

Our Core, Our Future

ANNUAL REPORT 2005

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Our Mission

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

Our Values

Commitment

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

We uphold the highest standards of service and performance.

Integrity

We act with honesty.

We practise the highest ethical standards.

Passion

We take pride and ownership in what we do.

Teamwork

We support, respect and trust each other.

We continually learn, and share ideas and knowledge.

Our Core, Our Future

“Growth, new challenges and adaptability are symbolised in this ceramic wall mural (facing page). The pillars depict the strength which is gained from unity, while the concentric configurations, made up of separate pieces, represent the role that each person has to play in contributing to the whole. Like the individuals who make up the organisation, each piece is unique.”

By Mural Artist Hasan Zolkifly Rahim



Wall mural of stoneware with gold ash glaze at Singapore Power Building

Building on our strengths, we continued to achieve significant progress on many fronts during FY2005. It was a very successful year — SP AusNet was simultaneously listed in Australia and Singapore; network performance improved, maintaining world-class standards; continued investments were made to enhance and expand our electricity and gas networks; partnerships with customers were deepened; and new service initiatives launched.



Our Core, Our Future

We celebrated our 10th Anniversary during the year under review. It was a significant milestone for all of us at Singapore Power (SP), marking a decade of changes, challenges, and achievements.

In the relatively short span of 10 years, we have seen the liberalisation of the electricity industry in Singapore and the transformation of the market to one that is based on competition. The restructuring of the industry and the new rules of a competitive electricity market have had a profound impact on the nature and structure of our business and organisation.

We can be justifiably proud of our achievements and our evolution in the liberalised electricity sector. We have done this by strengthening and deepening our core capabilities and expertise to enhance our standing and performance.

Today, we are the sole electricity and gas transmission and distribution company in Singapore. Our Australian subsidiary, SP AusNet, owns the sole electricity transmission network and one of the electricity and gas distribution networks in Victoria. We also provide integrated utilities support services for electricity, gas, water and refuse collection in Singapore. And we have maintained our good credit ratings of "AA" from Standard & Poor's and "Aa1" from Moody's.

Building on our strengths, we continued to achieve significant progress on many fronts during FY2005.

FINANCIAL PERFORMANCE

For the financial year ended 31 March 2006, SP Group reported a proforma net profit of \$726 million, excluding exceptional and non-recurring items, up 6% from a year ago. Total revenue rose 17.1% to \$4.84 billion. Total assets stood at \$18.7 billion. Currently, the Group has close to 3,800 staff.

SP AUSNET LISTING A SUCCESS

A major corporate highlight was the successful simultaneous listing of SP AusNet on the Australian and Singapore stock exchanges. The Initial Public Offering was greeted by enthusiastic response and support from investors in Australia, Singapore, United States and Europe.

BIG GAINS IN ELECTRICITY NETWORK PERFORMANCE

In Singapore, our network performance achieved considerable improvements, reflecting our commitment to maintaining a world-class power network.

There was a shorter system average interruption time; fewer supply interruptions; and lower interruption frequency as well as interruption duration indices.

Meanwhile, feedback from our second annual customer survey showed better customer satisfaction than that of the first survey in 2004.

CONTINUING INVESTMENTS AND EXPANSION

Without letting up, we continued to push ahead with investments in our electricity infrastructure to ensure an efficient and reliable delivery of quality power into the future.

We also increased the capacity of our natural gas transmission network and expanded the reach of our natural gas and town gas distribution.

Priming ourselves for increasing opportunities beyond Singapore, we launched a new initiative called SP Global Solutions (SPGS). It will leverage upon the Group's core competencies and intellectual property to provide management consultancy to overseas utilities as a means to enter into new markets and seize new expansion opportunities.

In Victoria, Australia, SP AusNet further entrenched itself as a leader in electricity transmission and electricity and gas distribution. This follows its success in securing a natural gas extension programme to supply natural gas to a dozen regional towns, in tendering for two major transmission network augmentation projects, and the further expansion and development of its electricity transmission and distribution networks.

The natural gas projects could potentially see up to 15,000 properties having access to natural gas for the first time while the transmission network augmentation projects are intended to support and meet load growth in Victoria's metropolitan and regional areas.

DEEPENING PARTNERSHIP WITH CUSTOMERS

We are also deepening our relationship with customers in Singapore, working in close partnership with individual companies as well as industry sectors. A high-level Power Quality Advisory Panel, which includes chief executives from industry as members, was formed to address power quality issues at a macro and strategic level.

At the industry level, the Electronics & Semiconductor Power Quality Interest Group was inaugurated. Interest groups for the Pharmaceutical and the Chemical & Petrochemical sectors will be launched in the coming year.

NEW SERVICE INITIATIVES

We continued to move towards improving customer services. A Pay-As-You-Use (PAYU) metering scheme was successfully launched, enabling customers whose utility payments are in arrears to better manage their consumption while discharging their outstanding bills over a period of time.

We also made it even easier and more convenient for customers to pay their utility bills by expanding the channels to include the island-wide 7-Eleven convenience store chain. Customers can now pay their utility bills at any 7-Eleven convenience store, at any time — day or night — using cash, NETS or CashCard. A new common utility enquiry hotline was also introduced for the convenience of customers.

An independent “mystery” audit last year found that overall service level improved from 77% to 85% over a 12-month period. A Customer Satisfaction Survey reinforced this finding, with results showing that 83% of customers were satisfied with our services.

SERVING THE COMMUNITY

We have always strived to be a part of the community in which we operate, contributing to charities and worthwhile causes. We are happy that we were able to commemorate our 10th Anniversary Celebrations with the launch of the Singapore Power Heartware Fund. We have raised more than \$1 million so far to support Home Help Service programmes administered by the Community Chest. We are committed to raising \$1 million a year for three years.

LAST BUT NOT LEAST

It has, indeed, been a very busy year for the SP Group, and a very fruitful one too. It is with great pleasure that I acknowledge and thank all those who have been a part of it.

My fellow members on the SP Board of Directors have faithfully and diligently carried out their duties, and have been unstinting in their valuable counsel. I would like to extend my deep appreciation to Ms Engeline Teh Guek Ngor who retired from the Board in July 2005.

Our achievements in FY2005 were also made possible because of the dedication and commitment of our staff, all of whom can be proud of their role and position in the organisation and its success.

The Union of Power and Gas Employees (UPAGE) has been highly effective in representing our staff through their responsible dialogue and partnership with Management to further improve employee relations for the benefit of all.

We are also fortunate to have customers and business partners who are willing and responsive in working closely with us.

I look forward to your continued support as Singapore Power builds on its core competencies to secure its future.



NG KEE CHOE
Chairman



MR NG KEE CHOE, CHAIRMAN

Mr Ng Kee Choe, 61, is the non-executive Chairman of Singapore Power Limited. He was appointed Director on 1 September 2000 and became its Chairman on 15 September 2000. He is also the non-executive Chairman of SP AusNet*.

Mr Ng's other current board directorships include his position as Chairman of NTUC Income Insurance Cooperative Ltd, and Director of Singapore Airport Terminal Services Ltd and Singapore Exchange Limited. He is also the President Commissioner of PT Bank Danamon Tbk of Indonesia, a member of the Temasek Advisory Panel and a member of the Advisory Council of China Development Bank. For his contributions to public service, Mr Ng was awarded the Public Service Star Award in 2001.



MR TAN GUONG CHING

Mr Tan Guong Ching, 59, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 June 2000. He is the Chairman of various companies, including SP PowerGrid Limited, Singapore Technologies Aerospace Ltd, Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd and StarHub Ltd. He is also a Director of Allco (Singapore) Limited and Singapore Pools (Private) Limited. Mr Tan was formerly the Permanent Secretary for the Ministry of Home Affairs.



MR ALAN CHAN HENG LOON

Mr Alan Chan Heng Loon, 53, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 June 2001 and is also the Chairman of SP PowerAssets Limited.

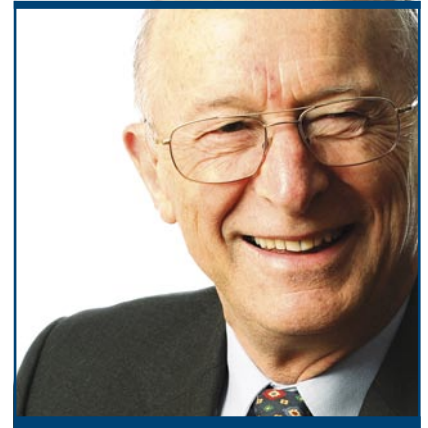
Mr Chan is currently the Chief Executive Officer and a Director of Singapore Press Holdings Ltd. He is the Chairman of Urban Redevelopment Authority and is a member of the External Review Panel (Quality Assurance Framework for Universities), the Board of Trustees, Courage Fund, Board of Governors of The Singapore-China Foundation, INSEAD Singapore Council and INSEAD France. 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 is currently on the boards of MediaCorp TV Holdings Pte Ltd, MediaCorp Press Ltd, Singapore Press Holdings Foundation Limited and TOM Outdoor Media Group Limited.



