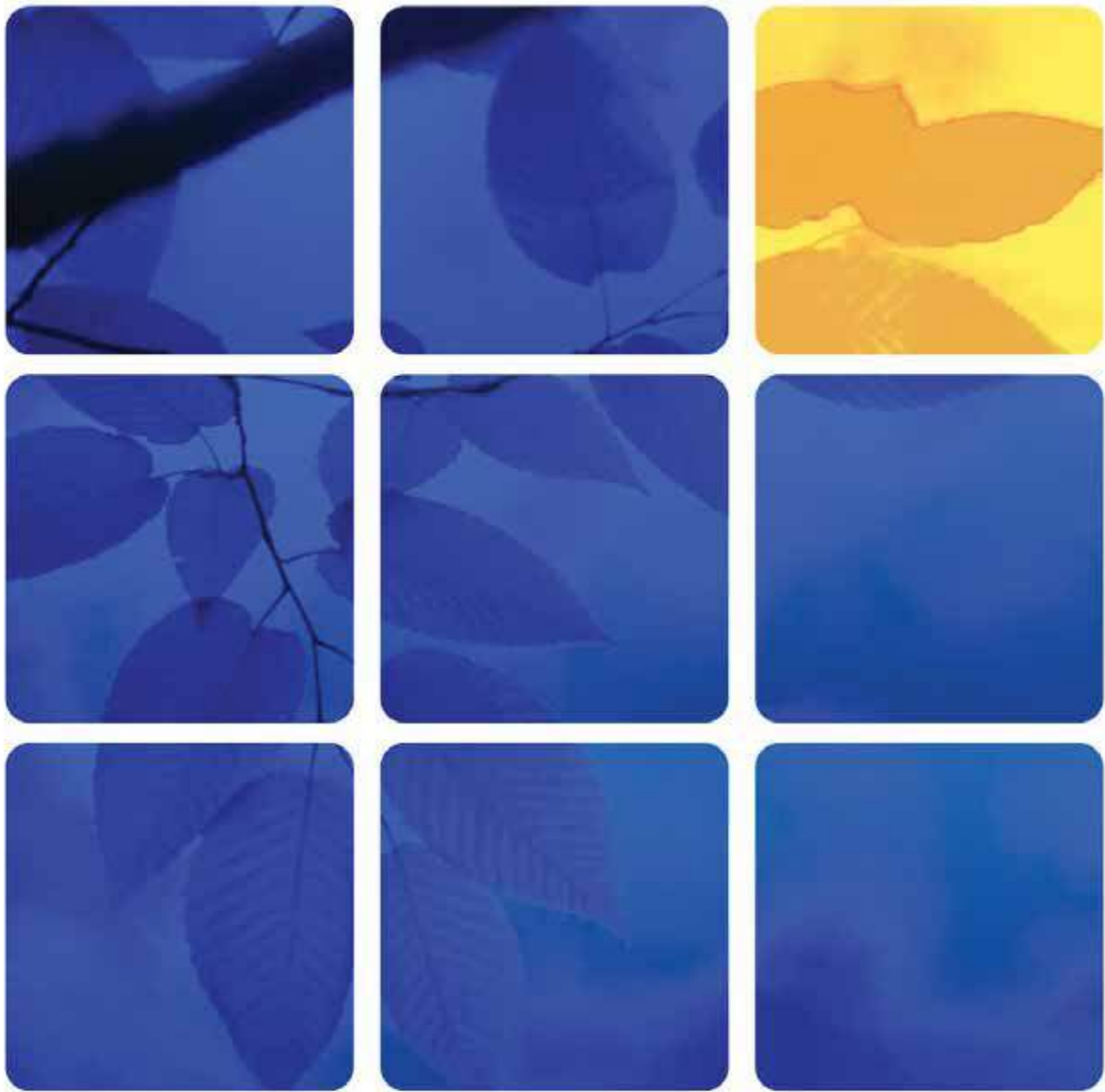




CORPORATE ACCOUNTABILITY REPORT 2010 / 2011



POWER
SERAYA
a YTL Company

Table of Contents

1 Messages from the Top	1
1.1 Chairman's Message	1
1.2 CEO's Message	3
2 About the Report	6
2.1 Overview of Report	6
2.1.1 Introduction	6
2.1.2 How this Report was Compiled	7
2.1.3 Defining the Report Content	9
2.2 Assurance Statements	12
3 The Business	12
3.1 Corporate Information	12
3.2 Strategic Profile	14
3.3 Board of Directors	16
3.4 Senior Management	18
3.5 Business Operations Review	19
3.6 Milestones for FY 2010/2011	23
4 Corporate Governance and Stakeholder Engagement	25
4.1 Introduction	25
4.2 Risk Management	29
4.2.1 Introduction	29
4.2.2 Managing Emergencies & Crises	32
4.2.3 Managing Fraud Risk	33
4.3 Stakeholder Engagement & External Commitments	34
4.3.1 Introduction	34
4.3.2 Stakeholder Engagement	35
4.3.3 External Commitments	38
5 Financial and Economic Performance	39
5.1 Financial Highlights	39
5.2 Financial Report	43
5.3 Infrastructure Investments and Energy Planning	43
5.4 Financial Assistance from Government and Community Investments	45
5.5 Proportion of Local Spending and Contributions to the Local Economy	47
5.6 Development and Impact of Infrastructure Investments for Public Benefit	48
5.7 Contributions Towards Employees' Social Security	49
6 Environment	50
6.1 Being Part of the Climate Change Solution	50
6.1.1 Introduction	50
6.1.2 Indirect Carbon Dioxide Emissions	52
6.1.3 Climate Change Challenges in the Future Energy Landscape in Singapore - As We See It	53
6.1.4 Carbon Tax Considerations	54
6.1.5 Our Journey with Carbon Credits	55

6.2 Caring for the Environment at our Plant	56
6.2.1 Our Environmental Management System (EMS)	56
6.2.2 GRI Environmental Indicators	58
6.2.3 Environmental Performance of Our Power Plant	59
6.2.4 Compliance with Environmental Laws and Regulations	67
6.2.5 Biodiversity	68
6.2.6 Achieving Sustainability Through Plant Improvements	69
6.3 Engaging Staff and the Community in Environmental Sustainability	71
6.3.1 Introduction	71
6.3.2 Achieving Office Resource Efficiency	72
6.3.3 Greening Our IT Infrastructure	75
6.3.4 Engaging Staff and the Community on Environmental Initiatives	76
6.3.5 Engaging and Supporting Communities on Environmental Sustainability	80
7 Social	86
7.1 Workplace Safety and Health	86
7.1.1 Introduction	87
7.1.2 Our Safety Performance	89
7.1.3 Workplace Safety Programmes	91
7.1.4 Safety Culture Survey	91
7.1.5 Occupational Health	92
7.2 Nurturing Human Capital	93
7.2.1 Training and Development	93
7.2.2 Promoting Work-Life Balance and a Healthy Lifestyle	94
7.2.3 Labour Practices and Basic Human Rights	96
7.2.4 Staff Strength and Employee Turnover	100
7.2.5 Nurturing Youths	101
7.3 Contributing to the Society - Nurturing and Caring for Communities	103
7.4 Product Responsibility	105
7.4.1 Introduction	105
7.4.2 Customer Satisfaction	106
7.4.3 Innovative Products to Enhance Customer Sustainability	107
7.4.4 Helping Our Customers to Conserve Energy	108
7.4.5 Responsible Marketing and Advertising	109
7.4.6 Our Role in an Efficient and Competitive Electricity Market	110
7.4.7 Delivering High Quality Steam and Water to Our Customers	112
8 GRI Content Index	113
Appendix A - GRI Application Level Check Statement	
Appendix B - Third Party Assurance Statement	
Appendix C - Financial Report	



1.1 Chairman's Message

A Word On Our Corporate Accountability Report

In being consistent with our committed approach towards becoming a sustainable company, PowerSeraya has decided to incorporate both its annual print financial report and online sustainability report into a single online copy.

This consolidated report pulls together the company's financial and non-financial performance (of which the latter includes environmental performance, corporate sustainability and social responsibility, among others) for easy reading. Adopting this measure to produce an online report also falls in line with our environmental efforts to go green and reduce the use of paper for production of hard copy annual reports.

By integrating our two reports, we hope readers will be able to gain a better understanding of PowerSeraya's business strategy that takes into account our commitment to the environment and community, as well as the needs of all our stakeholders.

The Business Performance

I am pleased to report that PowerSeraya has performed well in the last financial year, by maximising profitability through strategic management of assets and implementation of key business projects.

Revenue for the company rose 21.5% to \$4,677 million in FY2010/2011 while Net Profit After Tax (NPAT) increased to \$374.2 million, a 38.9% increase from the annualised figures of \$269.4 million for FY2009/2010.

Total generation units sold was 11,987GWh, an 8.4% increase over the last financial year. At the same time, PowerSeraya's retail subsidiary captured 28.3% of the contestable retail market and continued to retain its market leader position for the fourth consecutive year.

Maintaining Growth

The last fiscal year saw a steady growth of PowerSeraya as it continues to expand on its multi-utilities portfolio. Sale of steam and potable water added significant revenue to its non-regulated business portfolio. The investment in new co-generation technology, of which the units were officially launched during the last financial year, has already allowed the company to gain a step ahead of its competitors.

The first ever cross-border electricity sale to Tenaga Nasional Berhad, Malaysia's largest electricity group, has not only boosted PowerSeraya's financial position, but also opened up the possibility of future collaboration opportunities to capitalise on energy growth in both countries.

Also, our subsidiaries Seraya Energy and PetroSeraya continue to contribute strongly to the company's profits.

For corporations to thrive in the long-term, they should see sustainability as being essential to their business. Yet true sustainability is more than working within the constraint of resources in a business environment. It goes beyond being 'green' and encompasses the company's wider social efforts and subsequently, impact to society. Evidently, a company's collective actions can make a greater difference than an individual.

That is why at PowerSeraya, we press on with our sustainability efforts, while keeping in mind the need to return to the community in which we have grown our business.

The future outlook of the energy sector in Singapore and the region is set to be competitive. However, PowerSeraya's continued strong show of performance has already proven the management team's strategic foresight and resilience. For that, I am confident that the company will be able to maximise opportunities and its strategic assets to continue its contributions to its parent company, YTL Power International.

Acknowledgement and Thanks

I would like to give thanks to the Management team of PowerSeraya who have contributed greatly to the success of the company. My appreciation also goes to the supportive Union of Power and Gas Employees (UPAGE) who have forged a good working relationship with the Board and Management to ensure that the interests of employees are looked into.

Sincere thanks as well to our business partners and associates for their continued show of support.

Of course, the company would not have succeeded without the strong backing of a pool of talented and dedicated employees. Their steadfast commitment to PowerSeraya, for which I am grateful for, has enabled the company to progress.

I am pleased to present the first Corporate Accountability Report of PowerSeraya together with the audited financial statements for the year July 2010 ending June 2011.

Thank you and God bless all of you.



**TAN SRI DATO' (DR) FRANCIS
YEOH SOCK PING**
Chairman



1.2 CEO's Message

"PowerSeraya is prepared for uncertainty in the economic outlook and emerging challenges in the coming year ahead, and will continue to maximise growth through our integrated business strategies."

Performing Well

The past financial year saw the efforts of the company bearing fruits as we achieved higher market share and profitability. PowerSeraya achieved revenue of \$4,677 million in FY2010/2011, a 21.5% increase over the annualised figures for FY2009/2010. Net Profit After Tax (NPAT) also rose to \$374.2 million in comparison to the NPAT of \$269.4 million on an annualised basis for FY 2009/2010. Return on Equity was significantly higher at 30.2%, a 9.5 percentage point increase over FY2009/2010's annualised 20.7%. Return on Total Assets is at 12.8%. The positive results can be attributed to the prudent strategies undertaken by the company, the commissioning of new assets as well as the growth of our non-regulated business.

Leveraging on Opportunities

PowerSeraya's performance in the last financial year can be attributed to several factors which helped the company maximise its margins. The commissioning of the Co-Generation Combined Cycle Plant (Co-Gen CCP) in October 2010 enabled the company to produce electricity with higher efficiency. At the same time, the availability of high pressure steam through the Co-Gen CCP has allowed us to supply neighbouring companies on Jurong Island with it, adding steam sales to our multi-utilities portfolio. Being self-sufficient in our water needs through our own desalination plant has also reduced our reliability on external sources.

In the last fiscal year, it was opportune for PowerSeraya to be given a chance to supply electricity to Malaysia in the first ever cross-border electricity deal between Singapore and Malaysia. It paves the way for future collaboration, allowing greater reliability for electricity supply and technical support. During this FY 2010/2011 period, the company also provided support to other generation companies which had to shut down for maintenance.

On our retail front, we achieved 28.3% share of the contestable retail market for FY2010/2011 and retained our position as market leader four years in a row. There was also a slight increase in sales volume, up to 7,714GWh from last FY. This would not have been possible without the support from our customers. The trading and fuel management arm of PowerSeraya performed steadily in the last FY despite volatile economic conditions, contributing revenue of \$869 million and NPAT of \$5 million to the company.

Driving Productivity and Strengthening Capabilities

Our people form the heart and soul of the organisation. In efforts to nurture our human capital, the company has placed a greater emphasis on learning and development to upgrade our skills, raise productivity and

foster a culture of positive employee engagement. To ensure our employees are equipped with the skills and mindset for a challenging future, PowerSeraya has invested more than \$700,000 in training and development, 25% significantly higher than the last financial year. Cross-functional taskforces are also set up to look into productivity and talent engagement within our workforce.

The company continues to keep our safety standards at a high level in the plant and we currently stand at two million accident-free man-hours for employees and three million accident-free man-hours for contractors. Regular safety programmes and an annual safety campaign are held in our plant to emphasise the importance of working safely.

PowerSeraya works closely with the Union of Power And Gas Employees (UPAGE) to elevate the well-being of our employee and to ensure the continued success of the company. Our recent employee engagement survey revealed that a high proportion of our staff recognise the need for our company to balance our environmental and social responsibilities with economic success. Staff interactions with the community through the various environmental and social initiatives play a complementary role in fostering staff togetherness to a common purpose or cause.

Competition and Challenges Ahead

The next few years will prove to be exciting and challenging for energy players in Singapore as competition sets to become stiffer. The liberalisation of the energy market in Singapore has brought about a competitive landscape which no doubt, will ensure greater market growth and benefits for consumers. The precise planning of the Energy Market Authority (EMA) to bring in Liquefied Natural Gas (LNG) into Singapore will set the scene for an equally robust gas market, come 2013. Support rendered by EMA to all industry players from the liberalisation of the market to the divestment of generation companies has been excellent and unwavering. We continue to look to and support EMA in nurturing a vibrant energy industry.

Facing the upcoming challenges of the market, PowerSeraya will focus on value-adding to our non-regulated business portfolio and take a cautious approach to gain momentum in a competitive market. What's more important, the company will focus internally to align our strategies and be more prudent in risk-taking. Emphasis will be placed on building up the capabilities of our employees, increasing productivity and reducing costs. This will place the organisation in good stead to meet the challenges of increased competition with the impending changes in the energy landscape.

Our Sustainability Efforts

For the past two years, the company has managed to lower its carbon footprint. The newly launched 800 MW Co-Gen CCP allowed the company to achieve higher thermal efficiency and increase the use of natural gas to fulfill its 10% carbon footprint reduction target. Our use of water resources also saw a marked improvement with over 90% of our power plant water needs coming from our in-house desalination plant and recycled water (i.e. NEWater). Compared to two years ago, the use of desalinated water and recycled water for our power plant operations increased by a significant 27%. The company is also embarking on an energy management system to extract greater energy efficiencies from the power generation operations at our plant. This will prepare the company well to meet the requirements of the upcoming Energy Conservation Act in 2013, and further enhance the sustainability focus in the organisation.

Our efforts in reaching out to the community in the areas of environmental sustainability continue. REAP (Responsible Energy Advocates Programme) which is developed by PowerSeraya in partnership with the National Environment Agency and South West Community Development Council saw an increased outreach in 2011 with doubled the number of tertiary students and tripled the number of households participating in the program since its pilot launch in 2010. Our company will continue to strengthen existing partnerships with the public and people sector and seek out new collaborations in the future.

I am also pleased to share that we have widened our social outreach with the formal adoption of GROW (Goodwill Rehabilitation & Occupational Workshop), a charitable programme under the Spastic Children's Association of Singapore. In supporting GROW, the company hopes to provide greater opportunities for GROW to actualise their social enterprise activities for the personal growth and development of the cerebral palsy individuals.

The company remains committed to its journey on sustainability despite the economic challenges ahead and will endeavour to pursue opportunities to enhance its environmental and social responsibilities while fulfilling our financial obligation to our shareholders. It is my hope that PowerSeraya continues to build a sustainability culture where our employees are change agents within the organisation and also to the people they have interactions with.

Words of Appreciation

The stellar performance of the company will not be possible without the unwavering support of our parent company, YTL Power International Berhad, our Board of Directors and Senior Management Team, and the commitment of all our employees. I would also like to give my thanks to the support given by our customers, business associates and UPAGE during this challenging period.

Despite the uncertain economic outlook and the increasingly competitive energy industry, I'm confident that with the support of one and all, PowerSeraya will be able to emerge through challenging times with resilience and strength.



JOHN NG
Chief Executive Officer



2.1 Overview of Report

2.1.1 Introduction

This is PowerSeraya's first integrated report – termed the Corporate Accountability Report, which combines our previous print annual report and online sustainability report. In this integrated report, linkages are drawn between our business and CSR strategy so that our stakeholders are able to better appreciate the connection and relevance of sustainability in PowerSeraya's business.

In our pursuit towards greater transparency and disclosure in reporting our sustainability initiatives, we have increased the number of performance indicators from 57 to 91 and explained in greater detail our management approach to bring this report to A+, the highest reporting level based on the GRI (Global Reporting Initiative Framework). As with previous years, we continue to add greater depth and breadth to the reported items and to draw its relevance and application both in the global as well as the Singapore context.

We have increased our coverage of the environmental performance of our business operations, including new items such as the input chemicals used in power plant operations. On product responsibility, we have expounded on the importance of ensuring the quality of our water and steam sold to customers. It also covers the important relevance of condition monitoring which keeps the key machine components of the power plant in tip-top condition so that our plant continues to supply reliable electricity and steam to our customers.

We continue to disclose our internal and external initiatives on the environmental and social fronts in this report. In particular, we are pleased to cover details of our company's sustainability programme REAP (Responsible Energy Advocates Programme) and our newly adopted charitable programme GROW (Goodwill Rehabilitation and Occupational Workshop).

It is our hope that this year's integrated report will give readers a balanced and considerable view of the company's strategy and initiatives with sustainability playing a significant role.

Reporting Standard

The Corporate Accountability Report is based on the Sustainability Reporting Guidelines of the GRI (Global Reporting Initiative), the de facto global standard for sustainability reporting. It has undergone an independent third party assurance process and a GRI Application Level check. This is a G3: A+ report covering 91 performance indicators and encompasses all the six indicator categories (Economic, Environmental, Society, Labour, Human Rights and Product Responsibility).

2.1.2 How this Report was Compiled

The Sustainability Reporting Team (SRT), which was formed for the purposes of compiling our very first sustainability report in 2009, continues to be relevant for this integrated report. The Sustainability Department (previously known as the Environmental Dept) of the Corporate Services Group took the overall lead.

As with the previous year, we adopted a decentralised approach to the reporting process. Separate discussions (via emails and meetings) were held with the SRT members to gather information and inputs on sustainability areas that are specific to their area of work. This approach is possible as the reporting team, who had gone through the previous years' rigour of determining report materiality, were familiar with their areas of contribution to the report content.

An additional process was conducted with the Corporate Communications department to deliberate on the content flow and form that should be taken for the integrated report, taking into consideration the reporting information that different stakeholders would be interested in.

In general, all SRT members went through the following reporting process stages:

1. Determining report content (i.e. materiality)
2. Collation of Global Reporting Initiative (GRI) performance indicators, management approach and information on standard disclosures
3. Report drafting
4. Vetting report draft
5. Assurance process by a third-party and GRI check

Report Form and Format

This year, we decided to integrate the annual report and sustainability report into a single online report. The sustainability performance of our company is reported using the GRI (Global Reporting Initiative) framework. Conscious efforts were also made to include more visual representations of our company's performance in the form of graphs and charts.

The online report is available 24/7 on our corporate website. Readers can select sections and make hardcopies of them, or download a PDF version of the entire report.

Report Boundary

The report boundary covered entities PowerSeraya Ltd, Seraya Energy Pte Ltd and PetroSeraya Pte Ltd (the latter two are wholly owned subsidiaries of the former – see diagram 2.1). Seraya Energy (SE) is the retail arm of PowerSeraya for the contestable electricity market and is one of the main players in the contestable market. It is material that SE be included in the reporting boundary. PetroSeraya, being the oil trading and oil bunkering arm of PowerSeraya's business, forms an important, growing revenue stream in the company's overall integrated energy growth strategy. PetroSeraya is thus material to the report content.

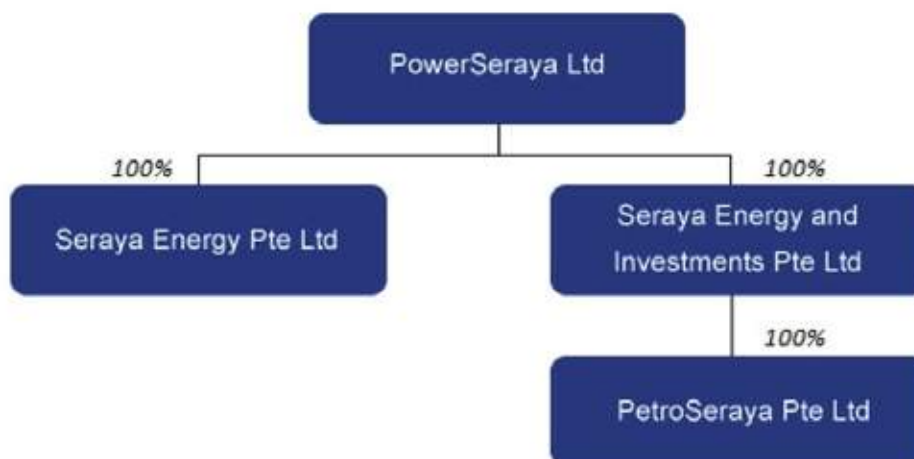


Diagram 2.1: Corporate structure of PowerSeraya showing all the report entities

Report Application Level

This report covers 91 Global Reporting Initiative (GRI) performance indicators, a more than 60% increase compared to the previous year's report. In addition, 33 Electric Utility Sector-Specific Commentaries and Management Approaches are included in the report. In summary, it covers all core G3 and Electric Utility Sector Supplement indicators across all six categories (Economic, Environmental, Labour, Society, Human Rights and Product Responsibility).

PowerSeraya appointed an independent third party, Ere-S Pte Ltd, to provide assurance on this report. This is a GRI Level A+ report.

Reporting Period

This integrated report continues from the 2010 Sustainability Report (FY06/07 to FY08/09) to cover a new reporting period from April 2009 to June 2011, a 27-month period.

The ending date of the financial year (which used to be the month of March every year) was extended deliberately by a further three months to align with our parent company's financial year which ends in the month of June. As such, financial year FY09/10 spans a 15-month period from April 2009 to June 2010. Thereafter, subsequent financial years start in the month of July every year and ends in the month of June the successive year.

2.1.3 Defining the Report Content

The following factors were considered in determining the report content:

Materiality

As this is the company's first integrated report, we have made an attempt to explain in greater detail our CSR Strategy and how it links to our business. Being a power generation company, we are conscious of our role in climate change mitigation and use of resources for business operations. With this in mind, the environmental section of this report covers an extensive overview of the environmental performance of our plant operations as well as the staff initiatives we carry out to inculcate a culture of sustainability within the organisation.

