securities*	50,000	50,000
Mr Bobby Chin Yoke Choong		
Neptune Orient Lines Limited shares	16,851	16,851
SP AusNet securities*	20,000	20,000
Singapore Airlines Limited shares	-	2,000
Prof Jeremy Guy Ashcroft Davis		
SP AusNet securities*	50,000	50,000

FINANCIAL SUMMARY

SUMMARY DIRECTORS' REPORT (cont'd)

31 March 2008

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Paul Chan Kwai Wah		
Singapore Telecommunications Limited shares	56,150	56,150
Neptune Orient Lines Limited shares	2,000	2,000
Singapore Airlines Limited shares	20,000	18,800
BG (NS) Choi Shing Kwok		
Singapore Telecommunications Limited shares	2,720	2,720
Chartered Semiconductor Manufacturing Ltd shares	2,000	2,000
Mr Quek Poh Huat		
Singapore Computer Systems Limited shares	15,000	15,000
Singapore Telecommunications Limited shares	5,210	5,210
Singapore Technologies Engineering Ltd shares	813,728	841,228
- Options to purchase at \$1.92 (exercisable between 13 August 2003 and 12 August 2007)	12,750	-
- Options to purchase at \$1.79 (exercisable between 7 February 2004 and 6 February 2008)	14,750	-
- Options to purchase at \$1.86 (exercisable between 12 August 2004 and 11 August 2008)	33,000	33,000
- Options to purchase at \$2.09 (exercisable between 10 February 2005 and 9 February 2009)	33,000	33,000
- Options to purchase at \$2.12 (exercisable between 11 August 2005 and 10 August 2009)	33,000	33,000
- Options to purchase at \$2.37 (exercisable between 8 February 2006 and 7 February 2010)	33,000	33,000
- Options to purchase at \$2.57 (exercisable between 11 August 2006 and 10 August 2010)	33,000	33,000

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Quek Poh Huat (cont'd)		
- Options to purchase at \$3.01 (exercisable between 10 February 2007 and 9 February 2011)	33,000	33,000
- Options to purchase at \$2.84 (exercisable between 11 August 2007 and 10 August 2011)	33,000	33,000
- Options to purchase at \$3.23 (exercisable between 16 March 2008 and 15 March 2012)	33,000	33,000
- Options to purchase at \$3.61 (exercisable between 11 August 2008 and 10 August 2012)	-	33,000
Singapore Technologies Engineering Ltd shares		
- Conditional Award of 18,500 Restricted Shares to be delivered after 2008	-	0 to 27,750#
SMRT Corporation Ltd shares	8,000	8,000
SP AusNet securities*	206,000	206,000
STATS ChipPac Ltd shares	1,000	1,000

* Stapled Group securities, each comprising one SP Australia Networks (Transmission) Ltd share, one SP Australia Networks (Distribution) Ltd share and one SP Australia Networks (Finance) Trust unit.

A minimum threshold performance of 1 year from 1 January 2008 to 31 December 2008 is required for any restricted shares to be released and the actual number of restricted shares to be released is capped at 150% of the conditional award.

SUMMARY DIRECTORS' REPORT (cont'd)

31 March 2008

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 2 to the Summary Financial Statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

4 Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

5 Unusual items during and after the financial year

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

The Summary Financial Statements set out on pages 66 to 78 was approved by the Board of Directors on 17 June 2008 and was signed on its behalf by:



MR NG KEE CHOE
Chairman



MR QUEK POH HUAT
Group Chief Executive Officer/Director

17 June 2008

INDEPENDENT AUDITORS' REPORT

Member of the Company
Singapore Power Limited

We have examined the Summary Financial Statements set out on pages 66 to 78, which have been prepared by management of the Company.

In our opinion, the Summary Financial Statements are consistent, in all material aspects, with the full financial statements and the Directors' Report of Singapore Power Limited and its subsidiaries for the year ended 31 March 2008.

We have issued an unqualified audit report dated 2 June 2008 on the full financial statements of Singapore Power Limited and its subsidiaries for the year ended 31 March 2008. The auditors' report is reproduced below:

"INDEPENDENT AUDITORS' REPORT

Member of the Company
Singapore Power Limited

We have audited the financial statements of Singapore Power Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 March 2008, the income statement, statement of recognised income and expenses and cash flow statement of the Group and the income statement and statement of recognised income and expenses of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS64.