MR ERIC GWEE TECK HAI

Mr Eric Gwee Teck Hai, 67, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 January 2001. He is the Chairman of SP Services Limited and a Director of SP AusNet*.

Mr Gwee is also a Director of WorleyParsons Ltd and the Melbourne Business School Ltd. In addition, he is the Chairman of the Board of Governors for the Institute of Technical Education (ITE) and ITE Holding Pte Ltd. Mr Gwee was the Chairman of the Public Transport Council from 1989 to 2005. He was also the Chairman of CPG Corporation Pte Ltd and was a Director of ExxonMobil Singapore Pte Ltd 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.



DR GEORGE ALLISTER LEFROY

Dr George Allister Lefroy, 66, is a non-executive independent Director of Singapore Power Limited. He was appointed Director of Singapore Power Limited on 1 June 2000. He is also a Director of SP AusNet* and Cobar Consolidated Resources Ltd, as well as the President/Commissioner of PT Chandra Asri.

Dr Lefroy is the Chairman of the Cambridge Australian Trust, Victorian Committee and a State Councillor of St John Ambulance Australia (Victoria) Pty Ltd. He also founded the Bruce Lefroy Centre for Genetic Health Research. Dr Lefroy was formerly the Executive Vice-President of Shell Chemicals Ltd and held directorships in Shell Eastern Petroleum Ltd, Petrochemical Corporation of Singapore Pte Ltd, Basell Eastern Pte Ltd and Saudi Petrochemical Company Ltd.



MR KEITH TAY AH KEE

Mr Keith Tay Ah Kee, 62, is a non-executive independent Director of Singapore Power Limited. He joined the Board on 1 January 2002. He currently serves on the boards of several public companies, including Singapore Reinsurance Corporation Ltd, Singapore Post Limited and Stirling Coleman Capital Limited, of which he is Chairman. He is also the Chairman of Aviva Ltd.

Mr Tay is currently a board member of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997. He is also Vice Chairman of the Singapore Institute of Directors. He was the President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992 and was the Singapore Representative on the Council of the International Federation of Accountants from 1987 to 1990. Mr Tay was also Chairman and Managing Partner of KPMG Peat Marwick from 1984 to 1993.

Mr Tay qualified as a Chartered Accountant in London, UK, in 1968, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He was conferred the first International Award for outstanding contribution to the profession by the Institute of Chartered Accountants in England and Wales in 1988 and the BBM Public Service Star in 1990. The Institute of Certified Public Accountants of Singapore also conferred on Mr Tay the Gold Medal for distinguished service to the profession and made him an Honorary Fellow in 1993.



MR HO TIAN YEE

Mr Ho Tian Yee, 54, is a non-executive independent Director of Singapore Power Limited. He joined the Board on 1 May 2003. Currently, Mr Ho is the Executive Director of Pacific Asset Management (S) Pte Ltd and holds directorships in publicly-listed companies, including Fraser & Neave Ltd, Singapore Exchange Limited and Great Eastern Holdings Ltd. He also sits on the boards of non-listed companies — The Overseas Assurance Corporation Ltd, Times Publishing Ltd and The Great Eastern Life Assurance Company Ltd. Mr Ho was awarded the Public Service Medal in 1997.



MR TAN CHEE MENG

Mr Tan Chee Meng, 49, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 1 August 2005. He is also a Director of SP PowerAssets Limited. Currently, he is the Managing Partner of Harry Elias Partnership and was appointed a Senior Counsel in 2006.

Mr Tan is a member of the Singapore Institute of Arbitrators and an Accredited Adjudicator of the Singapore Mediation Centre. He is also on the Panel of Accredited Arbitrators of the Singapore International Arbitration Centre, and of Badan Arbitrase Nasional Indonesia.



MR BOBBY CHIN YOKE CHOONG

Mr Bobby Chin Yoke Choong, 54, is a non-executive independent Director of Singapore Power Limited. He was appointed Director on 23 January 2006. Currently, he is the Chairman of Singapore Totalisator Board and Changi Airports International Pte Ltd.

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, The Straits Trading Company Limited, Yeo Hiap Seng Limited and Stamford Land Corporation Ltd. He also sits on the Boards of Trustees of the Singapore Management University and the Singapore Indian Development Association (SINDA). He was the Managing Partner of KPMG Singapore from 1992 to 2005 and Chairman of Urban Redevelopment Authority from April 2001 to March 2006. In 2003, Mr Chin was awarded the Public Service Medal.



MR QUEK POH HUAT

Mr Quek Poh Huat, 59, is the Group Chief Executive Officer and a Director of Singapore Power Limited. Within the Singapore Power Group, Mr Quek serves as Director on the boards of SP PowerAssets Limited, SP PowerGrid Limited and SP Services Limited. He is the Chairman and a Director of PowerGas Limited and SPI Management Services Pty Ltd. Mr Quek is also a Director of SP AusNet*. He is a board director of publicly-listed Singapore Technologies Engineering Ltd.

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

Information as at 15 June 2006

** 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.*

Ethics and Accountability

The SP Board is 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 SP although it is not required to do so. SP has used the Code as its guide 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 during the financial year, strengthens ethical business conduct in the Group. SP endeavours to enhance shareholder value by ensuring the highest standards of corporate governance 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 sound 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 seven times and held a Board retreat.

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 Board processes and best practices.

ACCESS TO INFORMATION

The Board is provided with complete 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.

The Board also has separate and independent access to Senior Management and the Company Secretary. The Company Secretary ensures that Board procedures are observed and that the Company complies with the requirements of the Companies Act and other applicable regulations. 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 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 currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects 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 a Nominating Committee in accordance with the Code of Corporate Governance.

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 possess a wealth of expertise and experience in the management of business at senior and international levels.

BOARD COMMITTEES

The Board is supported by specialised 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.

Audit Committee

The Audit Committee (AC) comprises three 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 members are:

Mr Keith Tay Ah Kee (Chairman)

Mr Tan Chee Meng

Mr Timothy Chia Chee Ming (co-opted external member)

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.

Risk Management Committee

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

The members are:

Mr Ho Tian Yee (Chairman)

Mr Tan Guong Ching

Mrs Oon Kum Loon (co-opted external member)

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 RMC is supported by the Group Risk Management Unit in its oversight 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 responsibilities of the Finance Committee are to:

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

The Committee 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*

** Non-independent*

Nominating Committee

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

** 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 requires not less than one-third of Directors to retire by rotation at every AGM.

Staff Development and Compensation Committee

The Staff Development and Compensation Committee (SDCC) oversees the remuneration of the Group Chief Executive Officer and senior executives. The SDCC establishes and

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

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

The SDCC comprises three Directors, two of whom are independent Directors.

The members are:

Mr Ng Kee Choe (Chairman)*

Mr Tan Guong Ching

Mr Alan Chan Heng Loon

** Non-independent*

COMMUNICATION WITH SHAREHOLDER

The Company values communication and ensures that timely and adequate disclosures of material information of the Company are made available to the shareholder.

Senior Management



MR QUEK POH HUAT
Group Chief Executive Officer



MR YAP CHEE KEONG
Chief Financial Officer
& Group Head
(Corporate Services)



MR SIM KWONG MIAN
Managing Director
(SP PowerGrid)



MR NINO FICCA
Managing Director
(SP AusNet)



MR JOHN BAPTIST TAY
Managing Director
(PowerGas)



MR ONG KENG KIAT
Managing Director
(SP Services)



MRS LYNN LOH
Head
(Human Resource & Administration)



MR WONG CHIT SIENG
Head
(Information Systems)



MS CHI PING HUEY
Head
(Legal & Corporate Secretariat)



MR LIM HOWE RUN
Head
(Strategic Investments)
& Head
(Group Risk Management)



MS LOH HUI YIN
Head
(Corporate Communications)



MR WONG TOON SUAN
Head
(Group Initiatives)

Consolidation and Celebrations

Two major events marked SP's corporate calendar in FY2005 — SP AusNet's public listing in Australia and Singapore, and SP's 10th Anniversary Celebrations.