We continue to report what we have done so in the previous report as they are relevant and material. Below is a summary of what is featured in this report:

a) Economic Data

Besides providing key data on the company's financial performance, we have included our community investments on the environmental and social fronts in this integrated report. Our community investments include donations, sponsorships for environmental and social causes as well as investments in company-led initiatives or programmes for sustainability.

b) Environmental Data

Similar to previous year's report, we continue to disclose environmental aspects that may pose public health risks or are related to climate change. Examples include reports on the company's sulphur dioxide emissions and trade effluent discharge to the sea. For the first time, we have included sulphur hexafluoride (in addition to carbon dioxide) in reporting the company's greenhouse gas emissions. Besides the environmental performance at our power plant operations, this report also covers our staff's efforts in conserving office resources as well as the environmental initiatives they have taken part in – of which, some involved collaborations with external parties.

c) Social Data

On the social aspects of our business, we have included the company's important role it plays in staff's development through its emphasis on training, employee engagement and worklife harmony. It also covers our various programmes that seek to nurture the community. We also highlight the important role of the union, UPAGE, in promoting employee welfare as well as its collaborative relationship with management in delivering company goals. Details of the recent collective agreement sealed between union and the management are covered in this report.

On the external front, our company has also taken a more active stance to encourage greater staff participation to engage communities on social causes. Details of our community outreach activities are featured in detail under Section 7 of this report.

d) Corporate Governance

We believe that good corporate governance has an important role to play in the company's sustainable growth. Corporate risk management, coupled with our corporate governance philosophy, has always been a strong emphasis in our company. Our risk exposure to fluctuating oil prices has made enterprise risk management an important aspect of business operations. Our corporate governance structures and processes embedded within the organisation also help ensure that our management and staff conduct their daily business activities in a responsible and ethical manner to serve the interests of our shareholders, customers and other key stakeholders.

e) Product Responsibility

We continue to cover the important role our company plays in ensuring a fair and level playing field in the electricity market under the local regulatory framework. We believe that fair market practices

ensure healthy competition that ultimately benefits end-consumers in the form of reliable electricity at competitive prices. We have also included two new items in this report: the important role of condition monitoring that enables the power plant to operate at high reliability; and the processes undertaken to ensure that our power plant delivers high quality water and steam products to our customers.

Stakeholder Inclusiveness

Our Corporate Accountability Report is meant for all our stakeholders, which includes parties with whom the company has interaction with or over whom it has an influence. As such, our employees, customers, major shareholders, board of directors, potential investors and suppliers, as well as the community in which we operate, are all stakeholders. In this report, we have included our engagement activities and processes with these stakeholders in Section 4.3.2: Stakeholder Engagement. Where possible, we have also included the voices of our customers and suppliers through the disclosure of survey findings covering the feedback and inputs of these stakeholders.

Sustainability Context

In this report, we have made conscious efforts to explain in detail how our company operates and how aspects of sustainability are incorporated and viewed in our company. This gives our stakeholders a deeper understanding of the sustainability philosophy of the company. How our company views carbon risk in relation to the issue of energy security in Singapore's context has been further elaborated in this report. On the social front, our organisation views human capital as an important asset of the company and believes in nurturing and engaging its employees. This belief extends beyond the organisation to include engagement initiatives, scholarship programmes and contributions to social causes. We also maintain good union-management relations, which contributes to growing our social capital.

Completeness

The report has taken into account materiality, sustainability context and its stakeholders. All entities of PowerSeraya, including its subsidiaries, have been included. Close references were made to the Global Reporting Initiative G3 Sustainability Reporting Guidelines and the recently released final version of Electric Utility Sector Supplement (Final Version) to achieve a GRI Application Level A+ report. We have also endeavoured to draw linkages between the company's CSR strategy and the core business so that our readers can better appreciate how sustainability is incorporated within the organisation and thus gain a complete picture.

Quality

We strive to provide a balanced view of our company's performance by including performance indicators that cover all GRI indicator categories. Both positive and negative results are presented and to capture trend analysis, charts and graphs are used where appropriate. We feel that a company's performance is governed not only by its economic achievements, but also its environmental and social performance which collectively give readers a balanced view.

Comparability

We have included content covering a three-year reporting period (and in some areas, five years' of data) so that there can be a basis for comparison of the company's economic, environmental and social performance. Where appropriate, we have compared our performance against industry or equivalent standards/benchmarks.

Financial year FY09/10 spans a 15 month period from April 2009 to June 2010. This extended financial year period was applied deliberately to align with the start and end date of the parent company's financial year. With this in mind, year to year comparisons are made with FY09/10 on an annualised basis.

Accuracy

All content is backed by supporting documentary evidence provided by members of the reporting team, which comprises employees representing every major business unit in PowerSeraya. Where possible, we

included methodologies and assumptions explaining how the performance was calculated. An independent body was appointed to conduct third party assurance on the report content. This further lends credibility to the accuracy of the report's key data via an audit process which is based on a recognised, international standard AA1000.

Timeliness

In previous years, the company had the annual report and sustainability reports produced separately. These two reports not only covered slightly different reporting periods but were also made available to stakeholders at different timeframes. With this integrated report, our stakeholders will have a consolidated view of our company's performance and be able to easily co-relate our financial performance with our sustainability performance.

Clarity

The report is meant for all stakeholders and is written in a clear, concise manner to cater to all readers. We have made an effort to avoid information that is too technical so that the report will be accessible to readers without a technical background. In some sections, we have set the local context and provided readers with background knowledge to assist them in their understanding of the report content.

We Value Your Feedback

We welcome all feedback and queries relating to this report. In particular, we are interested to gather your suggestions on how we can improve the reporting of our company's performance.

***Our Sustainability Manager would be glad to hear from you at this email address:
csr@pseraya.com.sg.***

2.2 Assurance Statements

Please see **Appendix A** for GRI Application Level Check Statement.

Please see **Appendix B** for Third Party Assurance Statement.



Appendix A

GRI APPLICATION LEVEL CHECK



Statement GRI Application Level Check

GRI hereby states that **PowerSeraya Limited** has presented its report "Corporate Accountability Report 2010/2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 5 January 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because PowerSeraya Limited has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 December 2011. GRI explicitly excludes the statement being applied to any later changes to such material.



Appendix B

3RD PARTY ASSURANCE STATEMENT

INDEPENDENT ASSURANCE STATEMENT



To the management and stakeholders of **PowerSeraya Limited**

PowerSeraya Limited has commissioned CSRWorks International to provide independent assurance of its online Corporate Accountability Report (the "Report"). The Report for the first time attempts to integrate elements of PowerSeraya's Annual Report and Sustainability Report and presents PowerSeraya's sustainability performance for the period April 2009 to June 2011.

Management responsibility

The management of PowerSeraya is responsible for preparing, approving and presenting the Report as well as for the collection, collation, analysis and presentation of all information and data provided in the Report. Management's responsibility included establishing and maintaining internal controls over systems and processes that generate data and information included in the Report.

Our responsibility

Our responsibility is to undertake an assurance engagement on this report, in accordance with terms of reference agreed with PowerSeraya, and our responsibility regarding this assurance engagement is to the management of PowerSeraya only. CSRWorks does not accept or assume any responsibility or liability for any other purpose or to any other person or organisation resulting from this assurance.

Assurance standards

The assurance engagement has been carried out using the following criteria:

- The principles and requirements established in the AA1000 Assurance Standard 2008 (AA1000AS)
- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3), 2006

- The GRI Electric Utilities Sector Supplement, Final Version 2009

Assurance type and scope

CSRWorks has provided Type 2 assurance in accordance with the AA1000AS (2008) which involves an assessment of the nature and extent of PowerSeraya's adherence to the AA1000 AccountAbility Principles (2008), and an assessment of the reliability of sustainability performance information described in the Report as specified. The scope of our assurance engagement, as agreed with PowerSeraya, included the verification of sustainability policies, practices, initiatives, goals, targets and performance presented in the Report, and an assessment of underlying management and reporting processes in accordance with the GRI G3 guidelines.

Assurance level

CSRWorks has provided a Moderate level of assurance which involves gathering evidence mainly from internal sources and parties with evidence gathering largely restricted to corporate and management levels in the organisation. The depth of assurance provided is as defined by the scope, objectives and methodology described in this statement.

Limitations

Our assurance engagement and scope of work did not include verification of:

- Financial data other than that related to environmental, social and general economic performance
- The adequacy or effectiveness of PowerSeraya's strategy or management of sustainability issues
- Content provided by PowerSeraya other than in its Report such as information contained on its website and web links in the Report

- Any historical data and information presented in the Report for the purpose of comparisons
- The GRI Application level check other than reviewing all the indicators included in the GRI Index in the Report

Assurance objectives

The assurance engagement's objectives were to:

- Review adherence to the AA1000AS Accountability Principles of Materiality, Inclusivity and Responsiveness.
- Review adherence to the principles set out in the Global Reporting initiative (GRI) Sustainability Reporting Guidelines (2006) including the GRI Electric Utilities Sector Supplement Final Version 2009.
- Review of sustainability policies, initiatives, practices and performance presented in the Report.
- Verification of the reliability, accuracy and completeness of FY 2009/10 to FY 2010/11 qualitative and quantitative sustainability performance data included in the Report.
- Review and assessment of the processes, methods and tools for gathering, collating, analyzing and reporting quantitative and qualitative sustainability information presented in the Report.

Methodology

This engagement was carried out between November 14, 2011 and December 09, 2011, and was undertaken in accordance with the AA1000AS (2008). Onsite verification was conducted at PowerSeraya's corporate headquarters at HarbourFront Place and the Pulau Seraya Power Plant at Jurong Island. Both sites are located in Singapore. Additionally, desk review was performed from the CSRWorks office in Singapore.

CSRWorks adopted a risk-based approach to carry out the assurance engagement by concentrating on the issues that are most material to PowerSeraya's business and its stakeholders. The verification process included challenging the sustainability related statements and data presented in the Report to seek supporting evidence. We also assessed the robustness of the underlying data management processes, focusing on quality controls, and the reliability of data provided in the report.

In order to obtain sufficient evidence for us to give a moderate level of assurance, and to arrive at conclusions and recommendations, we undertook the following activities:

1. Desk review of the report provided by PowerSeraya to identify the most material data, statements and assertions presented in the report for verification.
2. Development of a detailed assessment plan that included more than 110 data points, statements, assertions, policies and practices contained in the Report for verification.
3. Visits to PowerSeraya headquarters at HarbourFront Place, and its power generation facility Pulau Seraya Power Plant at Jurong Island to review the specified social and environmental performance data and underlying data management processes and practices.
4. Conducting 21 interviews that included interviews with the Chief Executive Officer, senior management executives and key personnel from various business units and functions, including Sustainability, Corporate Services Group, Internal Audit, Corporate Finance, Procurement & Contracts, Enterprise Risk Management, Marketing, Human Resources, Contact Centre Operations, Legal &

Regulatory Affairs, Utilities Group, contractors and the President of Union of Power and Gas Employees.

5. Interviews with senior management involved assessing PowerSeraya's policies, processes and procedures in place to manage sustainability performance. Interviews with key personnel and data owners from various departments involved assessing PowerSeraya's processes for collecting and monitoring performance data during the reporting period and substantiating assertions made in the Report. Interviews with stakeholders involved evaluating how PowerSeraya engages stakeholders to identify material issues and to assess effectiveness of PowerSeraya's response to the issues important to stakeholders.
6. A review of sampled documents, records and information, including but not limited to the following material areas to collect and evaluate evidence to support the assurance engagement undertaken :
 - a) Corporate Governance and Stakeholder Engagement and Risk Management
 - b) Environment: Environment Management System, Certifications, Fuel consumption, Natural gas consumed, Indirect energy consumption, Air emissions, Water intensity, Trade effluent, Waste and disposal, Spills, Use of chemicals, Biodiversity, Climate Change and Direct and Indirect GHG emissions, and Engaging staff and community in environmental sustainability.
 - c) Workplace safety and health: Certifications, Work-related fatalities and

Accident-free man-hours, Rate of Injury, Rate of Loss, Safety survey, and Occupational health.

- d) Human capital: Training and Development, Promoting work-life balance, Labor practices and basic human rights, and Employee turnover.
 - e) Contributing to the society.
 - f) Product responsibility: Customer satisfaction, Products to enhance customer sustainability, Helping customers to conserve energy, and PowerSeraya's role in an Efficient and Competitive Electricity Market.
7. A review of samples of source data for verifying PowerSeraya's data and information management systems and processes focusing on the reliability of data reported, in accordance with the requirements of AA1000AS (2008) and GRI G3 reporting guidelines. The assessment of reliability of data included a review of completeness and accuracy, and of the methods, practices and tools used in the collection, collation, analysis, and reporting of data and information. The assessment also included a review of internal quality control, data traceability and testing of calculations.
8. A review of the process of acquiring economic information and financial data reflected in the FY 2010/11 audited financial statements.
9. Examining a selection of internal communications, stakeholder engagement reports, media reports, employee survey results, and customer satisfaction survey results relating to PowerSeraya's sustainability management and performance.

Conclusion

In CSRWorks' opinion, based on engagement carried out, PowerSeraya's 2010/11 Corporate Accountability Report provides a fair and reliable representation of the company's sustainability strategies, management approach and performance. Based on our work, PowerSeraya's 2010/11 Corporate Accountability Report has met the conditions for adherence to the AA1000 Principles and the GRI G3 Guidelines including the GRI Electric Utilities Sector Supplement.

Observations and recommendations

Our observations and recommendations, within the scope of this engagement, are presented below specifically with reference to the adherence to AA1000 Principles of materiality, inclusivity and responsiveness. We have also made additional recommendations in a separate report to the management of PowerSeraya. Some of these recommendations were implemented by PowerSeraya, and verified by CSRWorks, before this assurance statement was issued.

Adherence to AA1000 Principles

Materiality

PowerSeraya has appropriately identified issues that are most material to its business and stakeholders. As a power generation company that relies on oil and gas as input material, PowerSeraya has correctly identified climate change and a range of environmental issues as material. We have noted that PowerSeraya has expanded reporting on greenhouse gas emissions this year by including sulphur hexafluoride emissions. Reliability of power plants, offering products and services that help customers save energy, customer satisfaction, risk management particularly

in relation to fluctuating oil prices, occupational health and safety, employee development, and promoting environmental awareness among staff and community are also identified as material issues which are equally important to business and its stakeholders.

PowerSeraya is a member of Singapore Compact for CSR, and has been actively participating in sustainability conferences, seminars and industry forums, and engages with regulators, customers and industry bodies to understand wider sustainability issues most material to the power generation sector. PowerSeraya's management periodically discusses and updates material issues in internal meetings including at the Board of Directors level.

Going forward, PowerSeraya should consider a formal, broader and deeper assessment of risks and opportunities arising from climate change to better articulate its response and strategy.

Inclusivity

PowerSeraya has identified a range of stakeholders that include customers, labor union, government agencies, market regulators, employees, suppliers and community. PowerSeraya has an ongoing engagement process to understand stakeholders' needs and to address them. Examples include customer satisfaction survey, employee opinion survey, quarterly staff-management dialogue, periodic meetings with the labor union, and regular interaction with voluntary welfare organizations.

Going forward PowerSeraya should consider deeper engagement with suppliers to share its sustainability knowledge, build their sustainability capabilities and include sustainability criteria in the procurement process. This will help expand reporting on supply chain issues.

Establishing a formal engagement framework, enhancing organization-wide capabilities to engage stakeholders and increasing employees' awareness about the value of stakeholder engagement could be another area of further improvement.

Responsiveness

PowerSeraya demonstrates commitment to respond to feedback received from stakeholders. For example, based on customer feedback, PowerSeraya has introduced innovative products that help customers enhance their sustainability and has organized orientation programs for customers and provides tips on saving energy. Another key example includes PowerSeraya's Collective Bargaining Agreement with the Union of Power and Gas Employees in January 2011 that includes adopting a re-employment framework, ahead of legislation, to benefit employees reaching the retirement age.

PowerSeraya's Enterprise Risk Management department works closely with various risk owners to collect relevant data and information in order to respond to potential issues in a timely manner.

PowerSeraya has reported actual performance on various sustainability indicators. Going forward, PowerSeraya should establish, and report on, measurable targets and goals related to material issues.

PowerSeraya has significantly expanded the number of GRI sustainability performance indicators in this year's report from 57 to 91, and has also included disclosure on 33 Electric Utilities Sector-specific commentaries and management approaches. The next step for PowerSeraya is to deepen and widen the level of disclosures for each of the indicators to provide greater insight into its performance.

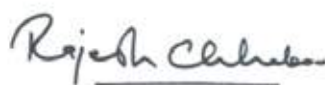
Our independence

CSRWorks was not involved in preparing any part of the report, with the exception of this Assurance Statement. CSRWorks has not undertaken any prior work with PowerSeraya or any of its stakeholders on any engagements that could impair the independence, impartiality or objectivity of our findings, observations, conclusions and recommendations.

Our competency

CSRWorks is a leading name in the region in sustainability consulting with particular expertise and track record in social and environmental assessments, organizational carbon footprint, water footprint, health and safety, sustainability reporting and assurance. PowerSeraya's assurance engagement was led by a senior assessor with over 14 years of full time experience in corporate responsibility and sustainability that includes conducting or overseeing hundreds of social and environmental audits in a range of industry sectors, sustainability reporting, GHG reporting, stakeholder engagement and development of sustainability standards.

December 09, 2011
Singapore



Rajesh Chhabara
Director and Lead Assessor

For CSRWorks International





3.1 Corporate Information

Name: PowerSeraya Ltd

Wholly owned subsidiaries

Seraya Energy Pte Ltd

1 HarbourFront Place
#16-06 HarbourFront Tower One
Singapore 098633
Telephone: +65 6363 6688
Facsimile: +65 6363 6600
Website: www.serayaenergy.com.sg

Seraya Energy and Investments Pte Ltd

1 HarbourFront Place
#17-01 HarbourFront Tower One
Singapore 098633
Telephone: +65 6363 1010
Facsimile: +65 6363 1212

PetroSeraya Pte Ltd

1 HarbourFront Place
#17-01 HarbourFront Tower One
Singapore 098633
Telephone: +65 6363 1010
Facsimile: +65 6213 8673
Website: www.petroseraya.com

Primary services

Electricity generation
Steam generation
Electricity retailing
Oil trading and bunkering (since April 2007)

Headquarters

Registered office

1 HarbourFront Place #17-01
HarbourFront Tower One
Singapore 098633
Telephone: +65 6363 1010
Facsimile: +65 6363 1212
Website: www.powerseraya.com.sg

Power Plant Stations

Pulau Seraya Power Station

3 Seraya Avenue
Singapore 628209
Telephone : +65 6890 4308
Facsimilie : +65 6266 1955

Jurong Power Station

16 Jurong Pier Road
Singapore 619175
Telephone : +65 6660 0205
Facsimilie : +65 6268 1214

Countries of operation / Place of incorporation

Singapore

Company registration Number

199504468H

Date of incorporation

27 June 1995

Ownership

PowerSeraya Ltd is now wholly owned subsidiary of YTL Power International Berhad since 6 March 2009. (see diagram 3.1)

Board of Directors

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
 Dato' Yeoh Seok Hong
 Dato' Mark Yeoh Seok Kah
 Joseph Tan Choong Min
 Edwin Harald Burchardt
 John Ng Peng Wah

Company Secretary

Jessica Lien Mei Jin

Auditors

PriceWaterHouseCoopers LLP
 8 Cross Street
 #17-00 PWC Building
 Singapore 048424

Principal Bankers

Bank of America N.A.
 CIMB Bank Berhad
 Citibank, N.A. Singapore Branch
 Credit Agricole, Corporate & Investment Bank
 DBS Bank Ltd
 ING Bank N.V., Singapore Branch
 Malayan Banking Berhad
 Oversea-Chinese Banking Corporation Limited
 The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Changes in organisational structure during reporting period

The company changed ownership during the reporting period which resulted in an organisational restructuring exercise in 2009. The Utilities Group underwent a major restructuring exercise in Q3 2009 to align its modus operandi with that of its parent company to enhance synergies between subsidiaries of the parent company.

Market served
Singapore**Employees (full-time)**

417 (for year ending June 11). This is a 2.9% increase in the number of full-time employees over the previous FY.

Revenue

S\$4.7 billion (for year ending Jun 11)

Net profit after tax

S\$374.2 million (for year ending Jun 11)

Earnings per share

S\$0.42 (for year ending Jun 11)

Return on assets

12.8% (for year ending Jun 11)

Licensed generation capacity

3,100 MW



Diagram 3.1: PowerSeraya is a wholly owned subsidiary of YTL Power International Berhad

3.2 Strategic Profile

The PowerSeraya Group, a wholly-owned subsidiary of YTL Power International Berhad, is in the business of producing, wholesaling, trading and retailing of energy, with a primary focus on electricity. With a licensed generating capacity of 3100MW, PowerSeraya is one of Singapore's largest electricity generators, supplying about 30% of the country's energy needs. Through its retail arm, Seraya Energy, it has been providing a wide range of innovative products and services to meet the diverse needs of its customers. As part of our vision to become an integrated energy company, the company entered into the fuel-trading and oil-bunkering business through our wholly-owned subsidiary PetroSeraya Pte Ltd in 2007, further complementing PowerSeraya's power-generating business and Seraya Energy's electricity retail business.

PowerSeraya has since been growing its business beyond its core competency of an electricity provider to become a leading integrated energy company in Singapore with operations in physical oil trading, steam and domestic potable water sales.

Part of our diversification strategy to become a leading integrated energy company required the integration of new infrastructure with existing power generating assets. The modifications to our existing natural-gas fired combined cycle power plants has enabled the company to produce steam (through the application of waste heat recovery principles) for our customers with sustainability in mind.

As an expansion of PowerSeraya's business to offer multi-utility services that include electricity, steam and water, the company's 800MW Co-Generation Combined Cycle Plant (Co-Gen CCP) was launched in October 2010. The Co-Gen CCP which is capable of increased thermal efficiency has also further reduced the overall carbon footprint of the company.

The PowerSeraya Group remains committed to maximising value to its shareholders and customers while maintaining high standards of operational excellence and delivery without compromising its commitment to the environment and the community.

Our Business Case for Sustainability

In 2008, a CSR Strategy was developed to take into account the company's corporate strategy, the sustainability issues affecting our company and our key stakeholders. In fulfilling the corporate vision of being a leading integrated energy company, we are consciously aware of the important role that CSR has in balancing our profits with the planet and people.

Our five 'CSR Strategic Thrusts' as outlined below goes beyond conducting a responsible business. It aims to build a culture where employees think and practice sustainability in the company and how the culture can be extended to influence the community around us. It represents our continuous strive to be on top of sustainability issues and our pursuit of sustainable energy solutions for the future – 'Energy for Sustainable Growth'.

#1 CSR Thrust: Investing in Green Capabilities

It is about our continuous endeavour to explore new technologies and ideas for cleaner energy. Some projects we have explored included seeking a CDM registration for our 800MW Co-Gen plant and tender bids for electric vehicle test-bedding. We continue to strive forward on this front to explore newer and cleaner energy options in the medium to long-term.

#2 CSR Thrust: Incorporating Greenhouse Gas in Management Agenda

It is about embedding operations/practices with Greenhouse Gas (GHG) in mind. We started the process about three years ago with our annual sustainability report. By highlighting the GHG emissions and initiatives tied to this in the report, we had kick-started the cycle of improving upon our GHG performance. Looking into the future, we are looking at putting in place an energy management system where we can track, monitor and improve on our energy footprint which is related

to our GHG footprint. An annual report of our sustainability performance also aims to provide our customers and business partners with a transparent view of how we conduct our business and eventually, build trust and credibility with these stakeholders.

#3 CSR Thrust: Building Strategic Partnerships

This means building our social capital. We live in a highly globalised and interconnected world where companies are increasingly looking to our stakeholders for business ideas, solutions and growth. We recognise the need to develop strong partnerships with not only our business partners but the government, civic society and customers to help us grow, innovate and develop new solutions/products.

#4 CSR Thrust: Growing With the Community

It is more than giving back to society. It is also an opportunity where we can engage our staff on a common social mission. The company recognises that employees who identify with the social mission of the company are likely to be motivated, committed and more prepared to make sacrifices as a team member. Community involvement can play a complementary role in developing new skills, encouraging participation and sharing, as well as build team spirit in the workplace. Increasingly, the newer generation of employees aspires to join companies that are socially responsible. The company's engagement with the community thus helps to attract new talent into our workforce and provides an avenue for new employees to pursue their aspirations/passion outside of work via corporate-organised social initiatives.