Management's responsibility for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT (cont'd)

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of recognised income and expenses of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and of the results, recognised income and expenses and cash flows of the Group and of the results and recognised income and expenses of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."



KPMG
Public Accountants and
Certified Public Accountants

Singapore
17 June 2008

SUMMARY CONSOLIDATED BALANCE SHEETS

As at 31 March 2008

	Group		Company	
	2008 \$ million	2007 \$ million	2008 \$ million	2007 \$ million
Non-current assets				
Property, plant and equipment	20,375.8	14,209.9	25.7	331.9
Intangible assets	4,573.0	973.8	2.4	1.9
Subsidiaries	-	-	6,506.4	6,497.7
Associates and joint ventures	1,259.5	181.1	-	-
Other investments	-	0.3	441.0	441.0
Other non-current assets	159.0	190.1	216.4	209.4
	<u>26,367.3</u>	<u>15,555.2</u>	<u>7,191.9</u>	<u>7,481.9</u>
Current assets				
Inventories	102.1	72.8	-	-
Trade and other receivables	1,896.1	719.2	2,298.1	631.3
Other investments	-	30.0	-	30.0
Cash and cash equivalents	677.5	1,894.2	115.1	599.5
	<u>2,675.7</u>	<u>2,716.2</u>	<u>2,413.2</u>	<u>1,260.8</u>
Total assets	<u>29,043.0</u>	<u>18,271.4</u>	<u>9,605.1</u>	<u>8,742.7</u>
Equity attributable to equity holders of the Company				
Share capital	2,411.9	2,411.9	2,411.9	2,411.9
Other reserves	2.1	25.1	-	-
Accumulated profits	2,201.2	1,474.9	2,830.9	2,105.8
	<u>4,615.2</u>	<u>3,911.9</u>	<u>5,242.8</u>	<u>4,517.7</u>
Minority interests	1,330.6	1,321.8	-	-
Total equity	<u>5,945.8</u>	<u>5,233.7</u>	<u>5,242.8</u>	<u>4,517.7</u>
Non-current liabilities				
Bank loans	1,828.5	637.2	-	-
Debt obligations	6,195.2	6,927.5	426.3	417.3
Other financial liabilities	53.6	58.8	53.6	58.8
Other non-current liabilities	2,042.6	1,776.0	1.7	5.8
	<u>10,119.9</u>	<u>9,399.5</u>	<u>481.6</u>	<u>481.9</u>
Current liabilities				
Trade and other payables	2,572.1	1,259.4	3,838.8	3,405.1
Bank loans	6,985.2	233.9	-	-
Debt obligations	1,838.1	1,341.9	-	300.0
Other financial liabilities	1,437.0	630.2	22.6	28.0
Provision for taxation	144.9	172.8	19.3	10.0
	<u>12,977.3</u>	<u>3,638.2</u>	<u>3,880.7</u>	<u>3,743.1</u>
Total liabilities	<u>23,097.2</u>	<u>13,037.7</u>	<u>4,362.3</u>	<u>4,225.0</u>
Total equity and liabilities	<u>29,043.0</u>	<u>18,271.4</u>	<u>9,605.1</u>	<u>8,742.7</u>