In preparation for SP AusNet's Initial Public Offering (IPO) and its listing, our business interests in Australia were restructured and consolidated. We sold our merchant energy business, and we integrated our transmission and distribution networks under SP AusNet.

At the same time, a number of events and activities were organised to commemorate our tenth year of incorporation. In addition to the celebrations, we launched the Singapore Power Heartware Fund to focus our community efforts on helping the elderly in need of assistance.

SP AUSNET IPO

The SP AusNet IPO, which attracted much interest and was over-subscribed by more than two times, scored a number of firsts for SP and the capital market in Singapore. It is the first time the Group has listed one of its business units. When SP AusNet's IPO was launched in November 2005, it was also the largest in Singapore since 1993. Additionally, it was the first dual Australian and Singapore IPO.



SP AusNet has a primary listing on the Australian Stock Exchange and a secondary listing on the Singapore Exchange. Trading commenced on 14 December 2005.

SP AusNet raised more than A\$1.4 billion from investors in Australia, Singapore, United States and Europe. The complexity of having to comply with differing regulatory regimes in three separate markets was ably addressed by the team of in-house and external professionals.

Right: An SP AusNet IPO marketing balloon at Raffles Place in Singapore's central business district

The SP AusNet IPO offered stapled securities, which is still relatively new in Singapore. Investors in SP AusNet hold triple-stapled securities consisting of one share of SP Australia Networks (Transmission) Ltd, one share of SP Australia Networks (Distribution) Ltd, and one unit in SP Australia Networks (Finance) Trust.

The key benefits of stapled securities include cash distributions in excess of accounting profits and flexibility for future acquisitions.

SP, through its wholly-owned subsidiary, SP (Belgium) Holdings SA, offered a 49% stake or 1.025 billion stapled securities in SP AusNet to investors. In Singapore, 210 million securities were allocated, of which 35 million went to the public.

The strong support for the IPO resulted in SP AusNet fixing the price at A\$1.38 (\$1.75) per security. This represented an annualised forecast distribution yield of 7.96% for the financial year ended 31 March 2006, and increasing to 8.17% for the financial year ending 31 March 2007.

SP, through wholly-owned subsidiary Singapore Power International Pte Ltd, holds a majority 51% stake in SP AusNet. SPI Management Services Pty Ltd (wholly-owned by SP) performs management services for SP AusNet under a management services agreement.



Top: Group CEO Quek Poh Huat (right) and SGX CEO Hsieh Fu Hua at the start of trading for SP AusNet on the Singapore bourse.

Left: First day of trading for SP AusNet on the Australian exchange





Minister of Trade and Industry, Mr Lim Hng Kiang, witnessing the presentation of the cheque for \$750,000 to the National Council of Social Service

SINGAPORE POWER 10TH ANNIVERSARY CELEBRATIONS

Having successfully propelled itself from a domestic-based utility company to an international and dynamic group with a footprint across the Asia-Pacific region, SP celebrated its 10th Anniversary during the year. The highlight of the celebrations was the Anniversary Dinner held on 1 October 2005, which brought together key partners and players who have contributed to the development of the energy industry in Singapore.

Some 700 guests and staff attended the Dinner, which was graced by the Minister of Trade and Industry, Mr Lim Hng Kiang, and Mrs Lim. The Minister launched the Singapore Power Heartware Fund during the Dinner at which a cheque for \$750,000 was presented to the National Council of Social Service. Of the amount presented, \$538,000 was raised through the sale of the dinner tables. The remaining amount was raised through donations from corporate sponsors and a pledge card drive among our staff, with SP matching staff pledges dollar-for-dollar.

SINGAPORE POWER HEARTWARE FUND

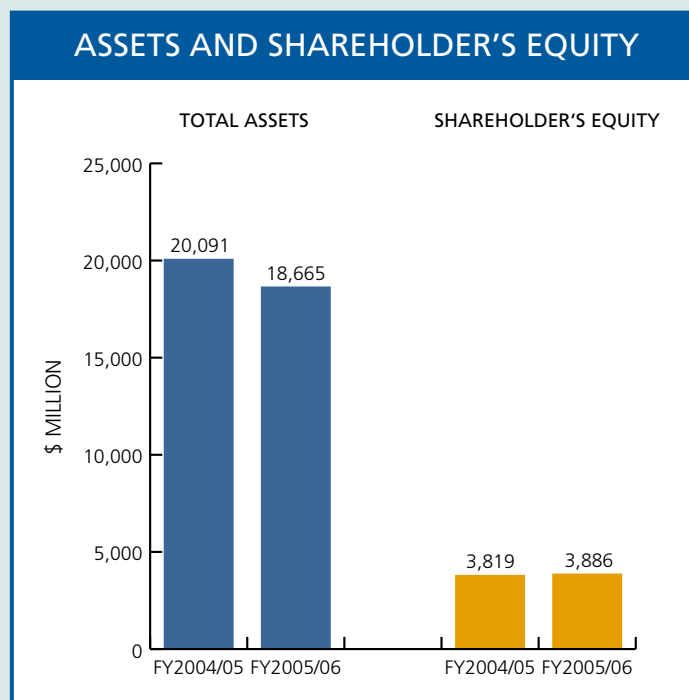
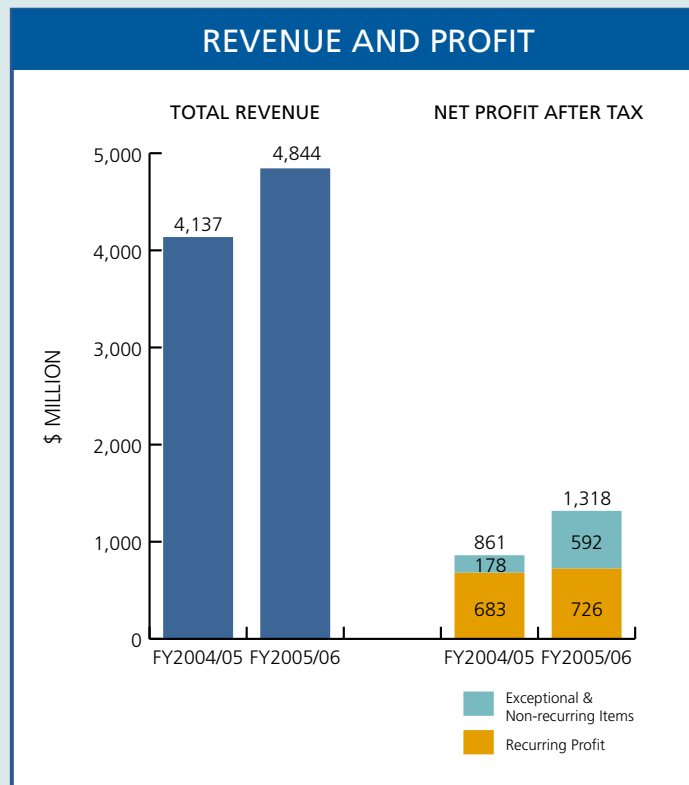
As SP celebrated a decade of progress and growth, the less fortunate in our society were not forgotten. As part of its 10th Anniversary Celebrations, the Singapore Power Heartware Fund was launched with the aim of achieving greater focus in our endeavours to enhance the quality of life of those in need of help. Thus, the Fund is committed to specifically helping the elderly in need, a segment of our population which is growing rapidly.

The Fund will support Home Help Service programmes for the next three years. The programmes, administered by the Community Chest, benefit some 2,700 elderly people and their caregivers by providing essential services such as meal delivery, personal care hygiene, housekeeping, laundry and transport for medical consultations.

A slew of fund-raising activities resulted in more than \$1 million being raised for the Fund, with every dollar raised going to the beneficiaries. We are committed to raising \$1 million a year for three years. A portion will be used to purchase hardware and equipment such as vans for old folks' homes, and wheel chairs for the less mobile.

All staff are also being encouraged to take part in voluntary work for the elderly under the various Home Help Service programmes, for which one day's volunteer leave is given.

Key Financial Data





Singapore Power At Home

SP builds on its core capabilities and wealth of experience in the utilities industry to strengthen its future prospects. In the home market, we are firmly entrenched in electricity and gas transmission and distribution, and utilities support services through four major subsidiaries — SP PowerAssets, SP PowerGrid, PowerGas, and SP Services.





SP PowerGrid

management



Mr Sim Kwong Mian
Managing Director



Mr Chan Eng Kiat
General Manager
(Regulatory &
Network Planning)



Mr Chang Swee Tong
Deputy Managing Director



Mr Albert Teow
Director
(Corporate Services)



Mr Cheng See Tau
General Manager
(Network Management)



Mr Law Chin Ho
Director
(Finance)



Mr Chung Choon Heong
General Manager
(Network Development)

Our state-of-the-art Supervisory Control and Data Acquisition (SCADA) system ensures power supply reliability.