#5 CSR Thrust: Nurture Human Capital

It recognises that our employees are an important resource of the company. It is our talent within that enables us to move in tandem with changes, develop new ideas/solutions to grow the company over time. Nurturing human capital in PowerSeraya is more than just developing our employees to be productive units for economic performance. It is also about embedding a workforce culture that embraces the philosophy of sustainability for sustainable growth over the long-term. Our belief in nurturing human capital extends outside the company where our employees act as change agents to families and the community around them e.g. Energy Savers Contest. The company also provides opportunities to develop promising tertiary students through our regular scholarship and internship programmes that lend strength to employee branding over time.



Diagram 3.2: The Five CSR Strategic Thrusts

3.3 Board of Directors

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Chairman

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping joined the PowerSeraya Board on 12 November 2009. He is presently Managing Director of YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad as well as the Executive Chairman and Managing Director of YTL e-Solutions Berhad.

Tan Sri Francis is also Chief Executive Officer of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust; and the Executive Chairman of YTL Pacific Star REIT Management Limited.

Under his stewardship, the YTL Group has grown into a leading integrated infrastructure developer with international interests in utilities, construction, cement manufacturing, property development and investment, hotel development and management and information technology.

DATO' YEOH SEOK HONG

Dato' Yeoh Seok Hong was appointed to the PowerSeraya Board on 6 March 2009. He is an Executive Director of YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad and YTL e-Solutions Berhad.

Dato' Yeoh Seok Hong is responsible for developing the YTL Power's utilities business, which has grown from its base in Malaysia of two power stations with a generation capacity of 1,212 MW into an international multi-utility provider with businesses encompassing power generation (in both contracted and merchant markets) in Malaysia, Indonesia and Singapore, power transmission in Australia and water and sewerage services in the UK.

DATO' MARK YEOH SEOK KAH

Dato' Mark Yeoh Seok Kah was appointed to the PowerSeraya Board on 6 March 2009. He is an Executive Director of YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad and YTL e-Solutions Berhad.

Dato' Mark heads the hotels and resorts division of the YTL Group, which owns and manages a portfolio of award winning premier properties comprising of 5-star hotels (The Ritz-Carlton, Kuala Lumpur and the JW Marriott Hotel Kuala Lumpur), luxury resorts (Pangkor Laut Resort, Tanjong Jara Resort, Cameron Highlands Resort, The Majestic Malacca and Spa Village Resort Tembok Bali) and the Vistana chain of business hotels in Malaysia.

JOHN NG PENG WAH

Besides serving on the PowerSeraya Board, Mr. John Ng Peng Wah is also the Chief Executive Officer of the PowerSeraya Group, an appointment held since May 2009. An industry veteran with more than 20 years of commercial and engineering experience under his belt, he transitioned with the Company from its PUB days to the current PowerSeraya Group.

Prior to his current appointment, Mr. Ng was the Group's Senior Vice President of Retail & Regulations. During his tenure, Seraya Energy – the Group's retail arm – witnessed rapid business growth and made it to the list as one of Singapore's 50 fastest growing companies for two consecutive years.

Until his appointment, Mr. Ng has also held other management positions within PowerSeraya, including General Manager of Business.

HARALD BURCHARDT

Mr. Harald Burchardt is the Managing Director of YTL Power Services Sdn Bhd and has overall responsibility for the Operation and Maintenance of YTL Power's Paka and Pasir Gudang power stations in Malaysia and PT Jawa Power's 1,220 MW power plant in Indonesia.

Mr. Burchardt is a Nuclear Engineer with over 45 years of experience in the international power sector including 30 years with Siemens and 15 years with the YTL Group. He was formerly a Senior Director in the Erection & Commissioning Division of Siemens PG Group KWU in Germany. He was also the project manager for Killinghome and Rye House combined-cycle power plants in the UK in the early 1990s.

JOSEPH TAN CHOONG MIN

Mr. Joseph Tan Choong Min is the Director of Projects for YTL Power International Berhad and is responsible for the YTL Group's new projects and investments, including M&A acquisitions and greenfield project development.

Mr. Tan has over 25 years' experience in the construction and infrastructure sectors, as well as in corporate planning and business development for large industrial groups. Prior to joining YTL Power, he was Manager for Corporate Planning & Business Development with Singapore Technologies Industrial Corporation Limited in Singapore.

He obtained his Bachelor of Science (Hons) degree in Civil and Structural Engineering from the University of Bradford, UK and a Masters of Business Administration degree from the National University of Singapore.

3.4 Senior Management



MR JOHN NG
Chief Executive Officer



MR CHAN SWEE HUAT
Senior Vice President
Trading and Fuel Management



MR QUEK KHAI HOR
Senior Vice President
Utilities



MR LOW BOON TONG
Senior Vice President
Energy Markets



MR LIM SAM SAN
Vice President
Retail



MRS RETNAM PUI YIM
Vice President
Corporate Services



MR NICHOLAS CHAN
Vice President
Corporate Finance



MR SEE YOONG HWE
Vice President
Process & Innovation

3.5 Business Operations Review

Seraya Energy

The financial year saw high volatility in the energy market that posed great challenges for the electricity market. Seraya Energy supported its customers in facing these challenges by offering innovative products and customised solutions.

Armed with a good knowledge of customers' business needs, Seraya Energy managed once again to retain its market leader position for the fourth year running with a 28.3% share of the contestable retail market. Sales volume was 7,714GWh, a slight increase from the annualised figures of 7,658GWh in FY2009/2010.

To facilitate its customers in making their buying decision under the highly volatile market, regular updates on market conditions were provided. A new product was also introduced, which called upon Seraya Energy to manage customers' electricity prices over a longer time frame, thus creating added value.

Moving ahead, the competition in the market is set to become more intense with the entry of new generation units and players. This means the team having to step up on efforts more than ever to re-invent itself and build on customer value propositions.

Seraya Energy will continue to draw customer feedback and look at offering bundled products together with flexible electricity plans to give customers greater options and convenience.

PetroSeraya

Against a backdrop of market volatility and slow growth in the industry in the last financial year which contributed to a challenging year, PetroSeraya, the trading and fuel management arm of PowerSeraya, continued its strong contributions to the company with a revenue of S\$869 million and overall Net Profit After Tax (NPAT) of S\$5 million.

This strong performance was contributed mainly from its physical oil trading and tank leasing business activities. The team's proactive search for new business opportunities and new sources of fuel, as well as expansion of its counter-party networks has also boosted the company's position.

Leveraging on its terminal facilities centred on the petrochemical hub of Singapore and efficient cargo handling activities, PetroSeraya completes the Group's energy value chain.

In the last financial year, PetroSeraya leased out a total storage tank capacity of up to 270,000 metric tonnes. Meanwhile, its own 25,000 cubic meters oil blending tanks continue to enhance its trading activities and complement its existing storage tank capacity of 860,000 cubic meters.

In addition, retrofitting works were carried out on the existing oil storage and jetty facilities for greater operational efficiency.

Moving forward, PetroSeraya aims to be the leading oil terminal in Singapore and will continue to explore new initiatives to reach this vision.

Utilities

The completion and official launch of PowerSeraya's 800MW Co-Generation Combined Cycle Plant (Co-Gen CCP) in October 2010 marked a significant milestone for the company. Replacing three oil-fired steam units, the Co-Gen CCP produces electricity and steam simultaneously with higher efficiency and reliability.

The availability of steam through the Co-Gen CCP has also enabled PowerSeraya to supply high pressure steam to neighbouring customers on Jurong Island. With already one steam customer on board

– Petrochemical Corporation of Singapore – the company continues to grow its customer base in steam sales and will be supplying steam to its second customer for 15 years starting February 2012.

On another aspect of its plant operations, the chemical laboratory under PowerSeraya was accredited with the ISO/IEC17025:2005 SAC-SINGLAS Accreditation in June 2011 for water testing. This achievement made PowerSeraya the first power generation company to be accredited in fuel oil and water listed on the SAC-SINGLAS directory.

In order to improve its plants' reliability and availability as well as extend its lifecycle, PowerSeraya completed major overhaul projects of over 75,000 Equivalent Operating Hours (EOH) for two blocks of combined cycle plants during the financial year under review.

As part of the company's journey towards continuous improvements, the team will seek to establish processes for obtaining the newly created ISO50001 – a standard for energy management systems – in the new Financial Year. This standard aims to help companies improve their energy performance throughout the supply chain, including energy consumption and efficiency.

With an aim to optimise the use of resources and further reduce the company's environmental footprint, a water conservation programme within the plant will also be explored.

Energy Markets

PowerSeraya was able to maintain its leading position despite a competitive environment and volatile oil and currency markets over the last financial year. For the period ending June 2011, it registered a generation market share of 28%, the highest among Singapore's generation companies. PowerSeraya sold 11,987 GWh of electricity, representing a 8.4% increase compared to the 2009/2010 financial year on an annualised basis.

With prudent bidding and hedging strategies that were implemented in accordance to market conditions, the company was able to continue providing cost-competitive products to its customers.

In May and June 2011, PowerSeraya supplied electricity to Malaysia's largest electricity group Tenaga Nasional Berhad in the first-ever commercial sale of power supply from Singapore to Malaysia. Appropriate bidding and hedging measures were also put in place to cater to this electricity export move.

Following two new Combined Cycle Plants (CCPs) commissioned from end of 2009, PowerSeraya was able to obtain more than 65% of the generation output from its CCPs for the financial year under review. These natural gas-fired plants generate electricity at a higher level of efficiency and at lower costs compared to oil-fired plants.

Process & Innovation

For the year in review, PowerSeraya's Process & Innovation (P&I) team continued to focus on business efficiency and productivity – mainly enabling the various business units' success through the effective and reliable use of technology and maximising the use of its assets.

In supporting the business groups, P&I identified infrastructure gaps and implemented strategic systems to enhance the growth of the business. Working with various departments, P&I created a convenient one-stop reference data warehouse which gave different departments access to enterprise information stored in a central location.

As part of its continuous effort to enhance the company's system reliability, maximise existing physical space and reduce energy consumption as well as carbon footprint, the team continued to pursue the use of virtualisation technology. To date, the company runs more than 150 virtual servers on 11 physical servers.

To maximise the use of assets, P&I upgraded the functionality of a trading system used in electricity bidding so as to prolong its shelf life by another three years.

In response to external changing market demands, projects were also carried out in the last financial year to replace obsolete software or hardware.

More system upgrades and improvements are expected in the new financial year, involving existing Finance and Human Resources systems and customer billing solutions. Working in hand with other departments, P&I will continue to develop and ensure the effective use of IT assets in the company.

Corporate Social Responsibility (CSR) and Human Capital

The company organises many corporate social responsibility (CSR) initiatives throughout the year. Every year close to 12 initiatives were organised for staff as well as the community. These initiatives seek to inculcate a culture of corporate citizenry where staff can engage in meaningful work for the environment and the community. In galvanising employees to a common purpose through such initiatives, positive working relations are strengthened, thus creating a happy and highly engaged workforce.

From managing office resources under the Eco Office Label certification system to participating in the annual Energy Savers Contest, staffs are given opportunities to voluntarily actualise environmental sustainability. Our external environmental programmes that involve the community include the Responsible Energy Advocates Programme (REAP). Through REAP, tertiary students are groomed to be energy advocates through home energy conservation initiatives with residents and working on energy conservation projects targeted at different stakeholders.

Our investments on enhancing human capital increased over the past two years (FY09/10 to FY10/11). These investments took mainly the form of staff training to enable them to acquire technical knowledge and skills to operate new power generation machines. In addition, the company also sought to develop a strong leadership culture through greater employee engagement. Our labour practices are consistent with the ILO conventions (ratified by Singapore).

Coupled with our pro-family practices, the company provides a conducive work environment that encourages staff to adopt a healthy work-life balance and lifestyle. Our fast aging workforce has highlighted succession planning and human capital renewal as a key focus in the coming years. In response to this, the company introduced the READY programme in 2011 to help employees approaching the retirement age to assess whether they should consider re-employment or retirement.

The company is also branding itself as an employer of choice to attract new staff to replenish a retiring workforce. All the above human capital initiatives are aligned with our CSR Strategic Thrust of 'Nurturing Human Capital' which also extends beyond the organisation to the community.

Since 2008, the company has held the PowerSeraya Scholarship programme with Nanyang Technological University for tertiary students. The Nithiah Nandan Book Prize which was also set up in the same year, recognises the talents of our employee's children in non-academic fields.

In early 2011, the company expanded its social initiatives to include the disadvantaged in society by adopting the Goodwill Occupational & Rehabilitation Workshop (GROW) a charitable programme of the Spastic Children's Association of Singapore. The company hopes that its support for GROW will provide opportunities for these individuals to undertake more social enterprise initiatives that are beneficial for their personal growth and development. Through GROW, the company also hopes to instill in its employees a sense of ownership to this charitable programme, as well as develop a nurturing spirit from the experience gained.

The company is also a keen supporter of environmental and social initiatives/causes. Our sponsorship for the Clean and Green Singapore event and the annual fund-raising Semakau run dates back to 2007 and 2008 respectively. We recently renewed our support with the Waterways Watch Society in 2010 by sponsoring another five patrol bikes from the initial ten bikes in previous years. Our company is also on the SHARE scheme under the Community Chest where staff voluntarily donates a portion of their monthly salary to the needy in society.

3.6 Milestones for FY 2010/2011

July 2010 to June 2011

1. Official Opening of 800MW Co-Generation Combined Cycle Plant

The official opening of PowerSeraya's 800MW Co-Generation Combined Cycle Plant (Co-Gen CCP) on 20 October 2010 marked the expansion of PowerSeraya's business to offer multi-utility services which include electricity, steam and water. The Co-Gen CCP with increased thermal efficiency has also further reduced the overall carbon footprint of the company.

2. Winner of ACCA's Singapore Awards for Sustainability Reporting

PowerSeraya was awarded the top winner of the 2010 ACCA's Singapore Awards for Sustainability Reporting on 22 October 2010. It was PowerSeraya's second consecutive win since it started its sustainability reporting in 2009. The company was commended on its transparency, completeness and credibility in the quality of information disclosed during the reporting process.

3. Asian Power Plant of the Year 2010 (Silver)

PowerSeraya's 800MW Co-Gen CCP was awarded Silver in the category of Asian Power Plant of the Year at the Asian Power Awards 2010 ceremony organised by Charlton Media. Launched since 2005, the Asian Power Awards aims to recognise power industry players in Asia for significant contributions in the region.

4. WorkLife Achiever Award 2010

For the company's commitment in promoting work-life integration in the workplace and creating a conducive environment to bring out the best in its employees, PowerSeraya was awarded the WorkLife Achiever Award 2010 by the Tripartite Committee on Work-Life Strategy (TriCom).

5. Most Technologically Advanced Power Plant of the Year

The 800MW Co-Gen CCP of PowerSeraya received the award for Most Technologically Advanced Power Plant of the Year at the Power & Electricity Awards 2011 held in March. Competing with other plants across Asia, PowerSeraya's Co-Gen CCP came out tops for its ability to make use of technologies to produce cost-effective electricity in an environmentally-friendly manner.

6. Eco Office Label

PowerSeraya was awarded the Eco Office Label on 16 February 2011 by the Singapore Environment Council for demonstrating good environmental practices in the office setting. To date, only 73 companies in Singapore have received this award since its inception in 2005 – with PowerSeraya being the country's first power company to join the ranks.

7. Collective Agreement 2010-2013 Signing

The signing of the Collective Agreement for 2010 to 2013 was concluded on 19 January 2011 and is another testament of the strong partnership between PowerSeraya and the Union of Power And Gas Employees (UPAGE). In concluding the agreement, the company also became the first power generation company to formally adopt a re-employment framework for mature workers beyond age 62. This is ahead of the re-employment legislation intended for 2012, which aims to allow mature workers to stay economically productive.

8. First Generation Company to Import Electricity To Malaysia

A deal between PowerSeraya and Malaysia's largest electricity group, Tenaga Nasional, was sealed for the export of electricity for a month in May 2011. This marked the first-ever commercial deal for cross-border electricity export between Singapore and Malaysia. An 'exemption relating to export of electricity' under Singapore's Electricity Act was given to PowerSeraya by the Energy Market Authority (EMA) and Ministry of Trade and Industry to proceed with the deal.

9. Achievement Of Accreditation For Water Testing

PowerSeraya's laboratory was accredited with ISO/IEC17025:2005 SAC-SINGLAS in June 2011, making PowerSeraya the first power generation company to be accredited in fuel oil and desalination water listed on the SAC-SINGLAS directory. It has also enabled the laboratory to become a full-fledged testing centre able to do both oil and water testing services.



4.1 Introduction

A robust corporate governance system ensures that the company's business practices are carried out in a responsible and ethical manner. It serves to protect the interests of our shareholders as well as other stakeholders that have interactions with our company.

We believe firmly that integrity, excellence and commitment by our people, supported by sound policies, practices and internal controls are the success elements that will create long-term value and returns for shareholders.

The following questions serve to give readers an in-depth understanding of the company's corporate governance structure and how issues concerning sustainability are considered and decisions made.

What is the governance structure of PowerSeraya, such as the committees for specific tasks like setting strategy or organisational oversight?

The highest governance body in PowerSeraya Ltd is the Board of Directors (BOD) which provides organisational oversight on areas such as business strategy, risk management, employee compensation and company policies. The BOD has three committees to assist in the execution of its responsibilities:

- a) Audit Committee** - responsible for the financial reporting, internal controls and compliance issue (operations and finance)
- b) Human Resources and Remuneration Committee** – responsible for human resources policies and compensation matters.
- c) Risk Management Committee** – responsible for policies on monitoring and managing of risk exposures.

The composition of the BOD as well as details of each BOD member can be found under Section 3.3: Board of Directors.

What is the composition and function of the BOD?

The BOD consists of six members, two of whom are non-executive members. The BOD is headed by a Chairman who is not an executive officer of the company. Out of the four executive members of the BOD, one of them is the Chief Executive Officer of PowerSeraya with the remaining three also in executive positions outside PowerSeraya. For details, refer to Section 3.3: Board of Directors.

A non-executive director is generally considered a director who has no involvement in the day-to-day running of the company and is not employed by the company. As such, a non-executive director will usually devote part of his time to the affairs of the company as an independent adviser on matters of policy and strategy.

What mechanisms do you have for the shareholder and employees to provide recommendations or direction to the BOD?

PowerSeraya is a wholly-owned subsidiary of YTL Power International Berhad from 6 March 2009. There are no minority shareholders, and PowerSeraya's sole shareholder appoints the directors on the BOD.

Employees have the right to raise concerns anonymously through a whistle-blowing policy which is covered under the company's Code of Ethics.

UPAGE (Union of Power and Gas Employees) represents our employees who are union members, which make up more than half of the company's staff. UPAGE and the management of the company meet on a regular basis to discuss topics relating to the welfare of the union members as well as areas of collaboration where the union and the management can work together to achieve company goals, among other issues.

What internal controls and systems are in place to assure the integrity and reliability of the company's financial performance data and also to safeguard company assets?

The Management provides all Directors with accounts and reports on the operational performance on a monthly basis. Apart from the periodic updates provided by the Management, the Directors may at any time seek further information from or have discussions with the management on the Group's operations and performance.

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of its financial statements and to adequately safeguard, verify and maintain accountability for its assets. Established procedures in operations and finance ensure adequate internal controls exist.

The effectiveness of these controls and systems are subject to periodical reviews by Internal Audit. In addition, the external auditors also review the effectiveness of key controls as part of its audit plan for each year.

The Internal Audit function serves to provide independent and objective assessment of the Group's system of internal controls. In assessing the adequacy and effectiveness of the Group's system of internal controls, Internal Audit:

1. Adopts a risk-based approach integrating efforts with top priority risks and develops the internal audit plan;
2. Evaluates the design and operating effectiveness of key controls of business processes under review,
3. Recommends improvement to internal control procedures and promotes effective and efficient business processes within the Group.

Internal Audit reports directly to the Audit Committee and meets with the Audit Committee quarterly to report its activities and observations.

Is there any link between compensation for BOD members, senior managers, and executives and PowerSeraya's performance, including social and environmental performance?

All of our employees are covered in an established and structured performance management system where bonus and salary remuneration are tied to group and individual performance targets aligned to our overall performance goals – which include social and environmental performance. This is reflected

in the environmental performance of the power plant operations as well as the environmental initiatives organised or supported by the organisation for employees and the community. The establishment of the Sustainability Department (previously known as Environmental Department) in late FY06/07 shows our emphasis on sustainability with a focus on the environment. The bonus and increment of the Sustainability Department employees and group heads concerned are tied to the performance of the sustainability goals which include targets for environmental and social items. Our social performance includes the various community programmes covered under the corporate social responsibility goals. These goals form part of the corporate performance targets which are tracked and rewarded under the company's compensation system.

There is no link between compensation for BOD members and PowerSeraya's performance. While the Executive Directors are paid a remuneration for their involvement in guiding the operations of the company, the BOD members do not receive any non-executive director's fees. Nonetheless, the BOD members do contemplate issues covering financial, environmental and social subjects. For dedicated attention, three committees (Audit Committee, Human Resources and Remuneration Committee and Risk Management Committee) are set up to scrutinise issues in greater detail, such as business planning and strategies; corporate governance and risk management; and human resource matters including industrial relations. The BOD appoints directors to head and be members of the three committees. The Risk Management Committee also includes company executives who are not members of the Board of Directors.

What processes are in place for the BOD to ensure conflicts of interest are avoided?

If there is any conflict of interest, the individual BOD member who is in a position of conflict of interest will not vote on the matter. Our annual report (now integrated with the Sustainability Report to form the Corporate Accountability Report) includes annual financial statements which require directors to declare whether they have any interest in the shares or debentures of the company or its related corporations in accordance with the Singapore Financial Reporting Standards.

Our tender award process for the procurement of products or services include procedures that require members of the Board of Directors to declare whether they have an interest in the suppliers or service providers recommended for award.

Is there a process for determining the qualifications and expertise of the BOD members guiding PowerSeraya's strategy on economic, environmental and social topics?

In sourcing and considering the candidates for appointment as directors to the Board, his qualifications and experience will be scrutinised by our Shareholder in relation to the prevailing composition of the Board expertise and the desired profile.

How does the BOD oversee PowerSeraya's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles?

The BOD meets at least quarterly for progress updates on the company's performance which includes economic, environmental as well as social aspects. They also provide advice and direction on issues facing PowerSeraya and how to move the company forward. From time to time, the BOD appoints external consultants and auditors to augment expertise and provide advice on specific company matters. The BOD is supported in this by two main committees: the Audit Committee looks into the risk management aspects of the organisation with the Risk Management Committee which provides quarterly reports to the Audit Committee; and the Human Resources and Remuneration Committee looks into HR policies as well as the Code of Conduct.

What internally developed statements of mission or values, codes of conduct, and principles do you have that are relevant to economic, environmental, and social performance, and what is the status of their implementation?

Our vision is to be the leading integrated energy company based in Singapore.

Our mission statement is: "At PowerSeraya, our relentless pursuit is to maximise value for our shareholders, customers, employees and the community."

Our guiding business principles include:

- a) Optimal development and utilisation of resources
- b) Sound environmental practices
- c) Product/service differentiation
- d) Creative and vibrant workforce

Our core values are "Venture, Innovation, Best Practices, Respect, Accountability, Nurture and Teamwork" (VIBRANT for short)

Our Code of Conduct covers areas such as fraud which is covered in detail under Fraud Risk Management Policy, Section 4.2.3. Our Code of Ethics covers areas such as responsibility of maintaining a safe workplace and whistle-blowing.

Each employee has access to a copy of the Employee Handbook which covers the Code of Ethics, Code of Conduct and Employee Welfare. The corporate website and intranet also communicate these corporate messages.

4.2 Risk Management

4.2.1 Introduction

Risk Management for Organisational Value Optimisation

At PowerSeraya, we view risk management as a necessary and important function that serves to protect the enterprise value of the company. Taking a precautionary approach through the various risk management practices within the company helps to mitigate the multiple risks that the company encounters in its daily operations. Due to the interdependences of the business operations of PowerSeraya and its subsidiaries, prudent risk management aims to minimise the risk impacts that affects the business ecosystem of the PowerSeraya Group. This thus contributes towards the optimisation of the value chain across the various business entities.