FINANCIAL SUMMARY

SUMMARY INCOME STATEMENTS

Year ended 31 March 2008

	Group		Company	
	2008 \$ million	2007 \$ million	2008 \$ million	2007 \$ million
Revenue	5,446.8	5,243.2	688.5	1,349.0
Other income	572.7	142.5	-	-
Expenses				
Fuel	-	(182.0)	-	-
Purchased power	(2,258.9)	(2,360.1)	-	-
Depreciation	(712.4)	(612.7)	(12.0)	(12.5)
Amortisation	(45.3)	(23.7)	(0.5)	(0.2)
Maintenance	(379.1)	(194.8)	(2.9)	(4.8)
Staff costs	(503.9)	(299.8)	(26.9)	(24.6)
Property taxes	(176.4)	(147.2)	(1.6)	(1.5)
Other operating expenses	(283.8)	(192.6)	(11.2)	(11.7)
Operating profit before exceptional items	1,659.7	1,372.8	633.4	1,293.7
Exceptional items				
- Reversal of impairment losses on sale of other investments	-	17.4	-	-
- Gain on disposal of leasehold building	453.4	-	453.4	-
- Gain/(loss) on divestment of interests in subsidiary/net assets of subsidiary	20.3	(1.9)	-	-
- Provision for litigation claim	-	(19.1)	-	-
- Professional and legal fees incurred on divestment plan	(30.4)	-	-	-
Operating profit	2,103.0	1,369.2	1,086.8	1,293.7
Interest income	73.5	91.6	33.5	59.6
Interest expense	(883.6)	(489.9)	(32.7)	(49.9)
Share of profit of associates (net of tax)	15.0	16.4	-	-
Share of profit of joint venture (net of tax)	23.5	-	-	-
Profit before taxation	1,331.4	987.3	1,087.6	1,303.4
Income tax(expense)/credit				
- Based on results of the year and adjustments relating to prior years	(148.4)	(34.9)	(2.5)	(9.1)
- Effect of reduction in tax rate on deferred tax liability brought forward	-	114.3	-	0.5
	(148.4)	79.4	(2.5)	(8.6)
Profit for the year	1,183.0	1,066.7	1,085.1	1,294.8
Attributable to:				
Equity holders of the Company	1,086.3	905.1	1,085.1	1,294.8
Minority interests	96.7	161.6	-	-
Profit for the year	1,183.0	1,066.7	1,085.1	1,294.8

SELECTED NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1 Changes in accounting policies

The Group has adopted the following revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that became mandatory from 1 April 2007:

- FRS 40 Investment Property
- INT FRS 108 Scope of FRS 102 Share-based Payment
- INT FRS 109 Reassessment of Embedded Derivatives
- INT FRS 110 Interim Financial Reporting and Impairment
- INT FRS 111 FRS 102 Group and Treasury Share Transactions

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

2 Key management personnel compensation

The following items have been included in arriving at profit for the year:

	Group		Company	
	2008	2007	2008	2007
	\$ million	\$ million	\$ million	\$ million
Fees paid to non-executive directors	2.3	1.8	0.7	0.6
Short-term employee benefits for key management personnel (including executive directors) included in staff costs	7.9	4.4	5.0	3.6

3 Acquisition of subsidiaries

In early 2007, the Group, through Singapore Power International Pte Ltd (“SPI”), formed a consortium with various Babcock & Brown entities (collectively “B&B”) to make a proposal to Alinta for the acquisition of all of the shares in Alinta Limited. The Alinta board ultimately accepted the consortium’s offer and proposed the Alinta Scheme with its members, which was implemented on 31 August 2007. Under the Alinta Scheme, all of Alinta Limited’s shares were acquired by the consortium’s bid vehicle for a mixture of scrip and cash consideration.

The businesses, assets and liabilities of Alinta Limited and its subsidiaries were allocated to SPI (Australia) Assets Pty Ltd (“SPIAA”), a wholly-owned subsidiary of SPI, and B&B in accordance with the agreement set out. The purchase consideration was settled in cash and the acquisition was accounted for using the purchase method.

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

The effect of acquisitions of subsidiaries is set out below:

	Pre-acquisition carrying amount 2008 \$ million	Fair value adjustments 2008 \$ million	Fair values recognised on acquisition 2008 \$ million
Non current assets			
Property, plant and equipment	5,080.6	790.2	5,870.8
Intangible assets	328.4	-	328.4
Associated companies	167.4	163.6	331.0
Joint ventures	646.5	298.7	945.2
Other receivables	246.1	-	246.1
Total non current assets	6,469.0	1,252.5	7,721.5
Current assets			
Inventories	20.1	-	20.1
Trade and other receivables	295.1	7.4	302.5
Tax recoverable	110.2	-	110.2
Cash and cash equivalents	87.7	-	87.7
Total current assets	513.1	7.4	520.5
Current liabilities			
Trade and other payables	650.7	-	650.7
Loans	16.3	-	16.3
Debt securities	806.1	-	806.1
Employee benefits	31.9	-	31.9
Deferred income	3.7	-	3.7
Derivative liabilities	42.0	-	42.0
Total current liabilities	1,550.7	-	1,550.7
Net current liabilities	(1,037.6)	7.4	(1,030.2)
Non current liabilities			
Debt securities	774.5	-	774.5
Employee benefits	29.7	-	29.7
Other liabilities	29.6	-	29.6
Deferred tax liabilities	53.6	16.2	69.8
Total non current liabilities	887.4	16.2	903.6
Net identifiable assets and liabilities	4,544.0	1,243.7	5,787.7
Goodwill on acquisition			3,191.2
Consideration paid, satisfied in cash			8,978.9
Cash acquired			87.7
Net cash outflow			8,891.2

The allocation of the purchase price to the identifiable assets and liabilities acquired in this business combination is currently being determined and has not been completed. For the purpose of preparing the financial statements for the year ended 31 March 2008, the Group has recorded the preliminary fair value of the net identifiable assets acquired. The Group expects to make adjustments to the preliminary fair value within 12 months from the date of acquisition if there are any significant changes to the underlying assumptions adopted on the initial accounting.