At the Core of Power Quality



We have built up a robust electricity transmission and distribution network that is world-class in standard, employing leading-edge technology. At the heart of this network are two subsidiaries. They are geared towards providing quality power through investments in and management of a national electricity grid infrastructure that provides for future growth.

SP PowerAssets (SPPA) is the owner of electricity transmission and distribution assets in Singapore. Its total fixed assets, valued at \$6.5 billion, comprise a transmission network at 400kV, 230kV and 66kV, and a distribution network at 22kV, 6.6kV and 400V.

SP PowerGrid (SPPG) manages and operates the electricity transmission and distribution networks owned by SPPA. SPPG adopts state-of-the-art technology and innovations to put in place a resilient infrastructure that ensures reliable and efficient supply of electricity to customers.



*Checking gas content in cable oil:
Our team of highly-skilled engineers and
technicians is committed to ensuring
that our transmission and distribution
networks run smoothly.*

RELIABILITY AND EFFICIENCY: NETWORK PERFORMANCE IMPROVEMENTS

Key performance indicators for the electricity network for the year under review recorded major improvements over the same period last year.

The system average interruption time, which has improved over the years, was further reduced from 4.32 minutes to 0.29 minute for the year, a significant improvement of 93% over the previous year.

The number of supply interruptions, which saw continued reductions over the years, went down from 0.58 to 0.40 interruptions per 1,000 customers during the year under review, a healthy improvement of 31%.

SHARING PRODUCTIVITY GAINS: GRID PRICING FURTHER REDUCED

The average grid charge was reduced from 3.75 cents per kWh to 3.67 cents per kWh. This is the fourth consecutive year of price reductions to customers.

High-tension customers were segmented into two new tariff categories — HT-Large (customers with monthly contracted capacity of at least 1,700kW) and HT-Small (contracted capacity of less than 1,700kW) — to better reflect the cost of service to the two groups of industrial customers. This is yet another way to help customers improve their competitiveness and make Singapore more attractive for investors.

PREVENTIVE CHECKS: CONDITION MONITORING FOR BETTER PERFORMANCE

SPPG's efforts in condition monitoring continued to contribute to better performance, resulting in 55 potential failures being averted during the year. Since FY2001, a total of 255 potential failures were prevented, thus saving a repair bill of \$26.4 million.

WORKING IN PARTNERSHIP: IMPROVING SERVICE AND COMMUNICATION

In its continual efforts to maintain close rapport with customers, SPPG organised the inaugural Power Quality Forum on 25 May 2005. The Forum, attended by customers, suppliers and retailers, provided a platform for knowledge sharing of power quality management experiences by renowned international experts.

The setting up of Power Quality Interest Groups, which focus on high-technology industry sectors and provide opportunities for regular exchange of experiences and knowledge, was announced at the Forum. The Electronics & Semiconductor Power Quality Interest Group was inaugurated in October 2005, and interest groups for the Pharmaceutical and the Chemical & Petrochemical sectors will be established in the coming year.

Operational Review

SP PowerGrid

A high-level Power Quality Advisory Panel, led by SPPG Chairman with chief executives from industry as members, was formed for industry leaders to address power quality issues at a macro and strategic level.

Customer Managers were appointed to enhance communication and working relations with SPPG's key customers. There are about 150

key customers with whom SPPG maintains close rapport. A team of about 40 SPPG engineers visit these customers on a regular basis.

REALITY CHECK: CUSTOMER SATISFACTION INDEX

In the second annual customer survey conducted in December 2005, customers appraised SPPG with a customer satisfaction



Work in progress at a new 400kV substation

index of 7.5 out of 10. This is a significant improvement over the 6.6 rating in the previous year, and a testimony to the significant strides made by SPPG in meeting the needs of its customers.

INVESTING FOR THE FUTURE: ON-GOING NETWORK DEVELOPMENT AND PLANNING

The year in review saw good progress made on major 400kV and 230kV projects. Works are continuing well in the following, which are scheduled for completion in 2006 and 2007:

- A 400kV substation to meet increasing electricity demand in the eastern part of Singapore;
- A 230kV substation to meet anticipated demand growth in the northern part of Singapore;
- The installation of a phase-shift transformer, allowing more efficient utilisation of transmission circuits to cater for additional power export from the northern part of the island; and
- The installation of Time-of-Day (TOD) meters and telephone lines for some 4,700 contestable consumers under Phase 2 of the retail market liberalisation.

In addition to on-going network development, major projects and initiatives in network planning were launched during the year.

BREAKING NEW GROUND: 230/22KV SUBSTATION

Singapore's first substation with direct transformation from 230kV to 22kV will be installed in 2008/2009. Bypassing the 66kV voltage will result in a more efficient and reliable transportation of power to customers. The substation will serve as the primary power source for the new downtown at Marina Bay where the development will include the Integrated Resort and Business Financial Centre.

ENHANCING EFFECTIVENESS: RE-ORGANISING FOR SHARPER FOCUS

Organisational changes were made to achieve greater efficiency and effectiveness with existing functions. The Asset Management Branch and Procurement Branch were created; and a Corporate Relations Section was established under the Corporate Services Branch.

The Asset Management Branch focuses on the optimisation of lifecycle management of network assets.

Operational Review

SP PowerGrid

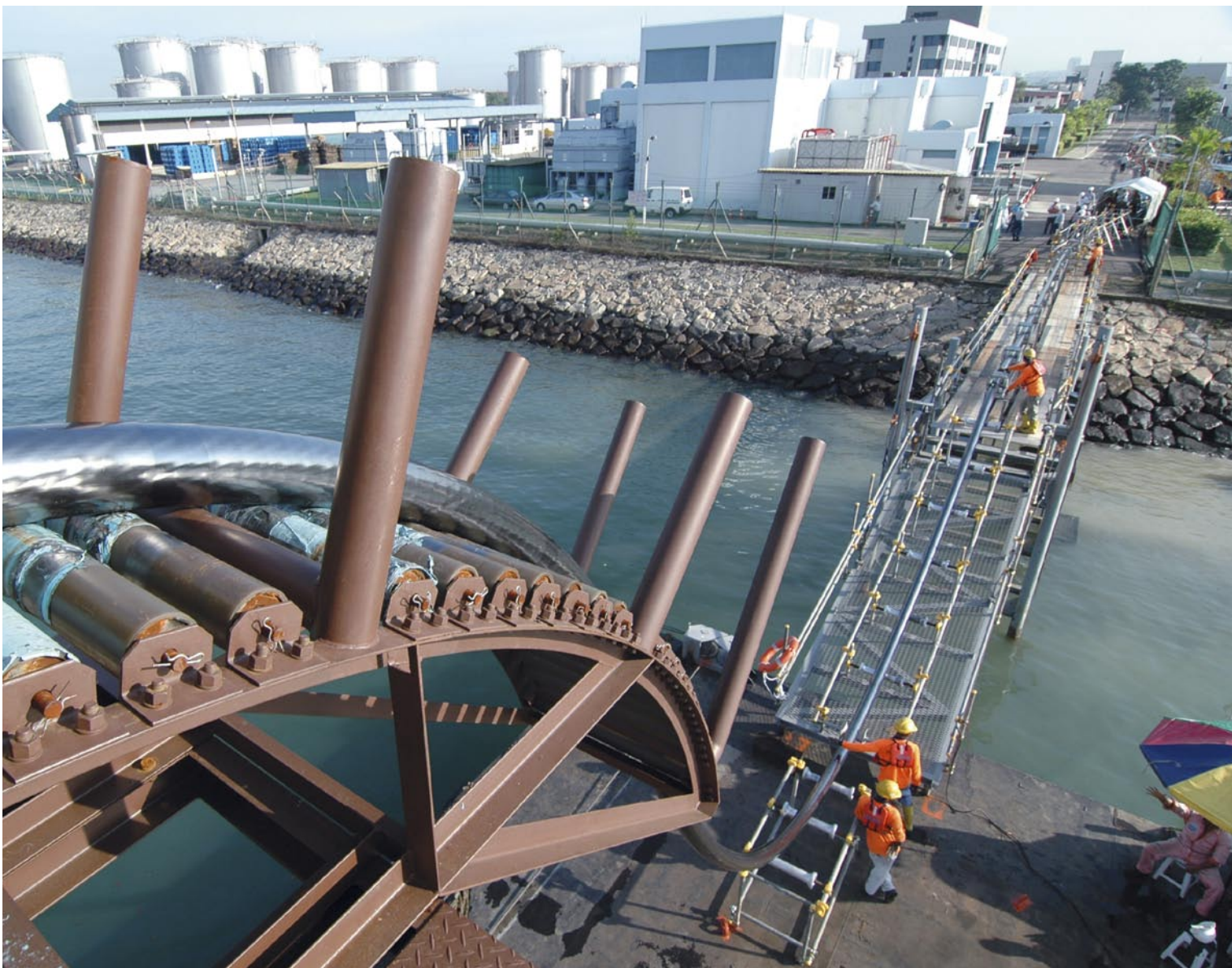
The Procurement Branch undertakes central procurement for the entire SP Group in Singapore. Through collaborative and consolidated procurement, SP can potentially enjoy price advantages.