We have a corporate risk management framework that covers the different types of enterprise risk. Under this framework, enterprise risks are identified by the respective business units and significant risks are documented in the Corporate Risk Register and monitored. The business risks are expected to identify mitigation measures to address the enterprise risks and implement them accordingly in efforts to reduce the risk exposure. We employ risk monitoring and reporting systems to enable early detection and escalation of risks to various levels for review to take appropriate actions. Diagram 5.1 shows the risk-management cycle practiced in the company.



Diagram 4.2(a): Risk-management cycle

PowerSeraya has put in place a structure to manage the risks of the entire company. The committees and their respective roles in risk management are shown in Diagram 4.2 (b). The Board of Directors is responsible for determining the type and level of risks that the Company undertakes in achieving its corporate objectives. This is achieved through the enterprise-wide corporate risk statements, framework and policies approved by the Board. Because of a changing business environment and for company strategy, a risk posture statement defining the Group's risk appetite is submitted and approved by the Board of Directors on an annual basis.

The Board has delegated the authority to formulate, review and approve non-major policies on monitoring and managing risk exposures to the Risk Management Committee. The Risk Management Committee (RMC) will propose and recommend major risk-related policy decisions to the Board for approval. The committee meets regularly to deliberate on enterprise-wide risk matters.

During FY2010/2011, the committee was chaired by the Chief Executive Officer. Members include Executive Director, Chief Risk Officer, Head of Legal & Regulatory Affairs and Enterprise Risk Manager.

Reporting to the RMC are the various risk owners who are responsible for managing and monitoring risks of their business units. The Enterprise Risk Management (ERM) Department collates all reports from the risk owners on a quarterly basis. The ERM Department primarily manages the overall market risk of the company and works with the different risk owners to manage other types of enterprise risks that include (but are not limited to) the following:

- Market Risk
- Liquidity Risk
- Project Risk
- Operational Risk
- Human Capital Risk
- Credit Risk
- Regulatory and Legal Risk
- Health and Safety Risk
- Integrity Risk
- Business Continuity Risk



Diagram 4.2(b): Organisational structure for risk management

How Risk Management Has Protected Our Enterprise Value During Uncertain Economic Times

When faced with economic uncertainties, the company's risk exposure increases. Events causing economic uncertainties such as the 2008 financial crisis may cause strong fluctuations in oil prices. Taking into account the close correlation between oil prices and our business operations, the company's profitability can be impacted adversely if there are no established risk management systems.

The company is able to mitigate the impact of oil price volatility by having a robust risk management system in place. The exposure to the company from the oil price fluctuations is limited by setting a minimum hedge ratio and capping the open positions of our oil traders. The company's Enterprise Risk Management (ERM) team provides daily reports on the day's open positions and mark-to-market profit and loss numbers to the management who then makes informed decisions to deal with the company's risk exposure. A system of alerts enables the management to be notified of any trading positions that

have exceeded a certain allowable threshold and this triggers precautionary measures to be taken to limit losses. The limits and alert triggers are reviewed by ERM at least annually based on the company's strategy, risk appetite as well as market conditions.

Besides strong oil fluctuations, another risk that may surface during economic uncertain times is the credibility of counterparties. During the 2008 financial crisis and on-going European sovereign debt crisis, a number of counterparties' credit limits were frozen after ERM's review. Besides a few reputable counterparties which ERM deems as still being financially strong and sound to trade with, PowerSeraya turns to the Exchange (ICE, SGX and NYMX) to complete its hedging requirement which has virtually no credit risk.

4.2.2 Managing Emergencies & Crises

PowerSeraya adopts a three-level response framework for handling emergencies. As a responsible company, we are committed to safeguarding the well-being of our employees, contractors, customers, the public and the environment. Having an established emergency response framework better equips the organisation to deal with emergencies (Level 1 and 2) which may potentially escalate into a crisis situation (Level 3).

Three-Level Response Framework for Handling Emergencies

- **Level 1** – The Site Incident Response Team responds and controls minor incidents.
- **Level 2** – The Emergency Management Team handles more serious operational incidents with wider potential implications.
- **Level 3** – The Crisis Management Team, which is responsible for the protection of the company's value and image, deals with strategic issues and high-level shareholder communications during an escalated incident.

Within the organisation, ten major incidents have been identified that may potentially escalate to a crisis (below). Each major incident has a corresponding response/contingency plan to deal with the associated emergency situation when it occurs. These plans are reviewed regularly to ensure they are updated against changes in business operations and regulations.

Major Incidents	Response/Contingency Plans
Generation Failure	Major System Failure
Transmission Switching Failure	Major System Failure
Fire and Explosion Plant	On-Site Emergency Response Plan
Safety Hazards	On-Site Emergency Response Plan
Environment Incidents (Oil Spill)	Oil Spill Plan
Fire - HarbourFront Office	Fire Emergency Plan for HarbourFront Towers
System/IT/Communications issues	IT Disaster Recovery Plan
Infringement of Port Security	Port Facilities Security Plan
Contagious Disease	Business Continuity Plan (Pandemic Flu)
Fuel Supply Disruption	Natural Gas Disruption – SOP

Diagram 4.2 (c): Ten major operational incidents and response/contingency plans

4.2.3 Managing Fraud Risk

The management of PowerSeraya recognises the significance and impact of fraud risks if these are not well managed. The company has a Fraud Risk Management (FRM) framework which it views as important in protecting the interests of shareholders, employees as well as other stakeholders who have dealings with the company. The overall responsibility of implementing and overseeing the FRM framework lies with the Fraud Control Officer (FCO), who reports directly to the Audit Committee.

In 2007, the Fraud Risk Management (FRM) Policy was formalised and approved by senior management and the Audit Committee. The FRM Policy summarises all the preventive, detective and resolution, and reporting initiatives adopted by PowerSeraya and aims to:

- promote awareness of potential high fraud risk areas
- develop appropriate strategies and controls to minimise the risks of fraud and consequent losses.

At PowerSeraya, all business units are periodically analysed for fraud risks. Since the formulation of the FRM Policy in 2007, there have been no confirmed incidents of fraud arising from allegations received and investigated. Fraud risk assessments are conducted on business processes which are identified for internal audit based on universal risk assessment approach.

Complementing the FRM Policy are the Code of Ethics and the Code of Conduct. The former serves to guide employees in making sound and ethical decisions while the latter aims to uphold the integrity and image of the company through employee's diligence and due care in the discharge of their duties.

Fraud risk awareness workshops are also conducted periodically to help employees identify potential red flags. In FY10/11, two fraud awareness workshops were conducted involving close to 25 employees. New staffs are also educated on fraud risks through the orientation programmes organised for all new hires. In FY10/11, 34 new employees attended the fraud risk awareness presentation conducted during the orientation programme. The workshops covered topics like the fraud risk policy, potential activities leading to fraud and the role that employees have on fraud detection. Employees are also encouraged to report known or suspected incidences of malpractice in accordance with the Employee Handbook.

4.3 Stakeholder Engagement & External Commitments

4.3.1 Introduction

Our interactions with our stakeholders, be it our business partners, our customers, our suppliers or the community enable us to increase our financial capital, nurture our human capital and at the same time provide us with the opportunities to enhance our social and environmental capital. Our stakeholders thus include groups that directly or indirectly contribute to a healthy balance of the company's economic, environmental or social performance.

PowerSeraya takes its direction from our Corporate Social Responsibility (CSR) Strategic Thrusts to identify and target our stakeholder engagements. The CSR Strategy was developed in consideration of the challenges and opportunities facing the company as well as our integrated energy strategy. These cover five main areas, leading to the following stakeholders' involvement as shown in the diagram below.



Diagram 4.3 Stakeholders Engagements driven by the 5 CSR Strategic Thrusts

In addition to the CSR Strategy driving our engagement with stakeholders, our economic performance is driven by our vision and mission statement. These will involve the engagement of stakeholders such as business partners, service providers for various economic related activities/initiatives.

Our engagement with the government agencies for environmental performance is in relation to compliance to environmental laws and regulations. For raising environmental awareness and social work among employees and the community, we work closely with the government agencies, NGOs and schools for our CSR initiatives. For details on the CSR Strategy and how it is connected to our business, please go to Section 3.2 : Strategic Profile.

4.3.2 Stakeholder Engagement

The company builds its social and human capital through constructive stakeholder engagement. PowerSeraya believes in on-going stakeholder engagement to keep abreast of the latest developments and to communicate our views to all parties with whom we have interaction or interests in. Through the process of interaction with our stakeholders, new ideas flow, new opportunities are found and innovation takes place. Our stakeholder engagement allows us to gain input and feedback on our business, clarify perceptions of our company and foster constructive relationships for the benefit of our business as well as the community.

We engage our stakeholders in various ways ranging from formal meetings, dialogue sessions, customer events and initiatives with the community. These are just some of the more specific ways in which PowerSeraya engages its main stakeholders.

Shareholders, Management and Staff

The Board of Directors holds quarterly meetings with the senior management team to update themselves on the progress of company performance, discuss and develop the business strategy, develop medium-to long-term plans and provide advice on problems and challenges. Sustainability issues are discussed at PowerSeraya management meetings as well as at the newly established YTL Group Sustainability Committee meetings (since 2011). The latter is chaired by YTL Corporation which wholly owns PowerSeraya through YTL Power International.

In late 2010, the company conducted an Employee Opinion Survey to gather perceptions from staff about how they felt about specific employee engagement factors and the company. Based on the survey findings, at least 70% of the staff that participated in the survey agreed or strongly agreed that the organisation:

- a) Has co-workers that respect their thoughts and feelings
- b) Is responsive to customer needs
- c) Recognises the need to balance the social, environmental and financial responsibilities

Building on the positive staff perceptions mentioned above and addressing the lowest-rated employee engagement factors such as career opportunities as well as verbatim feedback given in the survey, the company formed a taskforce comprising senior management team with the Human Resource department, as the Secretariat, to recommend programmes and initiatives to better increase staff engagement and enhance the company's value proposition to employees in the areas of People, Work, Total Rewards, Company Practices Opportunities and Quality of Life, within the Hewitt's Model on employee engagement.

Besides the quarterly staff management dialogue which is a means for the management to update staff on the company's performance, implementation of new initiatives as well as to gather staff feedback, the company has also initiated several programmes to promote greater alignment with the company's direction and to also foster communication and engagement across all levels of staff.

- a) Skip level meetings between CEO and managers.
- b) Quarterly engagement sessions between senior management team and managers.
- c) Quarterly engagement sessions between senior management team and executives.

Communities

PowerSeraya sees itself as being a part of the climate change solution and proactively engages the community through environmental events organised, supported or participated in by the company. Our engagement with the community includes nurturing young talents and also extends to meaningful causes that benefit the disadvantaged in society.

Throughout the years, we have involved the community in both environmental as well as social initiatives. For example, our joint initiative with our landlord on the '1 Degree Up Challenge' is an annual event aimed at getting office tenants to conserve energy by raising their office temperature by 1°C on World Environment Day. Under the Corporate and Schools Partnership Program (CASP) administered by the National Environment Agency of Singapore, the company has been able to engage our adopted school Greenridge Secondary School to educate students on energy and climate change issues through the Energy Learning Hub. In early 2011, the company formally adopted GROW (Goodwill Rehabilitation & Occupational Workshop) of the Spastic Children's Association of Singapore to reinforce our contribution to the disadvantaged in society. The PowerSeraya Scholarship programme with the Nanyang Technological University of Singapore since 2008, seeks to nurture talented undergraduate students.

Our support for community work also comes in the form of donations to NGOs that work to enhance the lives of the socially marginalised or to provide care for the environment. Details of our community engagements can be found in Section 6.3.5: Engaging and Supporting Communities on Environmental Sustainability, Section 7.2.5: Nurturing Youths and Section 7.3: Our Contributions to Society – Nurturing and Caring for Communities.

Government Agencies and Non-Governmental Organisations (NGOs)

Our main engagement with the government bodies is our contact with the National Environment Agency (NEA), the National Electricity Market, JTC, the Energy Market Company and the Energy Market Authority (EMA). Be it a change in environmental regulations or an amendment to the electricity market rules, PowerSeraya's views are often consulted by the relevant government agencies prior to any new legislation or regulation being implemented.

Besides government agencies, the company also engages with societies and NGOs such as the (Singapore Environment Council, the Singapore Compact, Waterways Watch Society and the Singapore Polytechnic Environmental Club to collaborate on CSR activities that benefit the environment and society.) In 2009 to 2011, we have been working closely with NEA and the South West Community Development Council to develop and implement the Responsible Energy Advocates Programme (REAP) that reaches out to students and the household community. Details of the REAP can be found in Section 6.3.5: Engaging and Supporting Communities on Environmental Sustainability.

Customers

Besides conducting regular surveys to gather feedback from customers on our products and services, the company organises programmes to help customers understand their energy bills better and thus empower them with the information required to conserve energy. The company also actively participates in the Industry Feedback Forum organised by EMA where customer support service issues are raised and deliberated upon. For example, a proposal to reduce the time taken to transfer a consumer from one electricity retailer to another is one issue discussed in the feedback forum.

Throughout the year, the company organises several customer events to develop strong customer relationships. At such events, customers gain an insight into the challenges of the power generation business and learn about energy conservation solutions. It is also through these events that PowerSeraya gathers customer feedback informally, learn about their concerns and innovate our products to tailor to their varied needs. Further details of what we do with our customers can be found in Section 7.4: Product Responsibility.

Suppliers, Contractors

PowerSeraya has gradually been trying to introduce sustainability criteria in certain products/services being procured for the company. As the concept of sustainable procurement is relatively new to local suppliers in Singapore, the challenge is to find common ground on the sustainable aspects of the products/services the company is seeking to procure and what the suppliers are able to deliver. The Sustainability Department actively participates in meetings or correspondences with suppliers/vendors to help them

understand the company's requirements. It is through such engagements with the suppliers and the Procurement Department that the Sustainability Department gains an appreciation of the knowledge gaps as well as the availability of goods/services with green or social features in the local market.

Safety is an important emphasis in the company. We recognise that the responsibility of safety does not rest with the company alone but also with the contractors whom our employees work closely with for the day-to-day operations and maintenance of the power plants. Throughout the year, the company will involve contractors in a number of safety-themed initiatives such as the Annual Safety Week, the emergency evacuation drill and regular safety programmes to achieve a high standard of safety performance at the power plant. Details of these initiatives can be found in Section 7.1: Workplace Safety & Health.

Employees and their trade unions

PowerSeraya takes a highly consultative approach, engaging UPAGE to share information, discuss business strategies and plans, taking into consideration each other's constraints, concerns and interests and seeking win-win solutions. A close and productive working relationship exists between the management of the company and UPAGE where both parties are committed to working together in a strategic alliance to meet challenges, resolve issues and seize opportunities with a view to enhancing business competitiveness and the well-being of employees. On average, UPAGE and the management meet four times a year. Two of these meetings discuss bonus payout and salary increment for employees. In addition, the Management will share with UPAGE the business plans and goals for the year during the start of the financial year so that both parties are aligned. On an informal basis, these two parties also hold meetings to discuss and resolve issues that may arise.

All employees of PowerSeraya and its subsidiaries have the freedom to join the UPAGE (Union of Power and Gas Employees). There is also freedom for collective bargaining by UPAGE on matters concerning employees. In FY10/11, about 51% of the workforce is covered by the collective agreement and about 73% of PowerSeraya's workforce are UPAGE members.

In 2010, management and UPAGE held several meetings to discuss the terms and conditions of the new Collective Agreement (CA) for period 1 July 2010 to 30 June 2013. A number of changes were made to the new CA which resulted in several positive outcomes such as the re-employment policy for older workers beyond the official retirement age, expanded long service awards and the greater alignment between variable bonus and the company's profitability for non-executive staff.

PowerSeraya's Re-employment Framework

The Collective Agreement (July 2010 to June 2013) sealed between PowerSeraya and the Union of Power and Gas Employees (UPAGE) included a re-employment framework for older workers. In concluding the agreement, the company also became the first power generation company to formally adopt a re-employment framework for mature workers beyond age 62. This is ahead of the re-employment legislation intended for 2012, which aims to allow mature workers to stay economically productive.

Under the terms of Re-employment Framework, PowerSeraya employees beyond the age of 62 years are eligible for re-employment, provided their performance is assessed to be 'Good/Competent' or above and that they are medically fit to continue working. In general, employees whose past 3 years' performance's average rating is 'Outstanding/Top', they will enjoy the same monthly salary upon re-employment in the same job. Those with lower performance ratings (based on past 3 year's average performance) will see their monthly salary adjusted by up to 15% for the same job, subject to the mid-point of the salary scale. Those whose salaries are below the mid-point of the salary scale will not be cut. For employees being offered re-employment or re-deployed to another job, the new wage will take into account the value of the job, the employee's relevant experience and other attributes. This is in line with the company's merit-based remuneration philosophy and aligned to the tripartite guidelines on re-employment of older workers. Refer to Section 7.2.3. on our labour practices. In FY10/11, 8 employees reaching 62 years of age were offered re-employment by the company. All 8 employees accepted the offer.

Under the Collective Agreement, there is no mention of a minimum notice period regarding significant operational changes. However, there is a mutual understanding on how significant matters (affecting employees) are handled under the guidance of Singapore's unique tripartite industrial relations. The Singapore Government, the employees and unions work together to address the challenges of maintaining a productive workforce in today's competitive, globalised world for the mutual benefit of employers, workers and society. Singapore's industrial relations system is governed by the values of tripartism and this has worked well for the country for many decades.

4.3.3 External Commitments

What externally developed economic, environmental, and social charters, principles or other initiatives does PowerSeraya subscribe to or endorse?

PowerSeraya is a member of the Singapore Compact, which is a participant of the UN Global Compact.

PowerSeraya also subscribes to the principles of fair employment practices under the Tripartite Alliance for Fair Employment Practices. (<http://www.fairemployment.sg/>)

What associations (such as industry associations) and/or national/international advocacy organisations is PowerSeraya involved in, is on the governing bodies of committees of, funds or views membership as strategic?

PowerSeraya's external commitments include the following:

- a) Singapore Compact (Member)
- b) Sustainable Energy Association of Singapore (Member)
- c) National Environment Agency – Corporate and Schools Partnership (CASP) Programme
- d) Singapore Work Skills Qualification (WSQ)-our CEO is Steering Committee member of the WSQ
- e) Singapore National Employers Federation-our CEO is a Council member
- f) Singapore Business Federation (Member)
- g) Singapore Manufacturers' Federation (Member)
- h) Gas Industry Structure Implementation Steering Committee (GISISC)
- our CEO represented the company in the GISISC till June 2009

Does the company share issues relating to sustainability with others?

Our CEO has been an elected council member of the Singapore National Employers Federation (SNEF) since 23 September 2010. In this role, he can channel his inputs towards SNEF's mission of achieving excellence in employment practices to enhance worker productivity and competitiveness as well as the quality of employees' worklife. Our CEO brings with him many years of experience in dealing with the Union of Power & Gas Employees (UPAGE) on labour issues, and thus contributes towards SNEF's role of improving the existing tripartite partnership (government, employer and union) to enhance harmonious industrial relations in Singapore.

The company also assigns representatives to sit in working committees led by government-linked agencies such as the WSQ for skills upgrading and the GISISC to shape the country's gas industry. From time to time, the company participates in forums to share and discuss views on sustainability. For example, our CEO was invited by the Nanyang Business School to share his views on energy and sustainability to the 2011 MBA class at one of the Business Leadership Seminar Series. The company has also sent a representative from the Sustainability Department to participate in the ACCA Roundtable Dialogue sessions on sustainability reporting in 2010 and 2011.



5.1 Financial Highlights

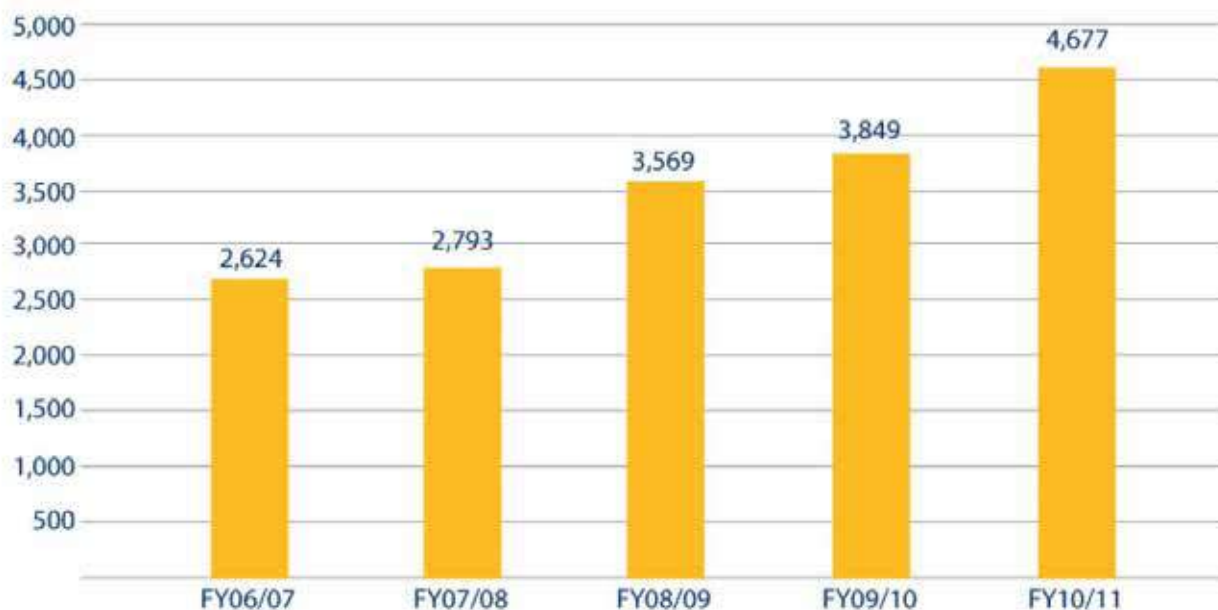
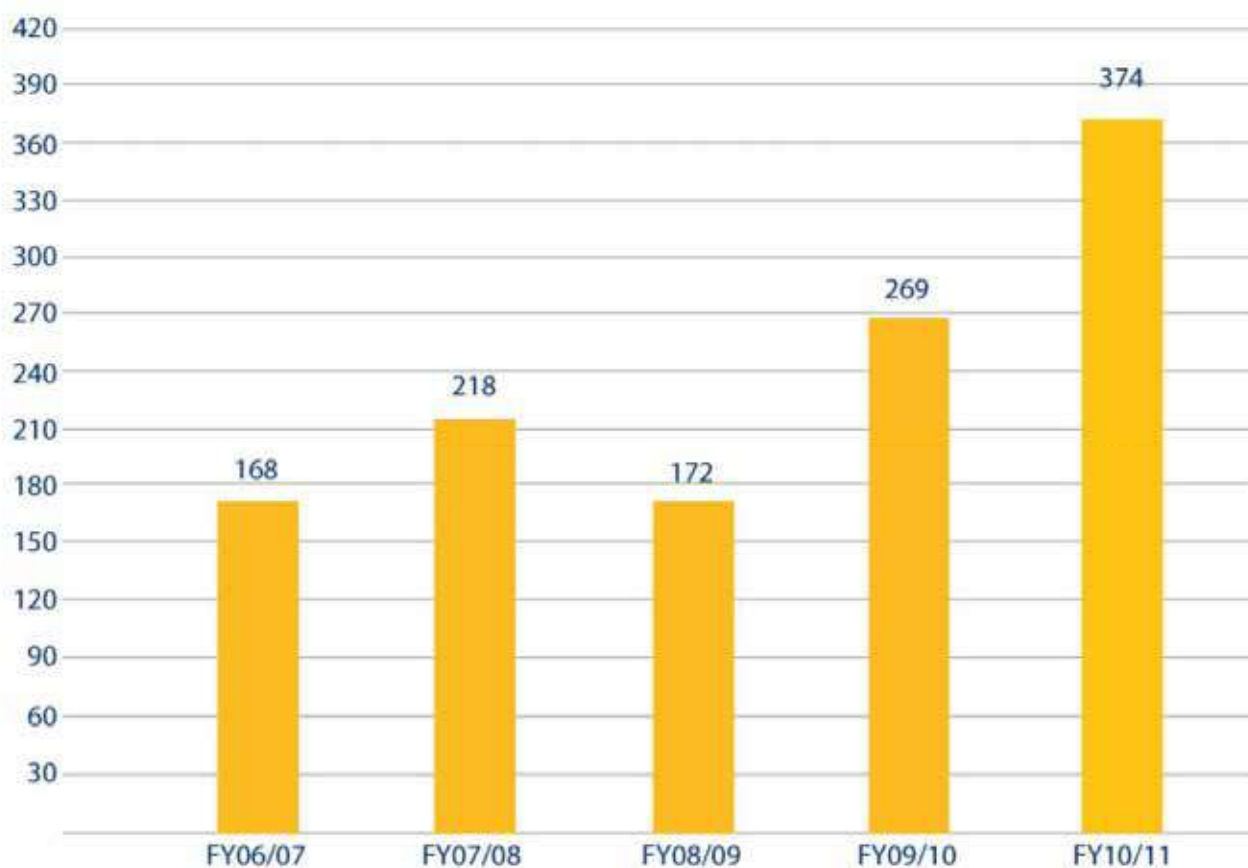
Operating Revenue

The group's operating revenue for the year ended 30 June 2011 grew by S\$828 million, a 21.5% increase over FY09/10 (annualised) to S\$4.7 billion, contributed mainly by higher electricity, steam and oil trading revenue.