In the seven months ended 31 March 2008, the subsidiaries contributed a net loss of \$50.2 million to the consolidated net profit for the year.

As disclosed above, the businesses, assets and liabilities of Alinta Limited and its subsidiaries were allocated to SPIAA and B&B in accordance with an agreement between the parties. This allocation process involves the separation of pre-existing Alinta Limited's businesses, assets and liabilities into components allocated to SPIAA and those allocated to B&B. This allocation resulted in the formation of entities which are not in the same form and composition as the predecessor entities, and for which detailed historical financial information for the required period is not available. Accordingly, it is not practicable for the Group to disclose revenue and net profit of these newly acquired entities to show what these amounts might have been had the acquisition been effected at the beginning of the financial year.

4 Dividends

	\$ million
2008	
Dividends declared of 14.93 cents per share tax exempt	<u>360.0</u>
2007	
Dividends paid of 41.46 cents per share tax exempt	<u>1,000.0</u>

5 Related parties

For the purpose of the financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"), which is its holding company and which is incorporated in the Republic of Singapore. Temasek is the holding company for various commercial interests of the government of Singapore. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control. The Group and the Company engage in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other customers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

FINANCIAL SUMMARY

All electricity supplies to companies in the Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of electricity sales to the Temasek group. As the Group's rates for electricity sales are based on posted tariffs approved by the electricity industry authorities in Singapore and Australia, the Group has concluded that it is not meaningful to present information relating to such transmission income and electricity sales.

Other than electricity sales and transactions to related corporations included under Temasek Group and those sales and transactions disclosed elsewhere in the financial statements, significant transactions with related parties are as follows:

	Group		Company	
	2008	2007	2008	2007
	\$ million	\$ million	\$ million	\$ million
Related corporations				
- Electricity and gas transmission and distribution revenue	518.6	644.0	-	-
- Leased ducts and substations income	25.4	25.6	-	-
- Rental income	0.8	3.1	0.8	1.5
- Agency fees income	14.4	14.4	-	-
- Agency fees expense	(3.8)	(3.8)	-	-
- Finance lease income	7.3	7.8	-	-
<hr/>				
Subsidiaries				
- Dividend income	-	-	618.1	1,290.0
- Rental income	-	-	7.6	4.5
- Support services income	-	-	44.5	41.2
- Interest income	-	-	27.8	36.7
- Interest expenses	-	-	(8.9)	(18.2)
<hr/>				

This page is left blank intentionally

This page is left blank intentionally

Singapore Power Limited

111 Somerset Road #10-01
Singapore 238164
Tel: (65) 6823 8888
www.singaporepower.com.sg

SP PowerAssets Limited

111 Somerset Road #08-05
Singapore 238164
Tel: (65) 6823 8888
www.sppowerassets.com.sg

SP PowerGrid Limited

111 Somerset Road #08-05
Singapore 238164
Tel: (65) 6823 8888
www.sppowergrid.com.sg

PowerGas Limited

111 Somerset Road #10-05
Singapore 238164
Tel: (65) 6823 8888
www.powergas.com.sg

SP Services Limited

111 Somerset Road #06-01
Singapore 238164
Tel: (65) 6823 8888
www.spservices.com.sg

Singapore District Cooling Pte Ltd

111 Somerset Road #05-08
Singapore 238164
Tel: (65) 6823 8888

SP AusNet

Level 31, 2 Southbank Blvd
Southbank Victoria 3006
Tel: (61) 03 9695 6000
www.sp-ausnet.com.au

SPI (Australia) Assets Pty Ltd

Level 3, Ferntree Gully Road
Mt Waverley Victoria 3149
Tel: (61) 03 8544 9000

SINGAPORE POWER LIMITED

111 Somerset Road #10-01
Singapore 238164
Tel: (65) 6823 8888
Fax: (65) 6823 8188
www.singaporepower.com.sg
Co. Reg. No. 199406577N