The year saw good progress made on major projects, including an undersea cable tunnel.

The Corporate Relations Section is tasked to develop the overall customer management strategy, co-ordinate customer management and communications programmes, and facilitate training for Customer Managers.

QUALITY HUMAN RESOURCES: A PEOPLE DEVELOPER COMPANY

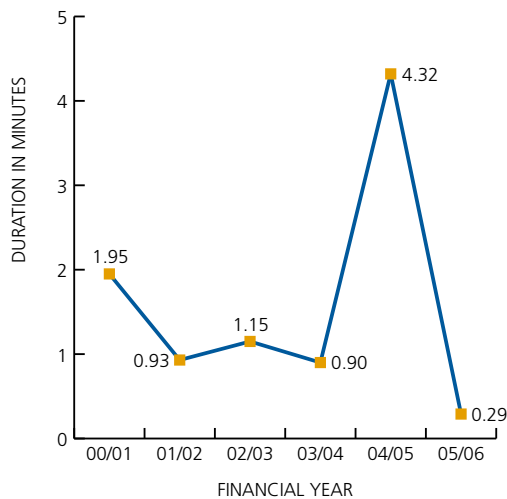
SPPG joined the ranks of people-centric companies certified by SPRING Singapore as having attained the People Developer Standard. This achievement in January 2006 is a testimony of SPPG's commitment to developing its people through the adoption and implementation of quality human resource development practices.



Key Network Indicators

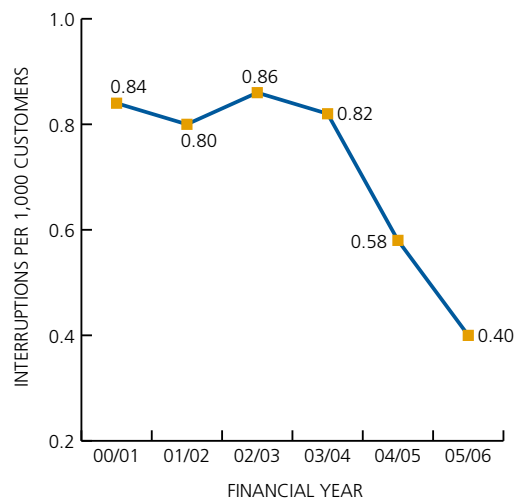
SHORTER INTERRUPTIONS

System Average Interruption Time (Minutes)



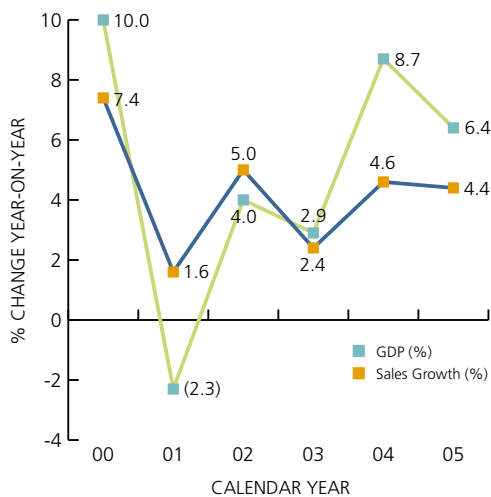
FEWER INTERRUPTIONS

Number of Supply Interruptions per 1,000 Customers



POWERING ECONOMIC GROWTH

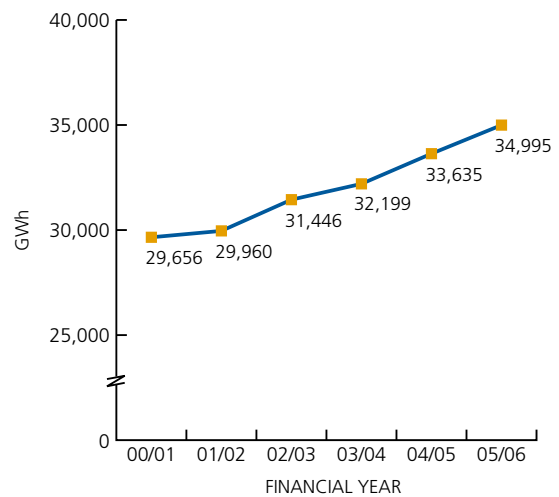
Real GDP vs Electricity Net Demand Growth (% Change)



GWh percentage change based on Actual Sales

POWER DELIVERY

Electricity Transmitted and Distributed (GWh)



GWh values based on Account Sales



PowerGas

management



Mr John Baptist Tay
Managing Director



Mr Lim Song Hau
Director
(Network Development)



Mr Tai Seng Chong
Director
(System Operation)



Mr Chin Terk Chung
Director
(Network Management)





Growing Gas Networks

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

Being Singapore's oldest and most established gas company, PowerGas has a wealth of expertise that comes from more than 140 years of serving the local gas industry.

Today, PowerGas is the sole gas transporter and system operator in Singapore. It manages a transportation network of about 2,800km of transmission and distribution pipelines.

INCREASING CAPACITY: TRANSMISSION NETWORK EXPANDED

PowerGas commissioned the 15-km pipeline extension to Tuas Power on 27 April 2005, about one and a half months ahead of schedule. With this completion, the three major generation companies have access to two sources of natural gas supply. Further work will be carried out in 2006 to enable additional gas injection from the Tuas Pipeline into the Sakra-Senoko pipeline system.



Gas analysis checks are part of a quality control system at the natural gas facility of PowerGas.

Another 6km of gas transmission pipeline is being constructed to transport Malaysian gas to Keppel Energy's 500MW co-generation power plant on Jurong Island. Work started in December 2005 and is expected to be completed by the third quarter of 2006.

EXPANDING REACH: DISTRIBUTION AND TOWN GAS NETWORKS ENHANCED

The natural gas distribution network in Jurong and Tuas was extended by about 1km to support the delivery of natural gas to industrial customers. Supply reliability will be further improved by end-2006 with the development of offtake stations in the western part of Singapore to enable additional injection points from the transmission system into the distribution network.



Maintenance (left) and monitoring (below) are essential to gas supply reliability.





The Meter Testing Laboratory of PowerGas has received SAC-SINGLAS Certificate of Accreditation.

The town gas network was extended by 16km to reach more customers in new Housing & Development Board estates, as well as private residential and commercial premises. The year also saw 13km of old pipelines renewed, and the diversion of 5km of pipelines affected by mass rapid transit extension works.

PASSING THE TEST: ACCREDITATION OF METER TESTING LABORATORY

The Meter Testing Laboratory of PowerGas, located at its National Gas Control Centre, was accredited under the Singapore Accreditation Council-Singapore Laboratory Accreditation Scheme. It received its Certificate of Accreditation on 9 May 2005. With this accreditation, the laboratory can test meters up to a capacity of five cubic metres per hour, and verify the meters' accuracy to international standards.

GEARING UP: THE NEW GAS INDUSTRY FRAMEWORK

Under the new gas industry framework, PowerGas will be the sole transporter and gas system operator (GSO). It will own and operate the onshore gas transportation network, which includes the pipelines currently owned and operated by SembCorp Gas Pte Ltd. The interconnection of the

existing network of PowerGas and that of SembCorp Gas is being studied by the Energy Market Authority (EMA). The new industry framework will enable an open-access gas transportation network in a multi-shipper, multi-retailer market environment.

The Gas Network Code was approved by the EMA in October 2005. Work is continuing by the Standard Operating Procedures (SOP) Industry Working Group to develop SOPs. These will enable close co-ordination between the Transporter/GSO, shippers, end-users and Power System Operator under various operating scenarios, including contingency operations under the Gas Network Code framework.