Generation Units Sold was 11,987 GWh, 8.4% higher than FY09/10 (annualised). The growth in Generation Units Sold is higher than the growth in system demand, which was a growth of 3.6% from FY09/10 (annualised).

Retail Volume was higher at 7,714 GWh compared with FY09/10 (annualised) of 7,658 GWh.

	FY2010/2011 (12-month period)	FY2009/2010 (Annualised)
Revenue (S\$ mil)	4,677	3,849
Return on Equity (%)	30.2%	20.7%
Earnings Per Share (S\$)	0.42	0.30
Net Profit after Tax (S\$ mil)	374.2	269.4
Return on Assets (%)	12.8%	10.3%
Generation Units Sold (GWh)	11,987	11,060
Retail Volume (GWh)		
Retail Volume (GWh)	7,714	7,658

*Diagram 5.1 (a): Revenue (S\$mil)**Diagram 5.1 (b): Net Profit After Tax (S\$ mil)***Profitability**

The group's net profit after tax for the year ended 30 June 2011 was \$374.2 million or \$105 million higher than FY09/10 (annualised). This was mainly due to higher generation units sold and the sale of electricity to Malaysia.

Return on Equity & Earnings Per Share

The Group's Return on Equity (ROE) for the year was 30.2% and Earnings Per Share (EPS) amounted to 42 cents for the year or 12 cents higher than FY09/10 (annualised). The increase is in line with the higher profits after tax for the Group.

Return on Equity was 30.2% in FY10/11. This represented an increase of 9.5% over FY09/10 (annualised) of 20.7%.

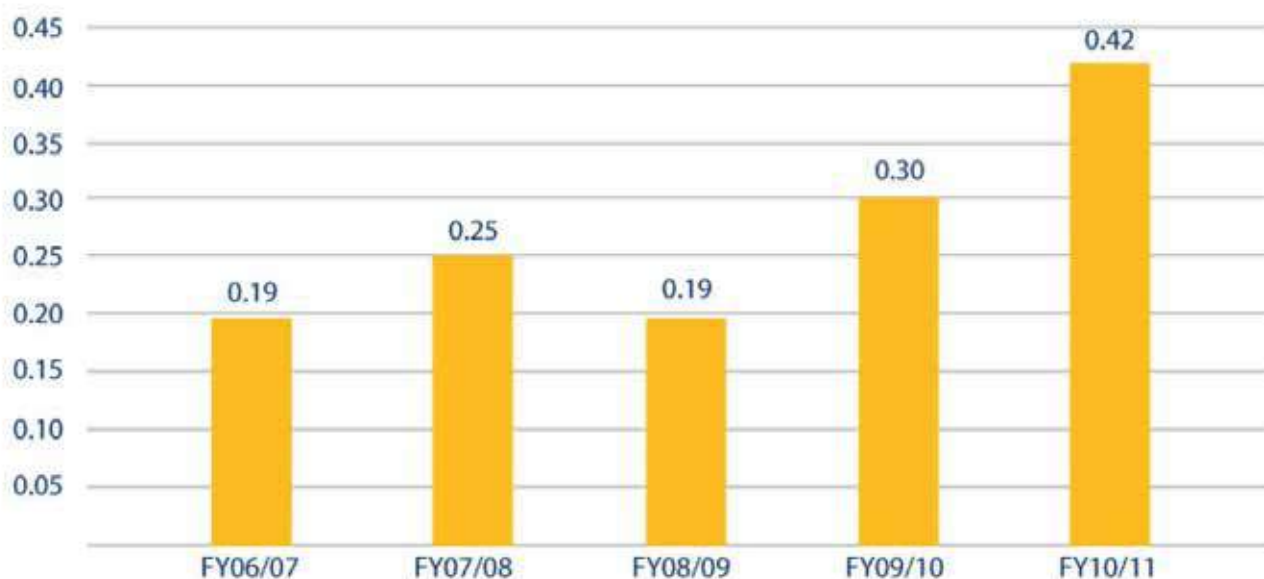


Diagram 5.1 (c): Earnings per Share (%)

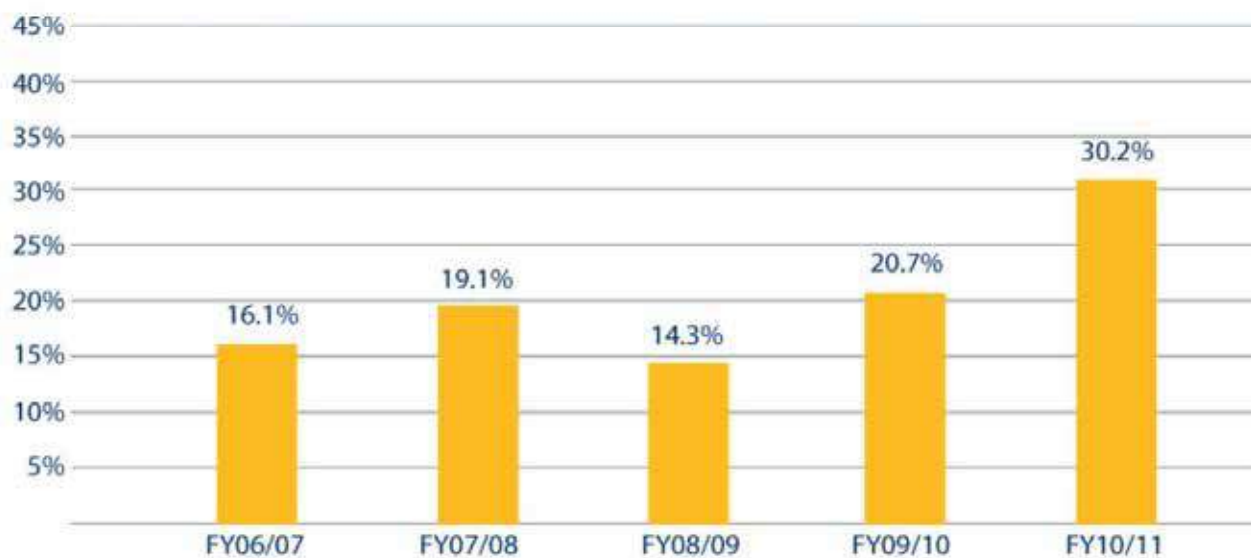
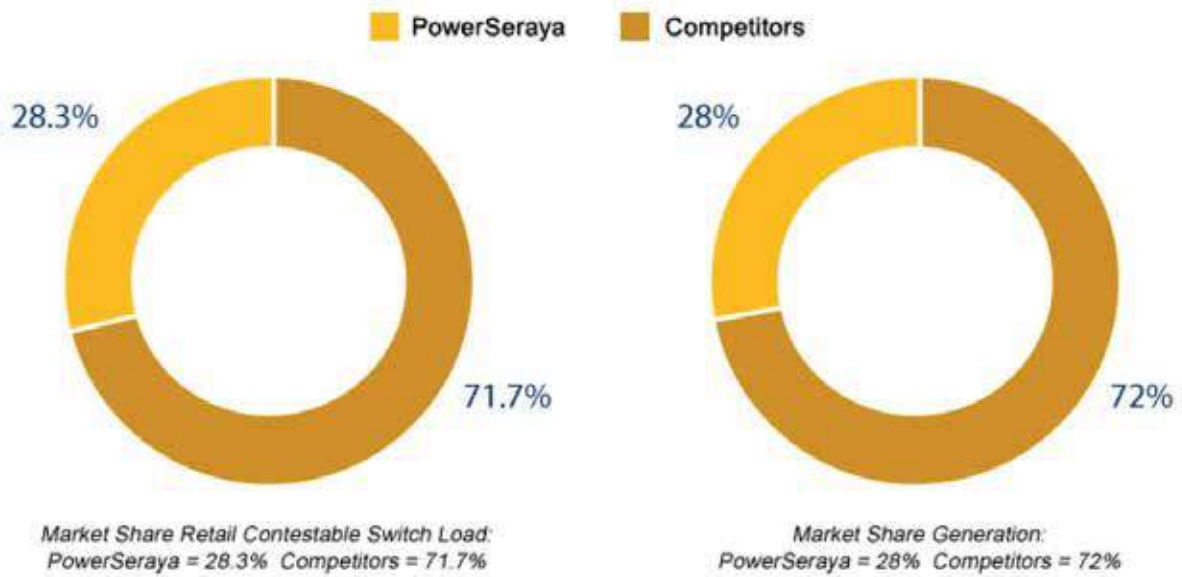


Diagram 5.1 (d): Return on Equity (%)



5.2 Financial Report

The financial statements of the company can be found in **Appendix C.**

5.3 Infrastructure Investments and Energy Planning

Planning long-term infrastructure investments takes into account the regulated electricity market, commercial considerations as well as environmental legislation/regulation. Because of the huge capital and construction costs involved, it is important that prudent decisions be made on infrastructure investments as it may have significant financial implications on the company as well as the community. Poorly planned and executed infrastructure investments may result in poor ROI (Return On Investments) and environmental pollution, thus affecting nearby communities.

When planning for new infrastructure projects or re-modification of existing infrastructure, the company would consider the different technologies available, fuel types as well as other factors such as financing requirements, fuel supply, construction lead time, the site, as well as environmental aspects (compliance and non-compliance). One important aspect to be taking into account is the demand for new generation capacity in Singapore which is driven by peak demand in the country. As infrastructure projects are long-term in nature, a fair share of uncertainties is involved when forecasting future electricity demand.

Factors affecting future electricity peak demand include projected electricity prices, macro-economics, evolution of changing technologies and their likely market adoption as well as cost of competing fuels (e.g. LNG and biomass). All these factors can have a substantial effect on consumer electricity usage and presents uncertainties for the planning of any infrastructure. The company takes into account these uncertainties by first identifying the assumptions that might affect future electricity demand. This is followed by a sensitivity analysis on different load forecast scenarios. Projections of future electricity demand (which tracks Singapore's GDP and population growth) from publications released by the Energy Market Authority Singapore, is often used as a reference. Besides looking at demand, the company would also consider the supply side of the equation by performing capacity planning. In this, the company reviews EMA's projected reserve margin* and evaluate the likelihood and schedule of all other gencos' indicative new generation plants that is coming on stream in the coming years.

Once the demand and supply considerations are taken into account and the plant technology is determined, the securitisation of fuel supply through long-term supply contract will proceed. Throughout the capacity planning process, PowerSeraya develops its physical generating asset mix by focusing on adequacy in terms of reliability and total cost. In short, PowerSeraya's generation planning typically begins with finding an optimum portfolio of generation assets adequate to meet the forecasted demand at the required reliability level.

*This refers to the Minimum Reserve Margin which is the level set by EMA to adequately meet annual peak demand taking into account scheduled maintenance as well as forced outages of the power generating assets in the country's electricity grid system.

Stakeholders Involved in Energy Planning Process

At various stages of the energy and infrastructure planning process, other stakeholders (mainly government agencies) are involved. The company's future plans for power plant investments would serve as input to the yearly reviewed Ten Year Transmission Development Plan that is prepared by the SP PowerAssets Ltd (i.e. Transmission Licensee) and subsequently approved by the Energy Market Authority of Singapore (EMA). The company's projected LNG demand requirements are also provided to PowerGas (i.e. Gas Transporter) for the planning of gas pipeline networks that would deliver LNG from the state-owned LNG terminal to the various gas offtake points. Under the Gas Network Code, shippers such as PowerSeraya can submit applications to the Gas Transporter for capacity rights (i.e. rights to ship gas from an injection point to an offtake point). The Gas Transporter will use these applications as inputs for future gas pipeline developments that are subject to EMA's approval.

5.4 Financial Assistance from Government and Community Investments

Financial Assistance from Government

Over the years, the company has benefited from financial assistance provided by the government. The financial assistance comes mainly in the form of tax rebates/allowances or government grants on infrastructure projects. In FY10/11, PowerSeraya received close to \$2.0 million in government assistance from tax allowances for the company's capital investment in the new 800MW co-generation plant (officially launched in Oct 2010).

At the height of the financial crisis in US, the Singapore government introduced a special, one-off 'Jobs Credit' scheme to save jobs by subsidising part of the employer's wage bills. The Job Credit Scheme which was implemented in the period March 2009 to June 2010, saw S\$4.3 billion paid out to 100,000 employers in six tranches. PowerSeraya benefitted from the Jobs Credit scheme and received a total of \$1.697 million in the period FY08/09 to FY09/10.

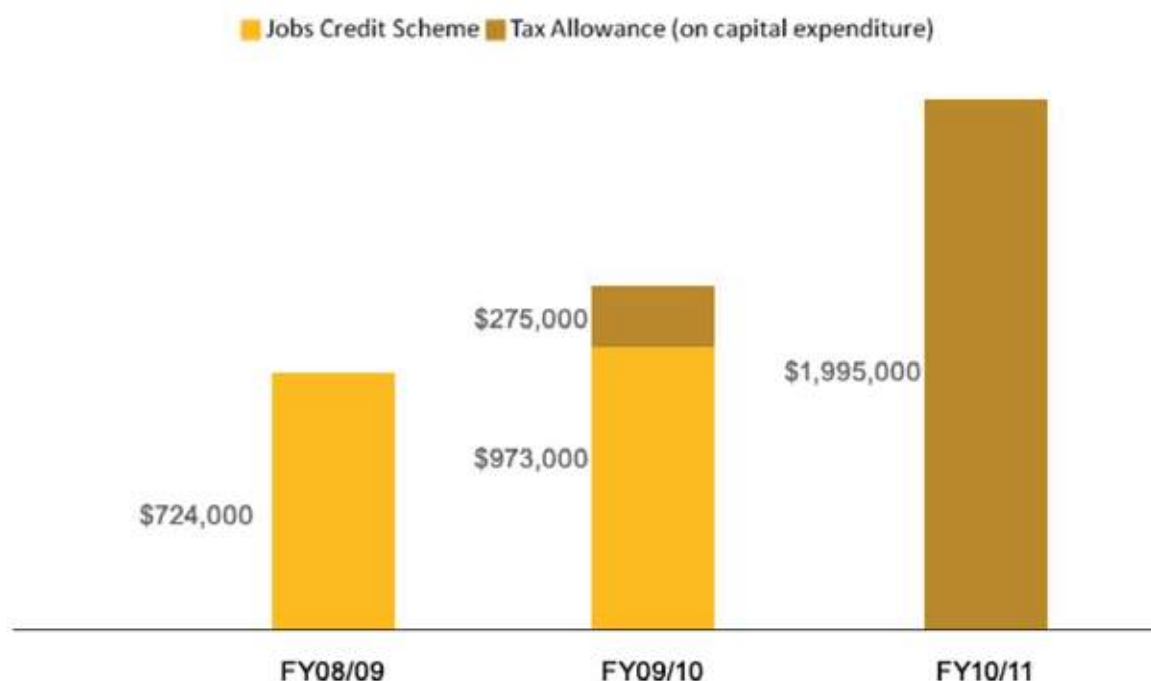


Diagram 5.4(a) : Financial Assistance Received from Government

Community Investments

Decisions on community investments are largely governed by our two CSR focus areas, which are environment and education, as well as contributions to social causes involving our key stakeholders such as the union. From time to time, ad-hoc contributions are made to the community on social causes – apart from those focused on education.

PowerSeraya regards the community as one of its important stakeholders and has organised several activities to engage them on environmental issues. Our activities with the community are aimed at raising environmental awareness among the general public. It also presents opportunities for us to share with the community about our business and how we deal with the environmental impacts of our plant operations. Through our engagement with the community, they better understand how we deal with the day-to-day environmental issues as well as our role in climate-change action. Our social investments are largely channeled towards providing assistance to union members and their families, as well as to nurture the talents of youths through our annual book prizes and our on-going scholarship programmes.

Our community investments (comprising cash or in-kind donations and sponsorships for environmental and social causes, as well as expenditure on environmental and social programmes/initiatives that benefit the community) rose by 20.5% in FY10/11 compared to the previous year. This rise is due to the increase in donations to ad-hoc social causes (in addition to our regular social investments on a yearly basis) and the company's investment in our sustainability programme called REAP (Responsible Energy Advocates Programme). In May 2010, Seraya Energy, the retail arm of PowerSeraya, sponsored* a free concert featuring Italian tenor Andrea Bocelli for an audience of 12,000 at the Singapore Botanic Gardens. This free concert, called the YTL Concert of Celebration 2010, was open to the public and held to share the gift of music with the local community.

**sponsorship amount is excluded from the community investment figures as it is a one-off event*

Details on our community investments for the environment can be found in Section 6.3.5 Engaging and Supporting Communities on Environmental Sustainability.

Details on our investments that nurture the community can be found in Section 7.2.5 Nurturing Youths.

Details on our community investments on social causes can be found in Section 7.3 Contributing to the Society-Nurturing & Caring for Communities.



Diagram 5.4(b) : Past 5 years Community Investments on Environmental and Social Initiatives

5.5 Proportion of Local Spending and Contributions to the Local Economy

PowerSeraya's and its subsidiaries' operations are based in Singapore. None of these companies have overseas operations. A high proportion of the goods and services that is purchased by PowerSeraya and its subsidiaries are from local suppliers based in Singapore even though the organisation does not have a policy or common practice for preferring local-based suppliers. Our procurement practices are based on 'best buy' principles (i.e. procuring 'value for money' product and services). Supplier selection is based on price, lead time, service levels, payment terms and quality (i.e. meets specifications, compliant with legislation including environmental regulations). Prior to supplier selection, suppliers are required to declare whether they are certified with recognised environmental systems/standards as such ISO 14001 before they are granted 'Approved Vendor' status.

Based on goods receipts for the five-year period FY06/07 to FY10/11, an estimated 93.1% of the purchases are from local suppliers*. These figures highlight the company's significant amount of spending that is being made to support local businesses in the supply chain and contributions made to the local economy.

With PowerSeraya's power generation operations based in Singapore (a country with no natural resources), it has to import oil and gas from other countries for its power generation business.

Based on Goods Receipt (Non-Oil)

Year	% Local	% Overseas
FY06/07	89.8%	10.2%
FY07/08	94.1%	5.9%
FY08/09	95.4%	4.6%
FY09/10	96.6%	3.4%
FY10/11	94.4%	5.6%
5-Year Average	94.1%	5.9%

* Local suppliers are those to which the purchase order is issued to a Singaporean Company.

5.6 Development and Impact of Infrastructure Investments for Public Benefit

The company's last capital contribution (beyond the organisation's own business) to the local economy was through its S\$170,000 investment (spread over FY07/08 and FY08/09) to establish the Energy Learning Hub (ELH) in Greenridge Secondary School. The ELH serves as a resource centre for students to learn about energy and its association with climate change. It has a potential outreach covering 11,000 students, 770 teaching staff, and the larger Zhenghua community where Greenridge is located.

5.7 Contributions Towards Employees' Social Security

Required by law, working Singaporeans and their employers make monthly contributions to the Central Provident Fund (CPF), a compulsory comprehensive savings plan for working Singaporeans and permanent residents primarily to fund their retirement, healthcare and housing needs.

This CPF scheme is unlike other jurisdictions where the employee's retirement funds are met by the organisation's pension funds.

Every month, PowerSeraya makes contributions to its employees' CPF. The employer CPF contribution rate, which is a percentage of their prevailing wages, varies according to age (from 6.5% to 16.0% as of 1 Sep 2011), as stipulated by the CPF Board. In FY10/11, the company's contributions to its employees' CPF totaled S\$3.46 million, covering 98% of its workforce.

The Government makes changes to the CPF contribution rates from time to time. A recent adjustment by the Government to help Singaporeans save more for their retirement and medical needs was the increase in the employer CPF contribution rate implemented on 1 Sep 2011, 1 Mar 2011 and 1 Sep 2011 to bring it to 16%. Another change implemented on 1 Sep 2011 was an increase in the amount of salary that attracted CPF contribution, from \$4,500 to \$5,000 per month, to keep pace with income growth in recent years.

**Employee is any person (excluding foreigners with no PR status in Singapore) who is employed in Singapore and any Singaporean seaman who is employed by an employer under a contract of service or other agreement entered into in Singapore.*



Appendix C

FINANCIAL REPORT

POWERSERAYA LIMITED

(Incorporated in Singapore. Registration No. 199504468H)

AND ITS SUBSIDIARIES

ANNUAL REPORT

For the financial year ended 30 June 2011

POWERSERAYA LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 30 June 2011

Contents

	Page
Directors' Report	1
Statement by Directors	6
Independent Auditor's Report	7
Consolidated Income Statement	8
Consolidated Statement of Comprehensive Income	9
Balance Sheets	10
Consolidated Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Financial Statements	13

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 30 June 2011

The directors present their report to the shareholder together with the audited financial statements of the Group for the financial year ended 30 June 2011 and the balance sheet of the Company as at 30 June 2011.

Directors

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

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
Dato' Yeoh Seok Hong
Dato' Yeoh Seok Kah
Ng Peng Wah
Edwin Harald Burchardt
Tan Choong Min

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than as disclosed under "Share options" in this report.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, the interests in the shares or debentures of the Company or its related corporations of the directors holding office at the end of the financial year are disclosed as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At	At	At	At
	<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>
Intermediate holding corporation				
- YTL Corporation Berhad #				
(No. of ordinary shares of RM0.10/RM0.50 each) ##				
Edwin Harald Burchardt	1,281,120	256,224	-	-

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 30 June 2011

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 30.06.2011	At 30.06.2010	At 30.06.2011	At 30.06.2010
Intermediate holding corporation				
- YTL Power International Berhad #				
<u>(No. of ordinary shares of RM0.50 each)</u>				
Edwin Harald Burchardt	252,565	252,565	-	-
Tan Choong Min	1,087,038	784,700	4,584	3,459
<u>(No. of warrants 2008/2018)</u>				
Edwin Harald Burchardt	26,100	26,100	-	-
Tan Choong Min	177,848	255,186	-	1,125
<u>(Share options – No. of ordinary shares of RM0.50 each)</u>				
Tan Choong Min	975,000	1,200,000	-	-
Ng Peng Wah	1,200,000	1,200,000	-	-
Related corporation				
- YTL Land & Development Berhad #				
<u>(No. of ordinary shares of RM0.50 each)</u>				
Edwin Harald Burchardt	60,000	60,000	-	-
Related corporation				
- YTL e-Solutions Berhad #				
<u>(No. of ordinary shares of RM0.10 each)</u>				
Tan Choong Min	-	-	3,000	3,000

Incorporated in Malaysia

Share split exercise of every 1 existing ordinary shares of RM0.50 held into 5 shares of RM0.10 each was completed in the financial year

The directors holding office at the end of the financial year, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Hong and Dato' Yeoh Seok Kah, are also directors of the intermediate holding corporation, YTL Utilities (S) Pte. Limited. In compliance with section 164 (3) of the Singapore Companies Act, their interest in the shares of the Company and related corporations are shown in the Directors' Report of the intermediate holding corporation.

Directors' contractual benefits

Since the end of the previous financial period, 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, except as disclosed in the accompanying financial statements and in this report and except that certain directors have an employment relationship with related corporations and have received remuneration in that capacity.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 30 June 2011

Share options

(a) Employees' Share Option Scheme

At the Extraordinary General Meeting of the intermediate holding corporation, YTL Power International Berhad held on 16 October 2001, the shareholders of the intermediate holding corporation approved an Employees' Share Option Scheme ('ESOS' or 'Scheme') for employees and Executive Directors of the intermediate holding corporation and its subsidiaries who meet the criteria of eligibility for participation in the ESOS.

As PowerSeraya Limited is a subsidiary of YTL Power International Berhad, the employees of PowerSeraya Limited and its subsidiaries (the "Group") are eligible to participate in the YTL Power International Berhad 'ESOS'.

- (i) The maximum number of shares, which may be made available under the Scheme, shall not exceed ten per cent (10%) of the total issued and paid up share capital of YTL Power International Berhad at the time of offering the option.
- (ii) Any employees (including Executive Directors) of the Group shall be eligible to participate in the Scheme if, as at the date of offer for an option ('Offer Date') the employee:
 - (a) has attained the age of eighteen (18) years;
 - (b) is employed by and on the payroll of a company within the Group; and
 - (c) has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service.

The ESOS Committee may, at its discretion, nominate any employee (including Executive Directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the bye-laws not being met, at any time and from time to time.

- (iii) The price payable for shares under the Scheme shall be based on the five (5)-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than ten per cent (10%), if deemed appropriate.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 30 June 2011

Share options (continued)

(a) Employees' Share Option Scheme (continued)

- (iv) Subject to Clause 14, the ESOS Committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of YTL Power International Berhad and/or such percentage of the total ordinary shares of YTL Power International Berhad comprised in the option during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 11 and 12, the option can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to YTL Power International Berhad, provided however that the ESOS Committee may at its discretion or upon the request in writing by the grantee allow the option to be exercised at any earlier or other period. In the case of PowerSeraya Limited Group, the option can be exercised by the grantee two (2) years after the Offer Date.
- (v) The grantee shall be prohibited from disposing of the ordinary shares of YTL Power International Berhad so allotted to him for a period of twelve (12) months from the date on which the option is exercised. However, the ESOS Committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of YTL Power International Berhad at any earlier or other period.
- (vi) The person to whom the option has been granted has no right to participate by virtue of the option in any share of any other company.

On 1 July 2009, the intermediate holding corporation granted options to subscribe for 22,600,000 ordinary shares in the intermediate holding corporation at an exercise price of RM 1.97 per share ("2009 options"). The 2009 Options are exercisable from 1 July 2011 and will expire on 29 November 2011. The total fair value of the 2009 Options granted was estimated to be \$866,000 (2010: \$1,103,200) using the Trinomial Valuation Model.

Details of the options granted to an executive director of the Company are as follows:

<u>Name of director</u>	<u>Granted in financial year ended 30 June 2011</u>	<u>Aggregate granted since commencement of scheme to 30 June 2011</u>	<u>Aggregate exercised since commencement of scheme to 30 June 2011</u>	<u>Aggregate outstanding as at 30 June 2011</u>
Ng Peng Wah	-	1,200,000	-	1,200,000

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 30 June 2011

Share options (continued)

(b) Share options outstanding

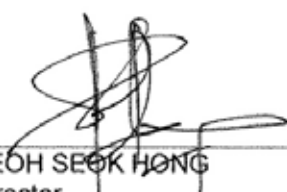
The number of unissued ordinary shares of the intermediate holding corporation under option in relation to the ESOS, outstanding at the end of the financial year was as follows:

	<u>No of unissued ordinary shares under option at 30.06.2011</u>	<u>Exercise price</u>	<u>Exercise period</u>
2009 Options	<u>19,555,000</u>	RM 1.97	1.07.2011 – 29.11.2011

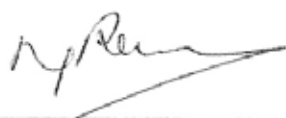
Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



YEOH SEEK HONG
Director



NG PENG WAH
Director

21 September 2011

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

For the financial year ended 30 June 2011

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 8 to 68 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



YEOH SEOK HONG
Director

21 September 2011



NG PENG WAH
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF POWERSERAYA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PowerSeraya Limited (the "Company") and its subsidiaries (the "Group") set out on pages 8 to 68, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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, that 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.

Auditor's 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 about 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 controls relevant to the entity's preparation of financial statements that give a true and fair view 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 controls. 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.

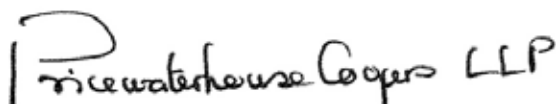
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, 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.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 21 September 2011

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT
For the financial year ended 30 June 2011

		<u>The Group</u>	
	Note	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Sales	4	4,677,076	4,811,641
Cost of sales	6	(4,177,222)	(4,369,172)
Gross profit		499,854	442,469
Other gains - net	5	21,711	56,724
Expenses			
- Distribution and marketing	6	(1,629)	(7,990)
- Administrative	6	(35,893)	(43,135)
- Finance	8	(16,364)	(18,714)
- Other	6	(18,703)	(22,341)
Profit before income tax		448,976	407,013
Income tax expense	9	(74,779)	(70,257)
Net profit		374,197	336,756

The accompanying notes form an integral part of these financial statements.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2011

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Net profit	374,197	336,756
Cash flow hedges - fair value gains	37,694	22,613
Other comprehensive income, net of tax	37,694	22,613
Total comprehensive income	411,891	359,369

The accompanying notes form an integral part of these financial statements.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

BALANCE SHEETS
As at 30 June 2011

		The Group		The Company	
	Note	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	288,058	323,649	232,660	314,064
Trade and other receivables	11	483,279	396,485	270,892	156,252
Loan receivables	12	-	2	-	2
Derivative financial instruments	13	39,022	15,109	39,145	15,109
Inventories	14	162,316	211,576	161,490	203,711
Income tax recoverable	9(b)	-	-	-	105
Other current assets	15	26,473	20,064	25,709	19,503
		<u>999,148</u>	<u>966,885</u>	<u>729,896</u>	<u>708,746</u>
Non-current assets					
Loan receivables	12	572,450	520,627	584,265	532,442
Derivative financial instruments	13	1,062	725	1,062	725
Investments in subsidiaries	16	-	-	5,400	5,400
Property, plant and equipment	17	1,357,655	1,385,700	1,357,448	1,384,955
Other non-current assets	18	17,181	25,844	17,181	25,844
		<u>1,948,348</u>	<u>1,932,896</u>	<u>1,965,356</u>	<u>1,949,366</u>
Total assets		<u>2,947,496</u>	<u>2,899,781</u>	<u>2,695,252</u>	<u>2,658,112</u>
LIABILITIES					
Current liabilities					
Trade and other payables	19	448,583	426,971	259,980	320,631
Derivative financial instruments	13	29,266	29,968	29,418	30,124
Current income tax liabilities	9(b)	52,578	10,162	42,499	-
Bonds	20	-	350,000	-	350,000
Borrowings	21	375,000	-	375,000	-
Deferred income	23	1,975	1,734	1,975	1,734
		<u>907,402</u>	<u>818,835</u>	<u>708,872</u>	<u>702,489</u>
Non-current liabilities					
Trade and other payables	19	8,557	9,448	-	-
Derivative financial instruments	13	8,133	7,231	8,133	7,231
Borrowings	21	725,000	450,000	725,000	450,000
Deferred income tax liabilities	22	185,363	166,909	185,340	166,797
Deferred income	23	43,885	40,093	43,885	40,093
		<u>970,938</u>	<u>673,681</u>	<u>962,358</u>	<u>664,121</u>
Total liabilities		<u>1,878,340</u>	<u>1,492,516</u>	<u>1,671,230</u>	<u>1,366,610</u>
NET ASSETS		<u>1,069,156</u>	<u>1,407,265</u>	<u>1,024,022</u>	<u>1,291,502</u>
EQUITY					
Share capital	24	884,971	884,971	884,971	884,971
Capital reserve	24(b)	10,000	10,000	-	-
Hedging reserve	25	11,711	(25,983)	11,711	(25,983)
Retained profits		162,474	538,277	127,340	432,514
Total equity		<u>1,069,156</u>	<u>1,407,265</u>	<u>1,024,022</u>	<u>1,291,502</u>

The accompanying notes form an integral part of these financial statements.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

Group

	Note	Share capital \$'000	Capital reserve \$'000	Hedging reserve \$'000	Share option reserve \$'000	Retained profits \$'000	Total equity \$'000
2011							
As at 1 July 2010		884,971	10,000	(25,983)	-	538,277	1,407,265
Employee Share Option Scheme							
- Value of employee services	24	-	-	-	866	-	866
- Recharges by intermediate holding corporation on fair value of share options	24	-	-	-	(866)	-	(866)
Total comprehensive income for the financial year		-	-	37,694	-	374,197	411,891
Dividends	26	-	-	-	-	(750,000)	(750,000)
As at 30 June 2011		884,971	10,000	11,711	-	162,474	1,069,156
2010							
As at 1 April 2009		884,971	10,000	(48,596)	-	351,521	1,197,896
Employee Share Option Scheme							
- Value of employee services	24	-	-	-	1,013	-	1,013
- Recharges by intermediate holding corporation on fair value of share options	24	-	-	-	(1,013)	-	(1,013)
Total comprehensive income for the financial period		-	-	22,613	-	336,756	359,369
Dividends	26	-	-	-	-	(150,000)	(150,000)
As at 30 June 2010		884,971	10,000	(25,983)	-	538,277	1,407,265

The accompanying notes form an integral part of these financial statements.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 30 June 2011

	Note	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Cash flows from operating activities			
Net profit		374,197	336,756
Adjustments for:			
Income tax expense		74,779	70,257
Depreciation of property, plant and equipment		136,306	104,327
Interest income		(2,311)	(2,796)
Interest expense		16,364	18,714
Allowance for spares inventory obsolescence		1,445	2,749
(Write-back of)/allowance for impairment of trade receivables		(257)	257
Write-down/(reversal of write-down) of fuel inventory to net realisable value		2,118	(70,280)
Net loss/(gain) on disposal of property, plant and equipment		593	(8)
Unrealised loss/(gain) on derivative contracts		985	(1,535)
Amortisation of deferred income relating to investment allowance		(1,995)	(275)
Unrealised loss on foreign exchange differences		9,548	7,249
Share option expense		866	1,013
Net fair value (gains)/losses on inventories		(60)	62
Operating cash flow before working capital changes		612,578	466,490
Change in operating assets and liabilities			
Trade and other receivables		(67,915)	(106,842)
Inventories		45,757	106,161
Trade and other payables		27,375	200,670
Net amount due from other related corporations		(1,072)	(1,003)
Receipt from staff loans		2	4
Cash generated from operations		616,725	665,480
Income tax (paid)/refund		(7,881)	22,400
Interest income received		479	1,493
Net cash provided by operating activities		609,323	689,373
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	7	1,111	
Purchases of property, plant and equipment		(114,345)	(283,683)
Net cash used in investing activities		(114,338)	(282,572)
Cash flows from financing activities			
Dividends paid		(750,000)	(150,000)
Loan to immediate holding corporation		(51,151)	(319,572)
Loan to intermediate holding corporation		(672)	(1,055)
Interest paid		(19,919)	(14,733)
Proceeds from borrowings		650,000	170,000
Repayment of borrowings		-	(13,000)
Repayment of bonds		(350,000)	-
Net cash used by financing activities		(521,742)	(328,360)
Net (decrease)/increase in cash and cash equivalents		(26,757)	78,441
Effects of currency translation on cash and cash equivalents		(8,834)	(3,230)
Cash and cash equivalents at beginning of financial year/period	10	323,649	248,438
Cash and cash equivalents at end of financial year/period	10	288,058	323,649

The accompanying notes form an integral part of these financial statements.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

PowerSeraya Limited (the "Company") and its subsidiaries (the "Group") are incorporated and domiciled in Singapore. The address of the Company's registered office is 1 HarbourFront Place #17-01, HarbourFront Tower One, Singapore 098633.

The principal activities of the Group are those relating to the full value chain involved in the generation of electricity. This includes the trading of fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process. The principal activities of the subsidiaries are set out in Note 16.

On 6 March 2009, the Company was acquired by YTL PowerSeraya Pte Limited ("YTL PowerSeraya") which has its accounting year end on 30 June. The Group had changed its accounting year end from 31 March to 30 June commencing from the financial period 1 April 2009 to 30 June 2010 to be co-terminus with YTL PowerSeraya.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in current financial year

On 1 July 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in current financial year (continued)

The following is the new or revised FRS that is relevant to the Group:

Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual years beginning on or after 1 July 2010). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

The adoption of this amended FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year or prior financial period.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity, physical fuel oil and steam in the ordinary course of the Group's activities and the earning of interest income on invested funds. Revenue is presented, net of goods and services tax and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of electricity

Revenue is recognised upon delivery of electricity.

(b) Sale of physical fuel oil

Revenue is recognised when the risks and rewards of ownership of the oil have been passed to the customers which occurs when the oil has been delivered and the collectability of the related receivable is reasonably assured.

(c) Sale of steam

Revenue is recognised upon delivery of steam.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(d) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary for consistency with the policies adopted by the Group. Please refer to Note 2.6 for the Company's accounting policy on investments in subsidiaries.

2.4 Property, plant and equipment

(a) Measurement

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs incurred for property, plant and equipment under construction. The projected cost of dismantlement, removal or restoration is also recognised as part of the property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost also includes any fair value gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment that are transferred from the hedging reserve.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Construction-in-progress is not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	lease term ranging from 18 to 30 years
Leasehold buildings	18 to 25 years
Plant and machinery	3 to 25 years
Other fixed assets	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

Major overhauls are performed at regular intervals for the Group's generating plants. When each major overhaul is performed, its cost is recognised in the carrying amount of the item of plant and equipment as a replacement if the cost can be reliably measured and the overhaul will provide future economic benefits to the Group. Any remaining carrying amount of the cost of the replaced items of the overhaul is derecognised. The capitalised cost is depreciated over the period to the next scheduled major overhaul.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to prepare for its intended use. These borrowing costs are capitalised as described in Note 2.4(a).

2.6 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses (Note 2.7) in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments will be recognised in profit or loss.

2.7 Impairment of non-financial assets

*Property, plant and equipment
Investments in subsidiaries*

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "loan receivables", "cash and cash equivalents" and "other current assets" on the balance sheet, except for loan due from a subsidiary company included within non-current "loan receivables", which in substance, forms part of the Company's net investment in the subsidiary ("quasi-equity loan"), and has been accounted for in accordance with Note 2.6.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets, at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of the financial assets at fair value through profit or loss including the effects of currency translation are recognised in profit or loss when the changes arise.

(e) Impairment – Loans and receivables

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(e) Impairment – Loans and receivables (continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlements for at least 12 months after the balance sheet date.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Bonds

Bonds issued by the Group are recognised initially at fair value (net of transaction costs incurred). Bonds are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the tenure of the bonds using the effective interest method.

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.11 Derivative financial instruments and hedging activities

Derivative financial instruments are used by the Group to manage exposure to foreign exchange risk and fuel oil price risk. Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently carried at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives are designated as fair value through profit and loss at inception unless they are designated as hedges.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

(a) Fuel oil swaps

The Group has entered into fuel oil swaps that are used to hedge forecast fuel requirements. Such hedges are accounted for as cash flow hedges.

The fair value changes on the effective portion of fuel oil swaps designated as cash flow hedges are recognised in the hedging reserve within equity and transferred to the cost of inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. They are subsequently transferred to profit or loss in the periods when the underlying fuels are consumed for the production of electricity. The fair value changes on the ineffective portion of fuel oil swaps are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses that were previously recognised in the hedging reserve are transferred to profit or loss immediately.

(b) Currency forwards

The Group has entered into currency forwards that qualify as cash flow hedges against forecasted payments for highly probable forecasted purchases of fuels, property, plant and equipment and maintenance contracts denominated in foreign currencies.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.11 Derivative financial instruments and hedging activities (continued)

(b) Currency forwards (continued)

The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in the hedging reserve within equity and transferred to the cost of inventory of fuels upon acquisition or cost of sales upon consumption of natural gas; subsequently to profit or loss in the periods when the underlying fuels are consumed or where relevant in the cost of property, plant and equipment or the recorded value of payments for maintenance contracts. The fair value changes on the ineffective portion are recognised immediately in profit or loss.

When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in the hedging reserve are transferred to profit or loss immediately.

(c) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rates swaps designated as cash flow hedges are recognised in the hedging reserve. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(d) Derivatives that are not designated or do not qualify for hedge accounting

Fair value changes on these derivatives are recognised in profit or loss when the changes arise.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) are based on quoted market prices at the balance sheet date.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.12 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows analyses, are also used to determine the fair values of the financial instruments.

The fair values of forward currency contracts are determined using actively quoted forward currency rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

(a) When the Group is the lessee:

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.13 Leases (continued)

(b) When the Group is the lessor (continued)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.14 Inventories

Inventories for plant consumption are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories includes transfers from the hedging reserve of any gains or losses on qualifying cash flow hedges relating to purchases of inventories. Allowance for obsolete, slow-moving or defective inventories is made where the carrying values exceed the recoverable amounts. Fuel and diesel oil held for generation of electricity are not written down below cost if the electricity generated is expected to obtain a gross margin at or above cost. Cost for this purpose includes the applicable costs required to enable the fuel and diesel oil to be used for the generation of electricity.

Inventories for oil trading are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price. These are at fair value less costs to sell, with changes in fair value less costs to sell recognised in profit or loss in the period of change.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.15 Income taxes (continued)

Deferred income tax is measured:

- (i) At the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.17 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.17 Employee compensation (continued)

(c) Share-based compensation

The intermediate holding corporation, YTL Power International Berhad operates an equity-settled, share-based compensation plan for employees including the employees of the Group. As the Group is a subsidiary of YTL Power International Berhad, the employees of the Group are eligible to participate in YTL Power International Berhad's Employee Share Option Scheme details of which are set out in Note 24 and "Share Options" in the Directors' Report. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted and the quantum of share options to be vested by vesting date on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, YTL Power International Berhad revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore dollars which is the functional currency of each entity in the Group.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

2. Significant accounting policies (continued)

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.20 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are offset against the related expenses.

2.23 Deferred income

Investment tax credits are tax benefits received only for investment in specific qualifying assets. The tax benefits are recognised separately from the related assets as deferred income and amortised over the estimated useful life of the related assets (Note 2.4 (b)).

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Useful lives and residual values of property, plant and equipment

The Group's management reviews the appropriateness of the estimated useful lives and residual values of property, plant and equipment at each balance sheet date. Certain estimates regarding the useful lives and residual values of property, plant and equipment are made by the Group's management based on past experience and these are in line with the industry. Changes in the expected usage and market factors could impact the economic useful lives and residual values of these assets. Where there is a material change in the useful lives and residual values of these assets, such a change will impact the future depreciation charges in the financial period in which the changes arise. The net book value of these assets at 30 June 2011 was \$1,357,655,000 (2010: \$1,385,700,000).

(b) Critical judgement in applying the entity's accounting policies

Estimated impairment of property, plant and equipment

The Group's management follows its accounting policy set out in Note 2.7 in determining when property, plant and equipment are considered impaired. Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amounts of these assets exceed the recoverable amounts.

Prior to 1 July 2010, a single power plant was considered a CGU. With effect from 1 July 2010, to reflect the changes in the portfolio of power plants the Group manages and align with industry practice, the lowest level of identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets has been revised and identified as the portfolio of power plants as a whole.

In determining the recoverable amounts of these assets, certain estimates regarding the future cash flows of these assets are made.

At 30 June 2011, if discount rates at that date had been 1% (2010: 1%) higher/lower, with all other variables held constant, there would be no change (2010: no change) to the conclusion of the impairment evaluation and net profit.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Critical judgement in applying the entity's accounting policies (continued)

Assessment of lower of cost and net realisable value for fuel oil inventory

The Group's management is of the view that the reasonable net realisable value benchmark for the fuel oil inventory should be determined against the electricity prices derived from the generation of electricity by the fuel oil inventory. As at the balance sheet date, the net realisable value test has in part been determined based on the estimated price of generated electricity that will be achieved over the period in which the inventory will be utilised. The price that will eventually be achieved will be subject to market conditions subsequent to the balance sheet date. If the estimated price were high/lower by 2% (2010: 2%), the allowance for lower of cost and net realisable value would be lower/higher by \$219,000 (2010: \$75,000).

4. Revenue

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Sale of electricity	3,856,442	4,058,545
Sale of fuel oil	745,265	698,863
Sale of steam	63,258	40,555
Other	12,111	13,678
	4,677,076	4,811,641

5. Other gains - net

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Interest income	2,311	2,796
Net (losses)/gains on disposal of property, plant and equipment	(593)	8
Liquidated damages received	14,800	40,681
Other	5,193	13,239
	21,711	56,724

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

5. Other gains - net (continued)

Claims for liquidated damages were mainly made by the Company against a main contractor during the financial year due to delays in construction of certain plant and equipment. The damages received were included to compensate for lost earnings arising from the delays and hence are taken to the income statement.

6. Expenses by nature

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Cost of fuel and materials	3,952,193	4,228,568
Write-down/(Reversal of write-down) of fuel oil inventory to net realisable value	2,118	(70,280)
Depreciation of property, plant and equipment	136,306	104,327
Rental expense on operating leases	1,615	1,923
Allowance for spares inventory obsolescence	1,445	2,749
(Write-back of)/allowance for impairment of trade receivables	(257)	257
Foreign exchange loss	8,788	15,337
Employee compensation (Note 7)	50,971	58,454
Corporate sponsorship	-	6,093
Other expenses	80,268	95,210
Total cost of sales, distribution and marketing, administrative and other expenses	4,233,447	4,442,638

7. Employee compensation

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Wages and salaries	42,647	48,232
Employer's contribution to defined contribution plans including Central Provident Fund	3,782	5,043
Other benefits	3,676	5,139
Share option expense (Note 24(c))	866	1,013
Government Grant - Jobs Credit Scheme	-	(973)
	50,971	58,454

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

7. Employee compensation (continued)

The Jobs credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer received is dependent on the fulfilment of certain conditions under the scheme.

8. Finance expense

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Interest expense – bonds (Note 20)	3,754	18,406
Interest expense – bank borrowings	12,610	308
	16,364	18,714

9. Income taxes

(a) Income tax expense

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Tax expense attributable to profit is made up of:		
- Current income tax	59,106	24,438
- Deferred income tax	17,631	46,497
	76,737	70,935
(Over)/under provision in preceding financial years		
- Current income tax	(1,958)	(678)
Income tax expense	74,779	70,257

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

9. Income taxes (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	<u>The Group</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Profit before income tax	448,976	407,013
Tax calculated at a tax rate of 17% (2010: 17%)	76,326	69,192
Effects of:		
- expenses not deductible for tax purposes	691	1,160
- results under Global Traders Programme taxed at 10%	96	118
- income not subject to tax	(339)	(55)
- other	(37)	520
Tax charge	76,737	70,935

(b) Movements in current income tax liabilities

	<u>The Group</u>		<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Balance at beginning of financial year/period	10,162	2,499	(105)	(3,334)
Income tax (paid)/refund	(7,881)	22,400	1,505	27,897
Tax payable on profit for the current financial year/period	59,106	24,438	49,350	14,628
Less: Investment allowance claim	(6,851)	(38,497)	(6,850)	(38,497)
Over provision in preceding financial year/period	(1,958)	(678)	(1,401)	(799)
Balance at end of financial year/period	52,578	10,162	42,499	(105)
Made up of:				
Income tax recoverable	-	(105)	-	(105)
Current income tax liabilities	52,578	10,267	42,499	-
	52,578	10,162	42,499	(105)

During the financial year/period, the Group made adjustments in its current income tax computation to take account of expenditure qualifying for investment allowances amounting to \$40,299,000 (2010: \$86,039,000) (Note 22).