To meet the requirements of the Gas Network Code and SOPs, PowerGas is developing the Gas Transportation System Solution, a web-based IT system. It will facilitate gas nominations by shippers, as well as scheduling and the balancing of gas injections and withdrawals in the transportation network.



SP Services

management



Mr Ong Keng Kiat
Managing Director



Mrs Jeanne Cheng
General Manager
(Services & Marketing)



Mr Lim Ah Kuan
Director
(Operations)



Ms Lily Tan
Acting Director
(Information Systems)



Ms Derbin Kwek
Deputy Director
(Finance & Accounts)

*An integrated customer service call centre
is dedicated to attending to the needs of our
more than one million utility customer accounts.*



At the Heart of Customer Service

SP Services provides a convenient one-stop customer service for electricity, water, piped gas supplies and refuse collection in Singapore. It is also the Market Support Services Licensee in the New Electricity Market, enabling a smooth and seamless operation of the competitive electricity market for the benefit of consumers and the industry as a whole.

SP Services provides services such as meter reading and data management, and facilitates consumer registration and transfers from one retailer to another.

It also provides other utilities support services such as billing and payment collection on behalf of SP PowerGrid (SPPG) and other utility service providers. These include the Public Utilities Board (PUB), City Gas and various refuse collection companies.

Leveraging on its experience in consolidated billing and payment collection, SP Services provides an efficient and convenient service for every home and business in Singapore.

SURPASSING BENCHMARKS:

SERVICE QUALITY

SP Services views feedback and suggestions from principals and customers as critical to further improvements. In line with this focus, in the last quarter of 2005, it conducted a comprehensive Customer Satisfaction Survey of 800 customers who were randomly selected.

Operational Review

SP Services

The survey results were very good — 83% of the customers surveyed were satisfied with SP Services. The high rating also placed SP Services ahead of five other major service providers in Singapore that were chosen as benchmarks for comparison. The survey also helped SP Services identify areas for improvement.

SP Services' commitment towards service excellence is also shown in its service level performance. It exceeded all the regulated service levels and also introduced several new initiatives to boost service quality.

THE EXTRA MILE: NEW INITIATIVES IN SERVICE EXCELLENCE

Providing quality service and greater convenience for its customers continued to be the focus of SP Services. The year under review

saw the launch of several new customer service initiatives.

SP Services successfully launched the Pay-As-You-Use (PAYU) metering scheme on 16 May 2005. As at 31 March 2006, some 9,000 customers have signed up for the pre-paid metering scheme. The scheme enables customers to better manage their consumption while paying their arrears over a period of time.

In another customer service initiative, SP Services partnered DBS Bank to launch the POSB Everyday Card on 30 September 2005. Customers can pay their utility bills conveniently and, at the same time, enjoy a wide array of benefits. These include instant cash rebates, ranging from 1% to 20%. The cash rebates in the form of Daily\$ can be used to offset

SP Services' branch at Woodlands Civic Centre was recently renovated and is one of our initiatives to go the extra mile for our customers.



payment for items such as utilities, petrol, groceries as well as cable television and mobile phone charges.

Customers who pay their utility bills through the POSB Everyday Card enjoy a 1% cash rebate on their utility payment.

Given the company's continuous efforts to improve service to customers, SP Services teamed up with the 7-Eleven convenience store chain to introduce a new payment mode. Since 12 December 2005, customers have been able to pay their utility bills at any of the more than 300 7-Eleven stores island-wide at any time of the day, and night, using cash, NETS or CashCard. The service has been well-received by customers.

SP Services introduced a new common utility enquiry hotline — 1800-2222 333 — for the convenience of customers who call the various utility service providers. This initiative is a joint effort of SP Services, SPPG, PUB and City Gas. Customers who call the billing enquiry hotline are routed to SP Services, SPPG, PUB or City Gas, depending on the nature of their enquiries.

ESSENCE OF EXCELLENCE: OUR PEOPLE AND OUR PROCESSES

SP Services obtained its ISO 9001:2000 certification in July 2004. A surveillance audit by external assessors conducted in February 2006 affirmed that SP Services had continued to comply with the ISO (International Organization for Standardization) certification standards.

In 2005, the company collaborated with its training partner to develop and roll out a series of service skills training programmes incorporating the Strategic Service Intent STAR



(Smile, Timely, Accessible, Reliable) service guidelines and customer servicing skills. All frontline staff went through customised programmes to acquaint or refresh themselves with the STAR service and to learn new service skills.

SP Services was awarded the People Developer Standard in May 2005. The award recognises that SP Services has adopted sound, effective strategies on staff development.

SP Services is committed to developing its staff, firmly believing that a trained and skilled workforce will enable the company to meet the challenges ahead. During the year, it provided 91 training hours per person for all levels of staff.

PLAYING AN INTEGRAL ROLE: ELECTRICITY MARKET DEREGULATION

SP Services continued to play an integral role in expanding the liberalisation of the electricity market. During the year, more contestable consumer accounts were activated, bringing the total number of contestable customers to 9,264 as at 31 March 2006. These consumers can choose to buy electricity from retailers, or directly or indirectly from the wholesale electricity market.

The PAYU metering scheme helps customers better manage their utility consumption.



Singapore Power Overseas

SP envisions itself becoming a leading energy player in the Asia-Pacific region. We have a strong presence in Australia through SP AusNet, which was publicly-listed in 2005, and investments in South Korea and Taiwan.



SP AusNet



management



Mr Nino Ficca
Managing Director



Mr Charles Popple
General Manager
(Regulatory & Business
Strategy)



Mr Paul Adams
General Manager
(Network Services Group)



Mr John Azaris
General Manager
(Human Resources &
Communications)



Mr Norm Drew
General Manager
(Transmission Network
Development)



Mr Peter Merritt
General Manager
(Business Systems & Services)



Mr Peter Buck
General Manager
(Distribution Network
Development)



Mr Adrian Hill
Director
(Strategic Projects)

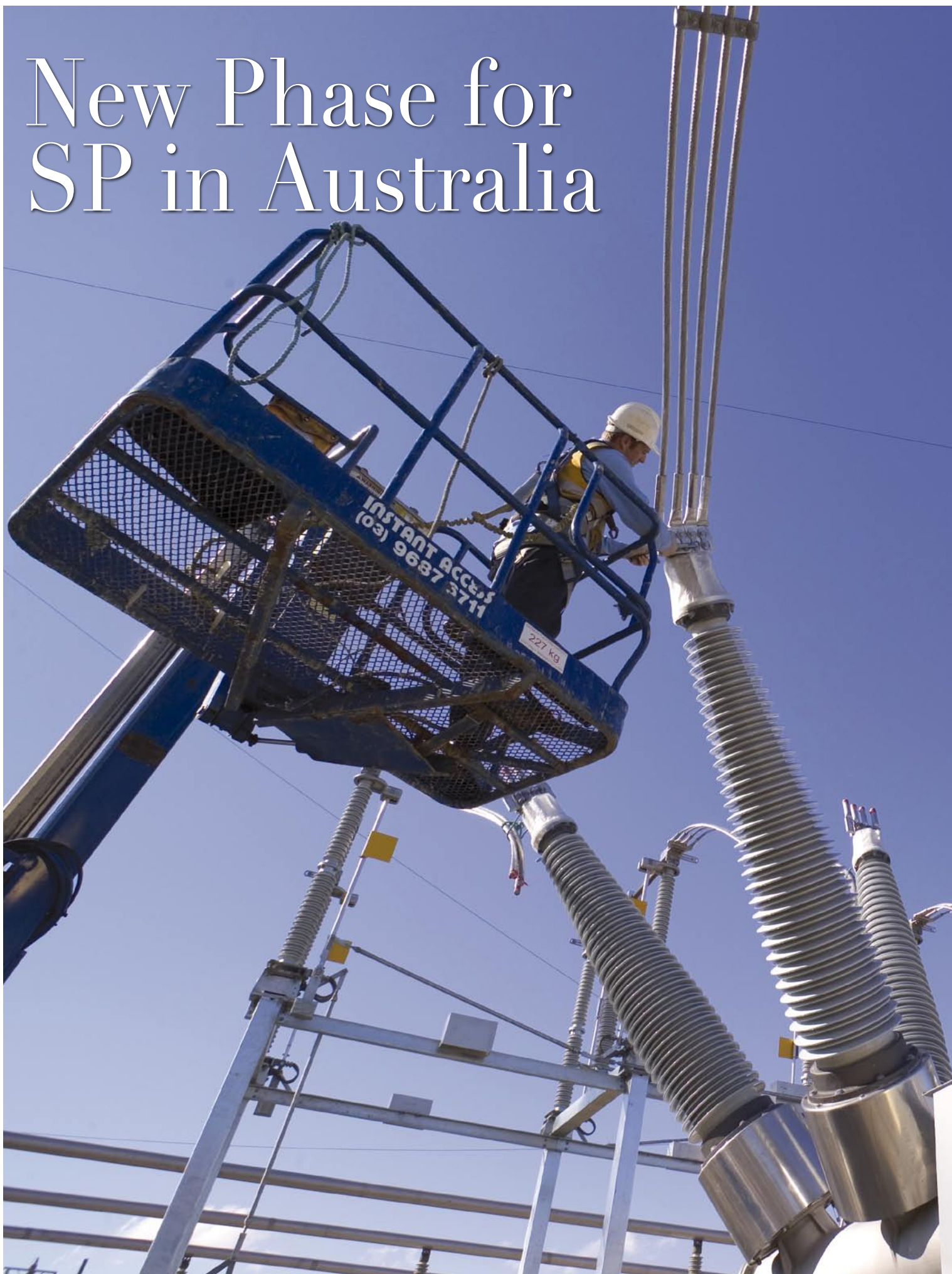


Mr Terry Fowler
General Manager
(Finance)