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

10. Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	115,466	92,976	82,068	83,391
Short-term bank deposits	172,592	230,673	150,592	230,673
	288,058	323,649	232,660	314,064

11. Trade and other receivables - current

	<u>The Group</u>		<u>The Company</u>	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- non-related parties	157,756	132,587	47,706	1,417
- related companies	1,475	463	1,475	463
- accrued revenue	318,892	252,744	191,621	133,006
	478,123	385,794	240,802	134,886
Less: Allowance for impairment of receivables				
- non-related parties	-	(257)	-	-
Trade receivables - net	478,123	385,537	240,802	134,886
Other receivables	5,156	10,948	-	8,589
Amount due from subsidiaries (non-trade)	-	-	30,090	12,777
	483,279	396,485	270,892	156,252

As at 30 June 2011, the non-trade amount due from subsidiaries are unsecured, repayable on demand, and bears interest of 0.961% (2010: 1.125%)

The exposure of trade and other receivables to currency risks and interest rate risks is disclosed in Note 28.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

12. Loan receivables

	<u>The Group</u>		<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Loan to immediate holding corporation	370,723	319,572	370,723	319,572
Loan to intermediate holding corporation	201,727	201,055	201,727	201,055
Due from a subsidiary corporation	-	-	11,815	11,815
Staff loans	-	2	-	2
Total	572,450	520,629	584,265	532,444
Less: Current portion	-	2	-	2
Non-current portion	572,450	520,627	584,265	532,442

The loan to the immediate holding corporation amounting to \$370,723,000 (2010: \$319,572,000) is unsecured and receivable in full on 31 March 2013. The loan to the intermediate holding corporation amounting to \$201,727,000 (2010: \$201,055,000) is unsecured and receivable in full on 31 March 2013. The immediate holding corporation and the intermediate holding corporation have the discretion to repay the loans in whole or in part at any time before 31 March 2013.

The loans to the immediate holding corporation and the intermediate holding corporation both bear interest at one-month SIBOR. The effective interest rate as at 30 June 2011 was 0.3159 % (2010: 0.375%) per annum.

The amount due from a subsidiary is unsecured, interest-free and is repayable upon occurrence of certain events under the understanding between both parties. However, the Company has assessed that settlement of the loan is neither planned nor likely to occur in the foreseeable future as the loan is intended to be a long-term source of additional capital for the subsidiary. As a result, management considers the loan to be in substance part of the Company's net investment in the subsidiary, and has stated the loan at cost in accordance with Note 2.6.

At the balance sheet date, the carrying amounts of loan receivables, excluding the amount due from a subsidiary, approximated their fair value. The exposure of loan receivables to currency risks and interest rate risks is disclosed in Note 28.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

13. Derivative financial instruments

	<u>The Group</u>	
	30 June 2011 \$'000	30 June 2010 \$'000
Balance at beginning of financial year - at fair value	(21,365)	(39,317)
<i>Fair value gains/(losses)</i>		
Included in profit or loss:		
- Reversal of fair values of derivatives recognised initially	148	1,683
- Fair value of derivatives re-measured at year end	(1,133)	(148)
	(985)	1,535
Included in hedging reserve:		
- Reversal of fair values of derivatives recognised initially	21,217	37,634
- Fair value of derivatives re-measured at year end	3,818	(21,217)
	25,035	16,417
Balance at end of financial year	2,685	(21,365)

Analysed as:

	<u>The Group</u>	
	Contract/ notional amount \$'000	Fair values
		Assets \$'000
		Liabilities \$'000
<u>30 June 2011</u>		
<i>Cash-flow hedging instruments</i>		
- fuel oil swaps	468,988	32,000
- currency forwards	603,975	299
- interest rate swap	250,000	-
		13,550
<i>Non-hedging instruments</i>		
- fuel oil swaps	412,286	7,402
- currency forwards	211,778	383
		7,780
Total		40,084
		37,399
Less: Current portion		39,022
		29,266
Non-current portion		1,062
		8,133

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

13. Derivative financial instruments (continued)

30 June 2010

Cash-flow hedging instruments

- fuel oil swaps	392,801	11,383	18,320
- currency forwards	567,966	3,548	5,363
- interest rate swap	250,000	-	12,466

Non-hedging instruments

- fuel oil swaps	26,136	620	1,050
- currency forwards	38,245	283	-

Total		15,834	37,199
-------	--	--------	--------

Less: Current portion		15,109	29,968
-----------------------	--	--------	--------

Non-current portion		725	7,231
---------------------	--	-----	-------

Contract/ notional amount \$'000	The Company	
	Fair values	
	Assets \$'000	Liabilities \$'000

30 June 2011

Cash-flow hedging instruments

- fuel oil swaps	468,988	32,000	2,520
- currency forwards	603,975	299	12,411
- interest rate swap	250,000	-	13,550

Non-hedging instruments

- fuel oil swaps	420,062	7,465	7,849
- currency forwards	249,599	443	1,221
		40,207	37,551

Total			
-------	--	--	--

Less: Current portion		39,145	29,418
-----------------------	--	--------	--------

Non-current portion		1,062	8,133
---------------------	--	-------	-------

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

13. Derivative financial instruments (continued)

30 June 2010

Cash-flow hedging instruments

- fuel oil swaps	392,801	11,383	18,320
- currency forwards	567,966	3,548	5,363
- interest rate swap	250,000	-	12,466

Non-hedging instruments

- fuel oil swaps	29,316	620	1,206
- currency forwards	38,245	283	-

Total		15,834	37,355
-------	--	--------	--------

Less: Current portion		15,109	30,124
-----------------------	--	--------	--------

Non-current portion		725	7,231
---------------------	--	-----	-------

Period when the cash flows on cash flow hedging instruments are expected to occur or affect profit or loss:

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 24 months from 30 June 2011. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 36 months from 30 June 2011. The currency forwards have maturity dates that match the expected occurrence of these transactions. Gains and losses relating to highly probable forecast fuel purchases are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to profit or loss upon consumption of the underlying fuels.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

13. Derivative financial instruments (continued)

(b) Currency forwards (continued)

For those currency forwards used to hedge highly probable forecast foreign currency purchases of property, plant and equipment, the gains and losses are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

For those currency forwards used to hedge highly probable forecast foreign currency transactions for maintenance contracts, the gains and losses are included in payments and recognised in profit or loss over the period of the contracts.

(c) Interest rate swaps

Interest rate swaps are entered into to hedge floating semi-annual interest payments on borrowings with a final repayment date on 28 August 2014. Since the borrowings are obtained specifically for the construction of plant, property and equipment, the interest on these borrowings along with the net interest on the interest rate swaps are capitalised. The interest payments are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

14. Inventories

	<u>The Group</u>		<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Fuel - at cost	151,111	68,436	151,111	68,433
Fuel - in transit	-	126,338	-	126,338
Less: Write-down to lower of cost and net realisable value	(2,439)	(321)	(2,439)	(321)
	148,672	194,453	148,672	194,450
Fuel - at fair value	826	7,862	-	-
Spare parts, accessories and consumable supplies - at net realisable value	12,818	9,261	12,818	9,261
	162,316	211,576	161,490	203,711

The Group has recognised a write-down of \$2,439,000 (2010: \$321,000) for the fuel oil inventory as the price of generated electricity has declined.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

15. Other current assets

	<u>The Group</u>		<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Deposits and other receivables	6,000	2,812	5,983	2,807
Advances to brokers	10,256	10,538	10,256	10,538
Prepayments and advances to employees	10,217	6,714	9,470	6,158
	26,473	20,064	25,709	19,503

16. Investments in subsidiaries

	<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000
Unquoted equity investments at cost	5,400	5,400

Details of the subsidiaries are as follows:

<u>Name of Company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Equity holding</u>	
			<u>30 June 2011</u> %	<u>30 June 2010</u> %
<u>Subsidiaries held by the Company</u>				
Seraya Energy and Investment Pte Ltd	Investment holding	Singapore	100	100
Seraya Energy Pte Ltd	Sale of electricity	Singapore	100	100
<u>Subsidiary held by Seraya Energy and Investment Pte Ltd</u>				
PetroSeraya Pte Ltd	Oil trading and oil tank leasing	Singapore	100	100

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

17. Property, plant and equipment

	Leasehold land \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Other fixed assets * \$'000	Construction -in-progress \$'000	Total \$'000
Group – 30 June 2011						
Cost						
As at 1 July 2010	136,705	193,106	3,481,223	16,430	1,548	3,829,012
Additions	-	-	325	536	108,000	108,861
Disposals	-	(79)	(44,890)	(2,464)	-	(47,433)
Transfer	-	292	100,470	720	(101,482)	-
As at 30 June 2011	136,705	193,319	3,537,128	15,222	8,066	3,890,440
Accumulated depreciation						
As at 1 July 2010	47,144	85,828	1,031,362	12,454	-	1,176,788
Depreciation charge	1,783	2,349	129,808	2,366	-	136,306
Disposals	-	(69)	(42,652)	(2,400)	-	(45,121)
As at 30 June 2011	48,927	88,108	1,118,518	12,420	-	1,267,973
Accumulated impairment losses						
As at 1 July 2010	63,298	83,203	1,119,880	143	-	1,266,524
Disposals	-	-	(1,712)	-	-	(1,712)
As at 30 June 2011	63,298	83,203	1,118,168	143	-	1,264,812
Net book value						
As at 30 June 2011	24,480	22,008	1,300,442	2,659	8,066	1,357,655
Group – 30 June 2010						
	Leasehold land \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Other fixed assets * \$'000	Construction -in-progress \$'000	Total \$'000
Cost						
As at 1 April 2009	136,866	188,969	2,670,170	15,757	592,307	3,604,069
Additions	(161)	-	466	243	234,145	234,693
Disposals	-	-	(9,739)	(11)	-	(9,750)
Transfer	-	4,137	820,326	441	(824,904)	-
As at 30 June 2010	136,705	193,106	3,481,223	16,430	1,548	3,829,012
Accumulated depreciation						
As at 1 April 2009	44,909	83,094	937,943	9,065	-	1,075,011
Depreciation charge	2,235	2,734	95,986	3,392	-	104,327
Disposals	-	-	(2,547)	(3)	-	(2,550)
As at 30 June 2010	47,144	85,828	1,031,362	12,454	-	1,176,788
Accumulated impairment losses						
As at 1 April 2009	63,298	83,203	1,125,977	143	-	1,272,621
Disposals	-	-	(6,097)	-	-	(6,097)
As at 30 June 2010	63,298	83,203	1,119,880	143	-	1,266,524
Net book value						
As at 30 June 2010	26,263	24,075	1,329,981	3,833	1,548	1,385,700

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

17. Property, plant and equipment (continued)

	Leasehold land \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Other fixed assets * \$'000	Construction -in-progress \$'000	Total \$'000
Company – 30 June 2011						
Cost						
As at 1 July 2010	136,705	193,106	3,481,223	13,335	1,548	3,825,917
Additions	-	-	325	536	108,000	108,861
Disposals	-	(79)	(44,890)	(2,433)	-	(47,402)
Transfer	-	292	100,470	720	(101,482)	-
As at 30 June 2011	136,705	193,319	3,537,128	12,158	8,066	3,887,376
Accumulated depreciation						
As at 1 July 2010	47,144	85,828	1,031,362	10,104	-	1,174,438
Depreciation charge	1,783	2,349	129,808	1,830	-	135,770
Disposals	-	(69)	(42,652)	(2,371)	-	(45,092)
As at 30 June 2011	48,927	88,108	1,118,518	9,563	-	1,265,116
Accumulated impairment losses						
As at 1 July 2010	63,298	83,203	1,119,880	143	-	1,266,524
Disposals	-	-	(1,712)	-	-	(1,712)
As at 30 June 2011	63,298	83,203	1,118,168	143	-	1,264,812
Net book value						
As at 30 June 2011	24,480	22,008	1,300,442	2,452	8,066	1,357,448

	Leasehold land \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Other fixed assets * \$'000	Construction -in-progress \$'000	Total \$'000
Company – 30 June 2010						
Cost						
As at 1 April 2009	136,866	188,969	2,670,170	12,676	592,307	3,600,988
Additions	(161)	-	466	229	234,145	234,679
Disposals	-	-	(9,739)	(11)	-	(9,750)
Transfer	-	4,137	820,326	441	(824,904)	-
As at 30 June 2010	136,705	193,106	3,481,223	13,335	1,548	3,825,917
Accumulated depreciation						
As at 1 April 2009	44,909	83,094	937,943	7,422	-	1,073,368
Depreciation charge	2,235	2,734	95,966	2,685	-	103,620
Disposals	-	-	(2,547)	(3)	-	(2,550)
As at 30 June 2010	47,144	85,828	1,031,362	10,104	-	1,174,438
Accumulated impairment losses						
As at 1 April 2009	63,298	83,203	1,125,977	143	-	1,272,621
Disposals	-	-	(6,097)	-	-	(6,097)
As at 30 June 2010	63,298	83,203	1,119,880	143	-	1,266,524
Net book value						
As at 30 June 2010	26,263	24,075	1,329,981	3,088	1,548	1,384,955

* Other fixed assets comprise mainly computer equipment and motor vehicles.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

17. Property, plant and equipment (continued)

- (a) As at 30 June 2011, there was no incremental impairment (2010: \$Nil) arising from the Group's assessment of the carrying value of its property, plant and equipment.

The assessment involved making estimates of recoverable amounts which were based on the value of the property, plant and equipment using the value-in-use basis based on projections of future cash flow over a period of 5 years and discounted to present value using a discount rate of 7.5% (2010: 7.5%) as applicable to the nature of the asset in question.

- (b) As at 30 Jun 2011, outstanding borrowings of \$450,000,000 (2010: \$450,000,000) were entered into to finance the construction of property, plant and equipment. No interest expense was capitalised during the financial year (2010: \$11,242,000) as the construction of the project had been substantially completed by the end of the financial period ended 30 June 2010.

18. Other non-current assets

	<u>The Group</u>		<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Prepayments	16,831	25,494	16,831	25,494
Other	350	350	350	350
	17,181	25,844	17,181	25,844
Prepayments	27,048	32,208	26,293	31,645
Amount chargeable within 12 months	10,217	6,714	9,462	6,151
Amount chargeable after 12 months	16,831	25,494	16,831	25,494

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

19. Trade and other payables

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Current</i>				
Trade payables				
- non-related parties	348,792	359,602	184,140	245,570
- related corporation	159	149	159	149
- subsidiary	-	-	25,860	-
	<u>348,951</u>	<u>359,751</u>	<u>210,159</u>	<u>245,719</u>
Accrued capital expenditure	16,237	17,459	16,237	17,459
Security deposits	47,599	31,406	8	21
Other payables	35,796	18,285	33,576	15,388
Amount due to a related party (non-trade)	-	70	-	-
Amount due to subsidiaries (non-trade)	-	-	-	42,044
	<u>448,583</u>	<u>426,971</u>	<u>259,980</u>	<u>320,631</u>
<i>Non-current</i>				
Security deposits	8,557	9,448	-	-

In prior financial period, the non-trade amount due to subsidiaries was unsecured, repayable on demand, and bore interest of 0.125%. The amount was repaid during the financial year.

The non-trade amount due to a related party is unsecured, interest free and repayable with credit terms of 30 days.

The fair values of non-current security deposits as at balance sheet date approximate their carrying amounts.

The exposure of trade and other payables to currency risks and interest rate risks is disclosed in Note 28.

20. Bonds

- (a) On 30 September 2003, the Company issued \$350 million 3.97% Singapore dollar bonds at par for working capital and funding major capital expenditure. Interest was payable semi-annually in arrears on the interest payment dates falling on 30 March and 30 September in each year. The bonds matured on 30 September 2010.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

20. Bonds (continued)

- (b) The bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and rateably without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company.

(c)

	The Group and the Company			
	Carrying amount		Fair value	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Bonds	-	350,000	-	352,625

The fair value of the bonds was based on market valuations as provided by the issuing bank.

21. Borrowings

	The Group and the Company	
	30 June 2011 \$'000	30 June 2010 \$'000
Beginning of financial year/period	450,000	293,000
Term loan facility utilised	-	150,000
Revolving loan facility utilised	650,000	20,000
Short term bank facility repaid	-	(13,000)
End of financial year/period	1,100,000	450,000
Bank borrowings - non current	725,000	450,000

The Company has utilised a \$400 million (2010: \$400 million) term loan and \$700 million (2010: \$50 million) revolving credit facilities. The term loan has staggered repayment dates commencing on 29 August 2011 with final repayment date on 28 August 2014. The current portion of the term loan amounts to \$75 million (2010: Nil), while the current portion of the revolving credit facilities amount to \$300 million (2010: Nil).

As at 30 June 2011, the Company had fully drawn down the \$400 million (2010: \$400 million) term loan facility. Undrawn revolving credit facilities amounting to \$50 million (2010: Nil) will expire on 6 March 2012.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

22. Deferred income taxes

Movement in the deferred income tax account is as follows:

	<u>The Group</u>		<u>The Company</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Beginning of financial year/period	166,909	93,803	166,797	93,573
Charged to profit or loss	17,631	46,497	17,720	46,615
Under provision in preceding financial period	-	-	-	-
Recognition of investment allowance (Note 23)	(6,028)	(11,888)	(6,028)	(11,888)
Utilisation of investment allowance	6,851	38,497	6,851	38,497
End of financial year/period	185,363	166,909	185,340	166,797

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	<u>The Group</u>		<u>The Company</u>	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Deferred income tax assets:				
- to be recovered within one year	(196)	(197)	(196)	(183)
- to be recovered after one year	(9,247)	(10,135)	(9,247)	(10,136)
Deferred income tax liabilities:				
- to be settled within one year	13,110	34,292	13,087	34,167
- to be settled after one year	181,696	142,949	181,696	142,949
End of financial year/period	185,363	166,909	185,340	166,797

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

22. Deferred income taxes (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation \$'000	Total \$'000
<u>The Group</u>		
<u>30 June 2011</u>		
As at 1 July 2010	177,241	177,241
Charged to profit or loss	17,565	17,565
As at 30 June 2011	<u>194,806</u>	<u>194,806</u>
<u>30 June 2010</u>		
As at 1 April 2009	142,209	142,209
Charged to profit or loss	35,032	35,032
As at 30 June 2010	<u>177,241</u>	<u>177,241</u>

Deferred income tax assets

	Investment allowance \$'000	Provisions \$'000	Total \$'000
<u>The Group</u>			
<u>30 June 2011</u>			
As at 1 July 2010	(823)	(9,509)	(10,332)
Recognition of investment allowance (Note 23)	(6,028)	-	(6,028)
Charged to profit or loss	-	66	66
Utilisation of investment allowance	6,851	-	6,851
As at 30 June 2011	<u>-</u>	<u>(9,443)</u>	<u>(9,443)</u>
<u>30 June 2010</u>			
As at 1 April 2009	(27,432)	(20,974)	(48,406)
Recognition of investment allowance (Note 23)	(11,888)	-	(11,888)
Charged to profit or loss	-	11,465	11,465
Utilisation of investment allowance	38,497	-	38,497
As at 30 June 2010	<u>(823)</u>	<u>(9,509)</u>	<u>(10,332)</u>

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

22. Deferred income taxes (continued)

Deferred income tax liabilities

	Accelerated tax depreciation \$'000	Total \$'000
<u>The Company</u>		
<u>30 June 2011</u>		
As at 1 July 2010	177,116	177,116
Charged to profit or loss	17,667	17,667
As at 30 June 2011	194,783	194,783
<u>30 June 2010</u>		
As at 1 April 2009	141,966	141,966
Charged to profit or loss	35,150	35,150
As at 30 June 2010	177,116	177,116

Deferred income tax assets

	Investment allowance \$'000	Provisions \$'000	Total \$'000
<u>The Company</u>			
<u>30 June 2011</u>			
As at 1 July 2010	(823)	(9,496)	(10,319)
Recognition of investment allowance (Note 23)	(6,028)	-	(6,028)
Charged to profit or loss	-	53	53
Utilisation of investment allowance	6,851	-	6,851
As at 30 June 2011	-	(9,443)	(9,443)
<u>30 June 2010</u>			
As at 1 April 2009	(27,432)	(20,961)	(48,393)
Recognition of investment allowance (Note 23)	(11,888)	-	(11,888)
Charged to profit or loss	-	11,465	11,465
Utilisation of investment allowance	38,497	-	38,497
As at 30 June 2010	(823)	(9,496)	(10,319)

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

23. Deferred income

	<u>The Group and the Company</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Beginning of financial year/period	41,827	30,214
Recognition of investment allowance (Note 22)	6,028	11,888
Amortisation of investment allowance	(1,995)	(275)
End of financial year/period	45,860	41,827
Deferred income - current	1,975	1,734
Deferred income - non-current	43,885	40,093
	45,860	41,827

On 8 July 2008, the Company was granted an investment allowance from the Ministry of Trade and Industry in respect of qualifying expenditure from 1 April 2007 on the Cogeneration Plant. The grant is recognised separately from the related asset as deferred income.

24. Share capital and reserves

(a) Share capital

	<u>The Group and the Company</u>	
	No. of shares '000	Amount \$'000
30 June 2011 and 30 June 2010		
Issued share capital at beginning and end of financial year	884,971	884,971

All issued shares are fully paid.

(b) Capital reserve

Retained profits of a subsidiary amounting to \$10,000,000 were capitalised as bonus shares issued to PowerSeraya Limited in 2008 and are non-distributable.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

24. Share capital and reserves (continued)

(c) Share option reserve

The intermediate holding corporation, YTL Power International Berhad implemented an Employees' Share Option Scheme ('ESOS') which came into effect on 30 November 2001 for a period of ten (10) years. The ESOS is governed by the bye-laws which were approved by the shareholders of YTL Power International Berhad on 16 October 2001.

- (i) The maximum number of shares, which may be made available under the Scheme, shall not exceed ten per cent (10%) of the total issued and paid up share capital of YTL Power International Berhad at the time of offering the option.
- (ii) Any employee (including Executive Directors) of the PowerSeraya Limited Group ('Group') shall be eligible to participate in the Scheme if, as at the date of offer for an option ('Offer Date') the employee:
 - (a) has attained the age of eighteen (18) years;
 - (b) is employed by and on payroll of a company within the Group; and
 - (c) has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service.

The ESOS Committee may, at its discretion, nominate any employee (including Executive Directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the bye-laws not being met, at any time and from time to time.

- (iii) The price payable for shares under the Scheme shall be based on the five (5)-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than ten per cent (10%), if deemed appropriate.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

24. Share capital and reserves (continued)

(c) Share option reserve (continued)

- (iv) Subject to Clause 14, the ESOS Committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of YTL Power International Berhad and/or such percentage of the total ordinary shares of YTL Power International Berhad comprised in the option during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clause 11 and 12, the option can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to YTL Power International Berhad, provided however that the ESOS Committee may at its discretion or upon the

request in writing by the grantee allow the option to be exercised at any earlier or other period. In the case of PowerSeraya Limited Group, the option can be exercised by the grantee two (2) years after the Offer Date.

- (v) The grantee shall be prohibited from disposing of the ordinary shares of YTL Power International Berhad so allotted to him for a period of twelve (12) months from the date on which the option is exercised. However, the ESOS Committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the YTL Power International Berhad at any earlier or other period.
- (vi) The person to whom the option has been granted has no right to participate by virtue of the option in any share of any other company.