Ms Elizabeth Mildwater
General Counsel &
Company Secretary

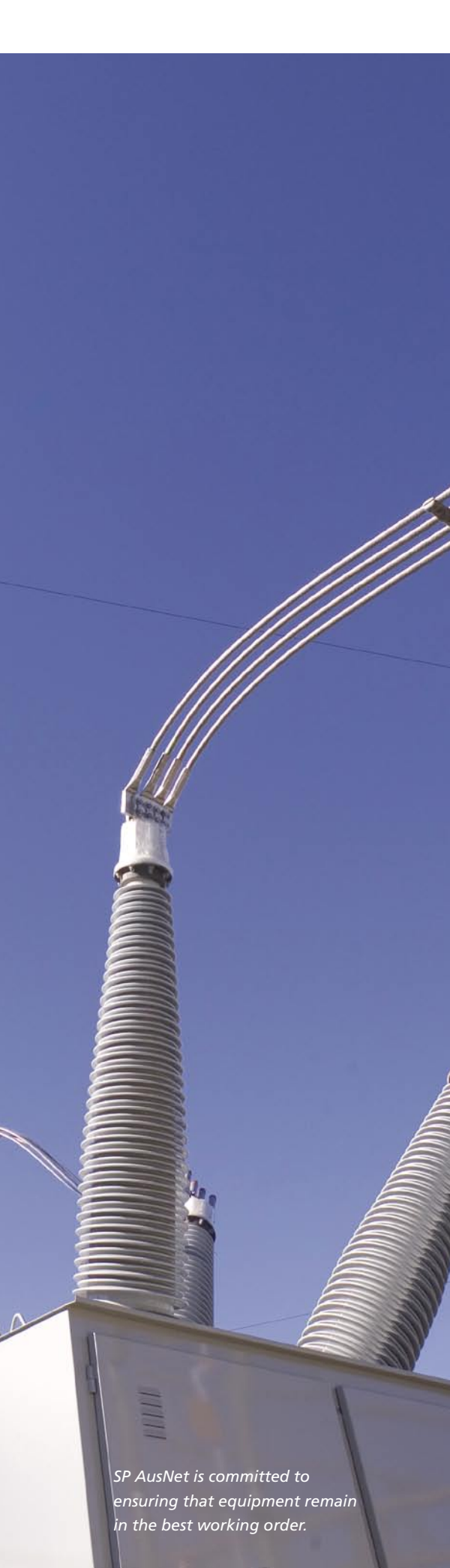
New Phase for SP in Australia



The past year certainly brought many changes to SP's Australian arm, SP AusNet, culminating in its dual public listing in Australia and Singapore. Leading up to this, the merchant energy business was divested, and the electricity transmission business and the electricity and gas distribution businesses integrated. These changes herald a new era for the Australian energy sector, and a new phase for SP in Australia.

SP AusNet, which has an "A1" rating from Moody's and an "A" rating from Standard & Poor's, is the largest combined electricity transmission and electricity and gas distribution business in Australia. It is 51% owned by Singapore Power International Pte Ltd, a wholly-owned subsidiary of SP, following SP AusNet's Initial Public Offering (IPO). SPI Management Services Pty Ltd (wholly-owned by SP) performs management services for SP AusNet under a management services agreement.

The business transition this past year was comprehensive and beneficial, and the focus on extracting and capitalising on the synergies of bringing together the network businesses proved fruitful.



SP AusNet is committed to ensuring that equipment remain in the best working order.

SP AusNet provides electricity to over one million homes in Victoria.



A new integrated business structure and the market launch of a new brand name, SP AusNet, was just the beginning of a hectic and successful year, with the highlights of the SP AusNet calendar being its IPO in November 2005 and the start of trading in Australia and Singapore the following month.

The strong local management team has a wealth of experience in running the company, and SP AusNet — situated in four of the five growth corridors in Victoria — has strong organic growth potential, contributing to its asset base and regulated revenue streams.

GOING REGIONAL: NATURAL GAS EXTENSION PROGRAMME

A A\$40 million natural gas extension programme for the supply of natural gas to 12 regional towns across the west of the State was rolled out. This programme could potentially see up to 15,000 properties having access to natural gas for the first time.

The construction programme, which began in March 2005, constitutes six discrete projects with a total of 12 towns to be reticulated by the end of 2007. When completed, SP AusNet will own and operate the new gas infrastructure.

By the close of 2005, the first connection was completed in Creswick, with work underway in the towns of Gisborne, New Gisborne, Macedon, Port Fairy, and Woodend. Connections in all of these towns are due for completion by the end of 2006. In 2007, the towns of Barwon Heads, Camperdown, Lancefield, Maiden Gully, Riddells Creek and Romsey will follow.

These first-stage works have increased SP AusNet's regulated gas asset base by 131km of mains and eight major regulating facilities. These, in turn, position SP AusNet to extend the network in each town as further growth occurs.

Planning for the rollout of the natural gas infrastructure was carried out in consultation with a wide spectrum of stakeholders, including Regional Development Victoria, local communities, environmental agencies and councils.

Delivery of natural gas to regional areas benefits the local communities through lower energy costs, and drives future investment and employment growth.

NETWORK EXPANDS: ELECTRICITY CONNECTIONS IN GROWTH CORRIDORS

Many regions across SP AusNet's operating area have benefited from the expansion and development of the electricity distribution network to support social and economic infrastructure activities.

Near the northern border town of Wodonga, the establishment of a large distribution centre for a major retail company called for SP AusNet to install a new zone substation. In the rural east, the expansion of manufacturing plants and industrial estates resulted in network augmentations in Leongatha, Morwell, Sale, Traralgon and Warragul.

Closer to Melbourne, the network's capacity was boosted to meet the growing demand of manufacturing plants at Monbulk and Rowville as well as the growth in population in the northern and south-eastern growth corridors.

New connections were made for urban residential customers in the northern metropolitan corridor (Epping, Mernda, Doreen and South Morang) and the south-eastern corridor of Cranbourne, Pakenham, Berwick and Narre Warren.

A marked increase in the energy required to power upgraded water and sewerage infrastructure in growth corridors led to distribution network upgrades in the northern Melbourne growth corridor and, regionally, at Morwell.

One area of Victoria state requiring both network upgrades and new connections is South Gippsland where Wonthaggi, Inverloch, Lakes Entrance and several other coastal towns have benefited from the sea-change phenomenon that is driving growth in all sectors. This phenomenon refers to the growing shift in population to the coast.

In December 2005, SP AusNet was successful in a competitive tendering process for two major transmission network augmentation projects at Rowville and Moorabool. The two competitive contracts were awarded by VENCORP, the Victorian energy system planner, and are intended to support load growth in Victoria's metropolitan and regional areas.



SP AusNet will provide natural gas to twelve new Victorian towns by end of 2007.

Investments in Asia

SPI SEOSAN CO-GENERATION AND WATER TREATMENT, SOUTH KOREA

SP's investment in South Korea comprises a co-generation plant of 92MW and a water treatment plant of 840 tons/hour. The Seosan industrial utilities complex provides electricity, steam and water treatment services to Samsung Total Petrochemicals Co Ltd, one of the largest petrochemical companies in the country.

The utilities complex continued to provide reliable services to Samsung Total during the year. It achieved 100% availability in the supply of water and steam, and 99.9% availability in electricity supply. The complex also completed on schedule a major overhaul in conjunction with the petrochemical complex turnaround in June 2005.

The Seosan complex achieved a good safety record, meeting the zero lost time incident standard mandated by Korea Occupational Safety & Health Agency.

EVER POWER, TAIWAN

SP's investment in Taiwan comprises a 25% stake in Ever Power IPP Company, an independent power producer, which operates a 960MW combined-cycle power generation plant. The power plant supplies electricity to Taiwan Power Company.

During FY2005, Ever Power continued to maintain good availability, meeting the dispatch requirements of Taiwan Power Company. Ever Power also achieved good profitability and maintained a consistent dividend payout to shareholders.



The Seosan industrial utilities complex continued to provide reliable services to Samsung Total during the year.



Beyond Business

It's never too early to learn about efficient use of electricity. Our staff explains basic concepts to these young visitors at the Electricity Efficiency Centre at Singapore Power Building.

PEOPLE AND COMMUNITY

SP Group has a staff strength of close to 3,800 in its Singapore and overseas operations. Just as we are committed to creating value for our customers and shareholders, we are similarly committed to our people, and our community. We support both, we continually learn from each other, and we share ideas and knowledge for a brighter future.

Our People: Developing Employees and Expanding the Talent Pool

SP accords high priority to staff development, with each staff receiving an average of 61 learning hours a year. In all, 90 in-house training courses were made available to staff during the year, as well as various public seminars, apprenticeship training schemes, overseas training, on-the-job training, and e-learning. Leading-edge training technology was utilised for more effective and "just-in-time" learning. Three new e-learning courses were developed in-house during the year to provide customised training on the Customer Management System.

Our People, Our Community

Right: Our scholarship programme provides us with a growing talent pool.



Extreme right: Fostering Union-Management relations through regular dialogue



We continued to expand our talent pool through our scholarship programme. A total of five scholarships, three for local universities and two for overseas universities, were awarded in the year. Upon completion of their university studies, our graduating scholars join us as Management Associates and are exposed to different functional areas within the Group. Other leadership training programmes are also provided — such as job rotation across the subsidiaries, specialised courses and challenging assignments on strategic initiatives.

Union-Management Relations

A strong partnership exists between the Union of Power and Gas Employees (UPAGE) and Management. The Union-Management Seminar held in Kuching in September 2005 is testimony to the efforts made to foster greater understanding between UPAGE and Management. With the support of the Union, SP was able to carry through many initiatives and changes.

Working in close liaison with UPAGE, SP participated in the launch on 7 February 2006 of the National Trades Union Congress (NTUC) initiative on the employability of mature workers. Two colleagues who were on re-employment after retirement, Mr Lim Ah Kok and Mr Nadaison Pookays, were featured in an NTUC video presentation. SP's initiative on employability of mature workers was also featured in Chinese daily *Lianhe Zaobao*, and on Channel 5's news bulletin.

Keeping In Touch, Engaging Our People

An Employee Opinion Survey was conducted as part of our continuing efforts to engage our staff. Results of the survey and follow-up action plans were shared with the staff at the Management Annual Plan 2006.

The year under review also saw the introduction of the Singapore Power ACE (Appreciation for Commitment and Excellence) Award. Aimed at motivating staff to continue to excel and strive for improvements, the award recognises SP staff who have displayed outstanding work performance, made significant contributions outside their scope of work, and exhibited exemplary conduct and work attitude.



The Wellness Award was introduced during the year to reward employees who do not take any medical leave for a calendar year.

Left: Kick-off meeting for an Economic Value Cross-Functional Project

Singapore HEALTH Award

For the second consecutive year, SP clinched the Singapore HEALTH (Helping Employees Achieve Life-Time Health) Gold Award, which underscores our commitment in helping employees lead a healthy lifestyle.

Below: Engaging staff at our Management Annual Plan meeting

The inaugural ACE Award winner was Mr Azhar Bin Mohamed Noor from PowerGas. The Merit Award winners were Mr Lawrence Lee Siew Ming from SP Services, Mr Jason Tan Chee Kean from SP PowerGrid (SPPG) and Mr Rosle Bin Gaus from HR&A Department.

Reward for Performance

The Economic Value Added (EVA)-based long-term incentive plan for executive staff in Singapore was introduced. To further encourage commitment to the performance of the company, staff in Singapore and Australia were given priority in the allocation of SP AusNet securities during its initial public offering.



Our People, Our Community

Right: Artist's impression of Singapore Power Building's new façade

Below: A billiard room is one of several new facilities for staff to enjoy at our newly-opened recreation club.



Our performance appraisal system was also further refined to recognise important competencies, valued behavioural traits and subscription to corporate values.

Creating Value

During the year, a total of \$12,295 was awarded to staff who contributed their ideas via the Value Creation Idea Award (VCIA) scheme. In all, 348 ideas to improve operations were accepted.

An Economic Value Project (EVP) Workshop series was organised company-wide. Eleven cross-functional projects were identified at these workshops. Team leaders and members were selected to work on these projects, leveraging on synergies between the company's value centres.





Reaching out at a roadshow in Tampines

Upgrading of Singapore Power Building

Our headquarters in Singapore Power Building was renovated to enhance the working environment, and our offices integrated and clustered to streamline workflow and to facilitate staff communication and interaction. A new recreation club was built to provide facilities such as a gymnasium, sauna, and billiard and karaoke rooms. The recreation club was opened to staff in February 2006.

The exterior of Singapore Power Building is currently being refurbished. The façade is being re-cladded, replacing the tiled finishes with matching aluminium panels. External windows are being replaced to enhance sound and thermal insulation for the building which also houses non-SP tenants.

Our Community: Contributing to Society

We pride ourselves as a socially responsible corporate citizen, contributing actively to society and the less fortunate in our midst. We have contributed to numerous charities in our efforts to enrich the quality of lives of thousands of needy children, the elderly, and people with disabilities. We have also donated to civic organisations and other causes that strive to make a positive change in society.

During the year under review, SP launched the Singapore Power Heartware Fund, initially raising more than \$1 million to help the needy elderly.

In addition, we contributed over \$385,000 in financial assistance to some 20 charities and associations, including the MILK Fund, Rainbow Centre and Asian Women's Welfare Association Welfare Fund. SP staff also donated more than \$50,000 as part of the Community Chest SHARE programme, with SP matching contributions dollar-for-dollar.

Reaching Out

Two roadshows, attracting more than 20,000 visitors, were organised as part of SP's Public Outreach Programme to increase awareness of SP, its operations and the role it plays in the energy sector. The programme also included briefings to Members of Parliament, grassroots leaders and the media.

National Day

In support of nation building, SP made a record contribution of \$250,000 to the celebration of Singapore's 40th birthday last year. The sponsorship placed SP as one of the top-tier sponsors of the National Day Celebrations.

Our People, Our Community

SP AusNet supports environmental groups such as the Landcare and is committed to the environment.



Contribution Towards the Nation

In recognition of its outstanding support and contribution towards national defence, SP was accorded the Minister for Defence Award 2005 and the Ministry of Home Affairs Award for National Servicemen's Employers 2005. The Minister for Defence Award is the highest accolade for employers accorded by the Ministry of Defence. SP was one of 21 employers who received the award in 2005.

Community Development Fund

The Community Development Fund was developed by SP AusNet to contribute positively to the long-term growth and development of Australia's Victorian communities. The Fund demonstrates that SP AusNet does more than deliver safe and reliable energy to over a million customers across Victoria.

SP AusNet launched the fund in South Gippsland Shire in FY2005. Two projects are being undertaken in this area with the help of the Fund.

Victorian Energy Education and Training (VEET) Programme

The VEET Programme forges links between industry, education providers and community leaders. The programme provides young people with a first-hand understanding of the energy industry, plus the opportunity of a job placement and a potential career.

REACH Foundation Regional Workshops

SP AusNet sponsors the REACH Foundation to run school-based workshops in key regional towns. The workshops empower young people with life skills and raise questions that stimulate positive and critical thinking.

Landcare Sponsorship

SP AusNet has maintained a long and mutually-beneficial relationship with Landcare Victoria since 1999. Over this period, SP AusNet has targeted funding to preserve and improve the native landscape; develop and maintain suitable native vegetation near easements; and educate landowners on selecting and managing vegetation near powerlines. The Landcare programme provides the basis of a working partnership between the community, government and industry.

As part of its commitment to the environment, SP AusNet also encourages its security holders to register to receive their security holder notices and annual report electronically through the eTree programme. For each investor who signs up, SP AusNet donates A\$2 to Landcare Australia to fund the planting of indigenous trees in the community.

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