Movement in the number of unissued ordinary shares of the intermediate holding corporation under option for the Group's employees are as follows:

<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At start of financial year/period '000</u>	<u>No of share options</u>			<u>At end of financial year/period '000</u>
				<u>Granted '000</u>	<u>Exercised '000</u>	<u>Lapsed '000</u>	
Financial year ended 30 June 2011							
1.07.2009	29.11.2011	RM 1.97	20,490	-	-	(935)	19,555
Financial period from 1 April 2009 to 30 June 2010							
1.07.2009	29.11.2011	RM 1.97	-	22,600	-	(2,110)	20,490

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

24. Share capital and reserves (continued)

The fair value of options granted to which FRS 102 applies, were determined using the Trinomial Valuation model. The significant inputs in the model are as follows:

Group	30 June 2011*	30 June 2010
Valuation assumptions:		
Weighted average share price at date of grant (per share)	-	RM 2.18
Expected volatility	-	21.07%
Expected dividend yield	-	8.00%
Expected option life	-	2 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	-	2.94%

* There is no new grant during the financial year.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Value of employee services received for issue of share options:

	30 June 2011 \$'000	30 June 2010 \$'000
<u>Share option reserve:</u>		
Beginning of financial year	-	-
Employee share option scheme	-	-
- value of employee services	866	1,013
- recharges by intermediate holding corporation on fair value of share options	(866)	(1,013)
End of financial year	-	-

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

25. Hedging reserve

	<u>The Group and the Company</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
Balance at beginning of financial year/period	(25,983)	(48,596)
Reversal of derivatives recognised initially	21,217	37,634
Amount recognised in equity	52,740	52,378
Transferred to profit or loss	(48,779)	(38,900)
Transferred to inventory	6,407	(5,363)
Transferred to property, plant and equipment	2,291	(1,752)
Transferred to prepayment	-	(167)
Fair value of derivatives re-measured at end of financial year	3,818	(21,217)
Balance at end of financial year/period	11,711	(25,983)

26. Dividends

	<u>The Group and the Company</u>	
	Financial year ended 30 June 2011 \$'000	Financial period from 1 April 2009 to 30 June 2010 \$'000
<i>Ordinary dividends paid</i>		
Interim dividend paid in respect of current financial year/period of 84.75 cents (2010: 16.95 cents) per share	750,000	150,000

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

27. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	<u>The Group</u>	
	30 June	30 June
	2011	2010
	\$'000	\$'000
Capital expenditure approved and contracted but not provided for in the financial statements	180,819	260,731

(b) Operating lease commitments – where a group company is a lessee

The Group leases various offices under non-cancellable operating lease agreements.

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	<u>The Group</u>	
	30 June	30 June
	2011	2010
	\$'000	\$'000
Not later than 1 year	1,614	1,614
Later than 1 year but not later than 5 years	1,480	3,094
	3,094	4,708

(c) Operating lease commitments – where a group company is a lessor

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables are as follows:

	<u>The Group</u>	
	30 June	30 June
	2011	2010
	\$'000	\$'000
Not later than 1 year	16,067	2,423
Later than 1 year but not later than 5 years	3,273	606
	19,340	3,029

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management

The Group's activities expose it to market risk (including currency risk, interest rate risk and fuel commodity price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as fuel oil swaps, currency forwards and interest rate swaps to hedge certain financial risk exposures.

The Group has formalised risk management policies which set out the Group's expectations and objectives in the management of risks. A formal risk management structure has been set up to ensure segregation of duties among the Board of Directors, Risk Management Committee and in respect of treasury operations, the Front Office, Middle Office and Back Office. Risk management processes are put in place to monitor the Group's risk management activities on a regular and timely basis. The Board of Directors approves a risk appetite for the Group and its various areas of market risk. The Middle Office measures actual exposures against the limits set and prepares daily reports for review by the Chief Risk Officer and members of the Risk Management Committee.

(a) Market risk

(i) *Currency risk*

The Group is exposed to foreign currency risk as a result of purchases that are denominated in a currency other than the Group's functional currency. The currencies in which the Group primarily deals, giving rise to foreign currency risk, are Euros and United States dollars.

It is the Group's policy to hedge foreign currency risk attributable to capital expenditure and forecasted purchases of gas and fuel oil. The Group uses forward foreign exchange contracts to hedge its foreign currency risk. The Group generally enters into forward foreign exchange contracts which are settled at maturity or at times rolled over at the market rates to match hedging requirements.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is tabled below:

The Group	Singapore dollar \$'000	United States dollar \$'000	Euro \$'000	Other \$'000	Total \$'000
At 30 June 2011					
Financial assets					
Cash and cash equivalents	241,742	41,790	4,526	-	288,058
Trade and other receivables	437,851	45,428	-	-	483,279
Gross - fuel oil swaps asset	-	39,402	-	-	39,402
Loan receivables	572,450	-	-	-	572,450
Other current assets	135	16,121	-	-	16,256
Total assets	1,252,178	142,741	4,526	-	1,399,445
Financial liabilities					
Borrowings	1,100,000	-	-	-	1,100,000
Trade and other payables	254,386	186,115	16,638	1	457,140
Gross - fuel oil swaps liability	-	10,300	-	-	10,300
Net - interest rate swaps	13,550	-	-	-	13,550
Total liabilities	1,367,936	196,415	16,638	1	1,580,990
Net assets/(liabilities)	(115,758)	(53,674)	(12,112)	(1)	(181,545)
Capital commitments	(18,745)	(1,996)	(160,078)	-	(180,819)
Gas and fuel oil forecasted purchases	-	628,719	-	-	628,719
Currency forwards	-	(608,518)	(9,046)	-	(617,564)
Currency exposure	(134,503)	(35,469)	(181,236)	(1)	(351,209)
Change in exchange rate against SGD					
- strengthened	-	+3%	+2%	+1%	
- weakened	-	-3%	-2%	-1%	
Net gain/(loss)					
- strengthened	-	(1,064)	(3,625)	-	(4,689)
- weakened	-	1,064	3,625	-	4,689

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group	Singapore dollar \$'000	United States dollar \$'000	Euro \$'000	Other \$'000	Total \$'000
At 30 June 2010					
Financial assets					
Cash and cash equivalents	240,248	52,426	30,975	-	323,649
Trade and other receivables	330,814	65,671	-	-	396,485
Gross - fuel oil swaps asset	-	12,003	-	-	12,003
Loan receivables	520,629	-	-	-	520,629
Other current assets	4,574	8,776	-	-	13,350
Total assets	1,096,265	138,876	30,975	-	1,266,116
Financial liabilities					
Bonds	350,000	-	-	-	350,000
Borrowings	450,000	-	-	-	450,000
Trade and other payables	185,380	236,063	14,725	251	436,419
Gross - fuel oil swaps liability	-	19,370	-	-	19,370
Net - interest rate swaps	12,466	-	-	-	12,466
Total liabilities	997,846	255,433	14,725	251	1,268,255
Net assets/(liabilities)	98,419	(116,557)	16,250	(251)	(2,139)
Capital commitments	(21,952)	(21,450)	(217,329)	-	(260,731)
Gas and fuel oil forecasted purchases	-	589,045	-	-	589,045
Currency forwards	-	(589,078)	(16,885)	(248)	(606,211)
Currency exposure	76,467	(138,040)	(217,964)	(499)	(280,036)
Change in exchange rate against SGD					
- strengthened	-	+3%	+3%	+12%	
- weakened	-	-3%	-3%	-12%	
Net gain/(loss)					
- strengthened	-	(4,141)	(6,539)	(60)	(10,740)
- weakened	-	4,141	6,539	60	10,740

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is tabled below:

	Singapore dollar \$'000	United States dollar \$'000	Euro \$'000	Other \$'000	Total \$'000
The Company					
At 30 June 2011					
Financial assets					
Cash and cash equivalents	206,247	21,887	4,526	-	232,660
Trade and other receivables	270,892	-	-	-	270,892
Gross - fuel oil swaps asset					
Net - interest rate swaps	-	39,465	-	-	39,465
Loan receivables	584,265	-	-	-	584,265
Other current assets	119	16,121	-	-	16,240
Total assets	1,061,523	77,473	4,526	-	1,143,522
Financial liabilities					
Borrowings	1,100,000	-	-	-	1,100,000
Trade and other payables	93,649	149,692	16,638	1	259,980
Gross - fuel oil swaps liability	-	10,369	-	-	10,369
Net - interest rate swaps	13,550	-	-	-	13,550
Total liabilities	1,207,199	160,061	16,638	1	1,383,899
Net assets/(liabilities)	(145,676)	(82,588)	(12,112)	(1)	(240,377)
Capital commitments	(18,745)	(1,996)	(160,078)	-	(180,819)
Gas and fuel oil forecasted purchases	-	628,719	-	-	628,719
Currency forwards	-	(630,558)	(9,046)	-	(639,604)
Currency exposure	(164,421)	(86,423)	(181,236)	(1)	(432,081)
Change in exchange rate against SGD					
- strengthened	-	+3%	+2%	+1%	
- weakened	-	-3%	-2%	-1%	
Net gain/(loss)					
- strengthened	-	(2,593)	(3,625)	-	(6,218)
- weakened	-	2,593	3,625	-	6,218

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is tabled below:

	Singapore dollar \$'000	United States dollar \$'000	Euro \$'000	Other \$'000	Total \$'000
The Company					
At 30 June 2010					
Financial assets					
Cash and cash equivalents	238,936	44,153	30,975	-	314,064
Trade and other receivables	148,302	7,950	-	-	156,252
Gross - fuel oil swaps asset	-	12,003	-	-	12,003
Net - interest rate swaps	-	-	-	-	-
Loan receivables	532,444	-	-	-	532,444
Other current assets	4,569	8,776	-	-	13,345
Total assets	924,251	72,882	30,975	-	1,028,108
Financial liabilities					
Bonds	350,000	-	-	-	350,000
Borrowings	450,000	-	-	-	450,000
Trade and other payables	84,063	221,659	14,662	247	320,631
Gross - fuel oil swaps liability	-	19,526	-	-	19,526
Net - interest rate swaps	12,466	-	-	-	12,466
Total liabilities	896,529	241,185	14,662	247	1,152,623
Net assets/(liabilities)	27,722	(168,303)	16,313	(247)	(124,515)
Capital commitments	(21,952)	(21,450)	(217,329)	-	(260,731)
Gas and fuel oil forecasted purchases	-	589,045	-	-	589,045
Currency forwards	-	(589,078)	(16,885)	(248)	(606,211)
Currency exposure	5,770	(189,786)	(217,901)	(495)	(402,412)
Change in exchange rate against SGD					
- strengthened	-	+3%	+3%	+12%	
- weakened	-	-3%	-3%	-12%	
Net gain/(loss)					
- strengthened	-	(5,694)	(6,537)	(59)	(12,290)
- weakened	-	5,694	6,537	(59)	12,290

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

28. Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The excess funds of the Group are invested in bank deposits and other financial assets. The Group manages its liquidity risks by placing such balances on varying maturities to match its cash flow needs. Surplus funds are invested in instruments less than 6 months. The cash and cash equivalent balance at 30 June 2011 was \$288,058,000 (2010: \$323,649,000) and the weighted average prevailing interest deposit rate was 0.27% (2010: 0.25%). Interest income for the next 12 months would be \$774,000 (2010: \$797,000) assuming the rate remains constant through the year. If interest deposit rates increased/decreased by 0.1%, interest income for the same year would increase/decrease by \$288,000 (2010: \$324,000).

As at 30 June 2011, the Group had a loan due from YTL Utilities (S) Pte. Limited of \$201,727,000 (2010: \$201,055,000) and YTL PowerSeraya Pte. Limited of \$370,723,000 (2010: \$319,572,000). Both loans bear interest at SIBOR which was 0.3159% as at 30 June 2011 (2010: 0.3750%). If interest rates increased/decreased by 0.1%, interest income for the same year would increase/decrease by \$572,000 (2010: \$521,000).

The Group's interest expense risk mainly arises from bonds and bank borrowings. Out of the \$1,100,000,000 (2010: \$800,000,000) total borrowings as at 30 June 2011, \$150,000,000 (2010: \$150,000,000) loan drawn down from a term loan facility and \$700,000,000 (2010: \$50,000,000) loan drawn down from a revolving facility are subject to cash flow interest rate risk. The remaining borrowings are at fixed rate or are hedged via plain vanilla floating to fixed interest rate swaps. If the interest rate increased/decreased by 0.1% with all other variables including tax rate being held constant, the profit after tax would be \$803,000 (2010: \$188,000) lower/higher as a result of higher/lower interest expense in these borrowings.

(iii) Fuel commodity price risk

The Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management (continued)

(a) Market risk (continued)

(iii) Fuel commodity price risk (continued)

The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to the retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts are based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2011, if the forward fuel oil price curve increased/decreased by 2% (2010: 2%), the profit before tax of future years would be lower/higher by \$1,901,000 (2010: lower/higher by \$122,000) and lower/higher by \$1,901,000 (2010: lower/higher by \$62,000) for the Group and the Company respectively.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit reviews are performed on all customers with established credit limits on an on-going basis. For transactions involving electricity sales, the Group generally requires collateral pegged to the customers' electricity consumption in the form of bankers' guarantees or parent company guarantees or deposits from selected customers. There is an adequate credit management policy in place and there is no significant concentration of credit risk of trade debts.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

28. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

There is no class of financial assets that is past due and/or impaired except for trade receivables. As at 30 June 2011, the Group has trade receivables with outstanding amounts greater than \$1,000 and outstanding for more than 60 days of approximately \$528,000 (2010: \$711,000). There is no amount (2010: \$257,000) identified for impairment as at 30 June 2011. The majority of the balances are not impaired because the accounts are for landlords' account, adequate collaterals are in place or recovery plans are in place and agreed with the customers. As at the balance sheet date, the Company has no trade receivables that are past due and/or impaired.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to enable it to meet normal operating commitments, having an adequate amount of committed credit facilities (Note 21) and the ability to close market positions at short notice.

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Group based on contractual undiscounted cash flows.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Total \$'000
The Group				
At 30 June 2011				
Financial Liabilities				
Net - interest rate swaps	5,985	4,161	3,404	13,550
Gross - fuel oil swaps	10,300	-	-	10,300
Gross - currency forwards	12,981	564	4	13,549
Trade and other payables	456,469	-	-	456,469
Borrowings and interest	382,689	107,762	630,584	1,121,035
	<u>868,424</u>	<u>112,487</u>	<u>633,992</u>	<u>1,614,903</u>
At 30 June 2010				
Financial Liabilities				
Net - interest rate swaps	5,672	3,210	3,584	12,466
Gross - fuel oil swaps	19,094	276	-	19,370
Gross - currency forwards	5,202	161	-	5,363
Trade and other payables	431,734	-	-	431,734
Borrowings and interest	363,057	83,310	389,893	836,260
	<u>824,759</u>	<u>86,957</u>	<u>393,477</u>	<u>1,305,193</u>

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Company based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Total \$'000
The Company				
At 30 June 2011				
Financial Liabilities				
Net - interest rate swaps	5,985	4,161	3,404	13,550
Gross - fuel oil swaps	10,369	-	-	10,369
Gross - currency forwards	13,064	564	4	13,632
Trade and other payables	253,309	-	-	253,309
Borrowings and interest	382,689	107,762	630,584	1,121,035
	<u>665,416</u>	<u>112,487</u>	<u>633,992</u>	<u>1,411,895</u>
At 30 June 2010				
Financial Liabilities				
Net - interest rate swaps	5,672	3,210	3,584	12,466
Gross - fuel oil swaps	19,250	276	-	19,526
Gross - currency forwards	5,202	161	-	5,363
Trade and other payables	315,946	-	-	315,946
Borrowings and interest	363,057	83,310	389,893	836,260
	<u>709,127</u>	<u>86,957</u>	<u>393,477</u>	<u>1,189,561</u>

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

28. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company are required to fulfil certain financial covenants under certain borrowing arrangements.

As at 30 June 2011 and 30 June 2010, the Group and the Company are in compliance with all externally imposed financial covenants pertaining to capital structure.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (ie derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2011

28. Financial risk management (continued)

(e) Fair value measurements (continued)

	<u>Level 2</u> \$'000	<u>Total</u> \$'000
<u>The Group</u>		
At 30 June 2011		
Assets		
Financial assets at fair value through profit or loss	7,785	7,785
- Trading derivatives		
Derivatives used for hedging	32,299	32,299
Total assets	40,084	40,084
Liabilities		
Financial assets at fair value through profit or loss	8,918	8,918
- Trading derivatives		
Derivatives used for hedging	28,481	28,481
Total liabilities	37,399	37,399
At 30 June 2010		
Assets		
Financial assets at fair value through profit or loss	903	903
- Trading derivatives		
Derivatives used for hedging	14,931	14,931
Total assets	15,834	15,834
Liabilities		
Financial assets at fair value through profit or loss	1,050	1,050
- Trading derivatives		
Derivatives used for hedging	36,149	36,149
Total liabilities	37,199	37,199

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 2 \$'000	Total \$'000
<u>The Company</u>		
As at 30 June 2011		
Assets		
Financial assets at fair value through profit or loss	7,908	7,908
- Trading derivatives		
Derivatives used for hedging	32,299	32,299
Total assets	40,207	40,207
Liabilities		
Financial assets at fair value through profit or loss	9,070	9,070
- Trading derivatives		
Derivatives used for hedging	28,481	28,481
Total liabilities	37,551	37,551
As at 30 June 2010		
Assets		
Financial assets at fair value through profit or loss	903	903
- Trading derivatives		
Derivatives used for hedging	14,931	14,931
Total assets	15,834	15,834
Liabilities		
Financial assets at fair value through profit or loss	1,206	1,206
- Trading derivatives		
Derivatives used for hedging	36,149	36,149
Total liabilities	37,355	37,355

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

28. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The fair value of fuel oil swaps is determined using quoted market prices for similar instruments at the balance sheet date. These investments are included in Level 2.

The carrying value of trade receivables less impairment provision and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed in Note 13 to the financial statements, except for the following.

	<u>The Group</u>		<u>The Company</u>	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	1,349,769	1,243,573	1,093,800	1,005,565
Financial liabilities at amortised cost	1,557,140	1,235,962	1,359,980	1,120,631

29. Immediate and ultimate holding corporations

The Company's immediate holding corporation is YTL PowerSeraya Pte. Limited, incorporated in Singapore. The directors regard Yeoh Tiong Lay & Sons Sdn Bhd, a company incorporated in Malaysia, as the Company's ultimate holding corporation.

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

30. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, at terms agreed between the parties.

(a) Sales and purchases of goods and services

	The Group	
	Financial	Financial
	year ended	period from
	30 June	1 April 2009
	2011	to 30 June
	\$'000	2010
		\$'000
Sales of goods/services		
- interest income	1,833	2,170
- other income – consultancy services	2,246	541
- others	690	343
Purchases of goods/services		
- limestone	1,400	755
- others	683	534

Outstanding balances at 30 June 2011, arising from sales and purchases of goods and services, are set out in Notes 11 and 19 respectively.

(b) Key management personnel compensation

	The Group	
	Financial	Financial
	year ended	period from
	30 June	1 April 2009
	2011	to 30 June
	\$'000	2010
		\$'000
Key management personnel compensation is analysed as follows:		
Wages and salaries	1,554	1,817
Employer's contribution to defined contribution plans, including Central Provident Fund	6	14
Other benefits	-	840
Share option expense	54	56
	1,614	2,727

**POWERSERAYA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

31. New or revised accounting standards and interpretations

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2011 or later periods and which the Group has not early adopted are:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)

The amendment clarifies and simplifies the definition of a related party. However, the revised definition of a related party will mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of PowerSeraya Limited on 21 September 2011.



6.1 Being Part of the Climate Change Solution

6.1.1 Introduction

In Singapore, the power sector contributes close to half of the country's carbon dioxide emissions. PowerSeraya is very conscious of this fact and places importance in keeping its carbon footprint in check while fulfilling its energy security obligations through the country's energy regulatory framework and ensuring profitability to its shareholders.

The company's carbon dioxide emissions is measured regularly and reported at the senior management as well as the Board level. This ensures the carbon dioxide level is tracked together with other key financial and operational indicators to give a balanced report of the company's overall performance. To our shareholders, customers and other key stakeholders, our carbon dioxide performance has been made publicly available in our annual or sustainability reports in recent years. We believe this transparent approach in disclosing our carbon footprint would enable us to build greater trust and confidence with our stakeholders over time. It has also created an opportunity for us to communicate to our stakeholders the challenges and constraints faced by the company as it strives to play a contributory role in mitigating the effects of climate change.

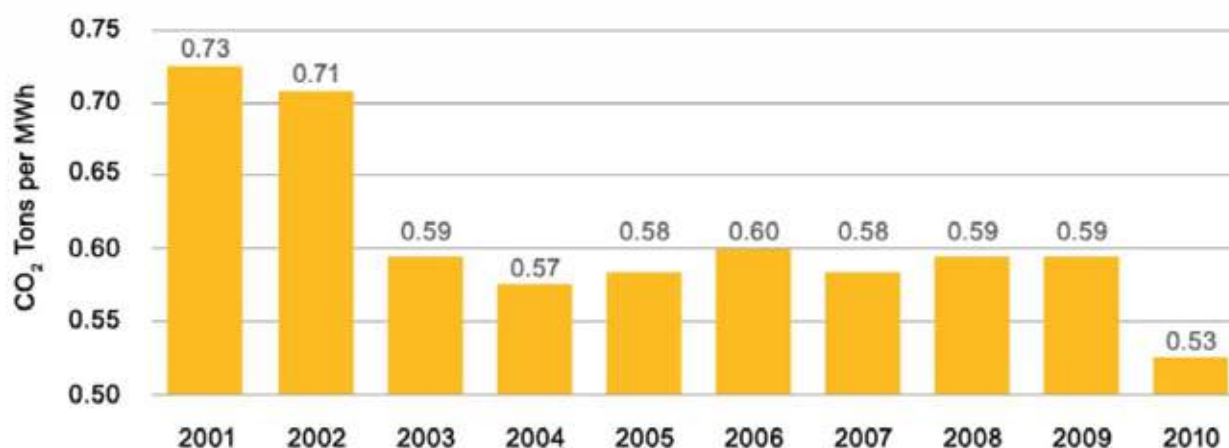


Diagram 6.1(a): Carbon Dioxide Intensity (CO₂ tons/Mwh) in the 2001 to 2010 period

Over the years, the company has invested in combined cycle and cogeneration technologies that are not only more energy efficient than the older steam plants but also allowed the company to switch to greater use of natural gas as an energy source. Looking at the past five years (FY06/07 to FY10/11), the share of power generation from natural gas increased from 46.8% to 64.2%. The overall plant efficiency increased from 41.7% to 46.4% over the same period. The twin effects of fuel switching (from heavy fuel oil to natural gas) and the use of energy efficient power generation technologies has resulted in the reduction of the company's carbon intensity by 27.4% in the 2001 to 2010 period.

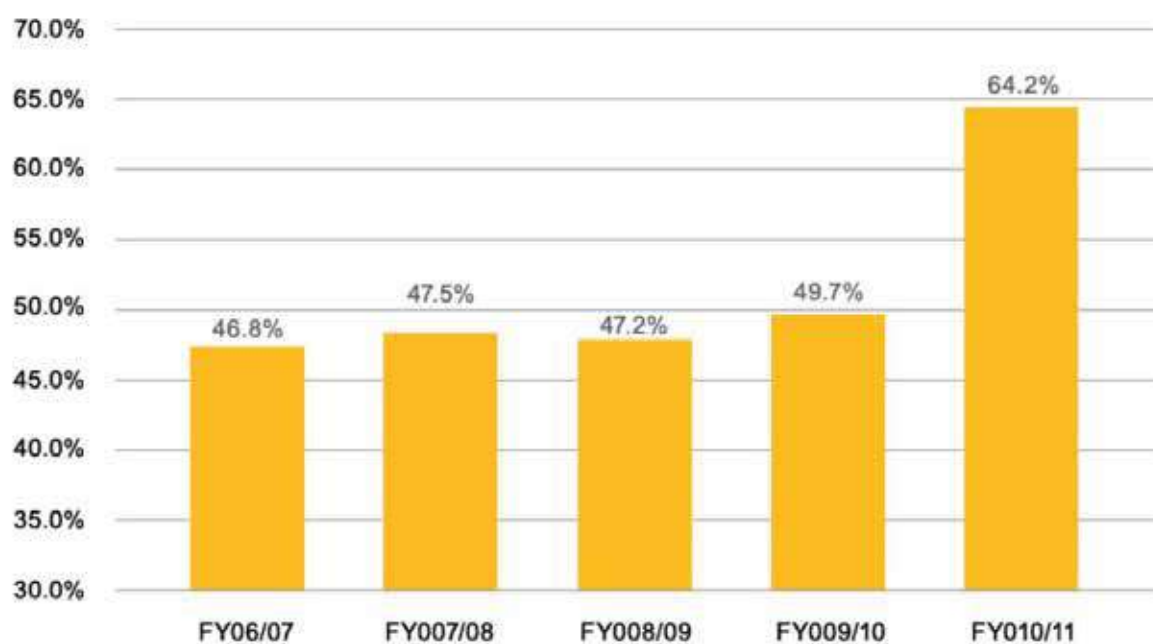


Diagram 6.1(b): Increasing Trend of Power Generation from Natural Gas over the past 5 years

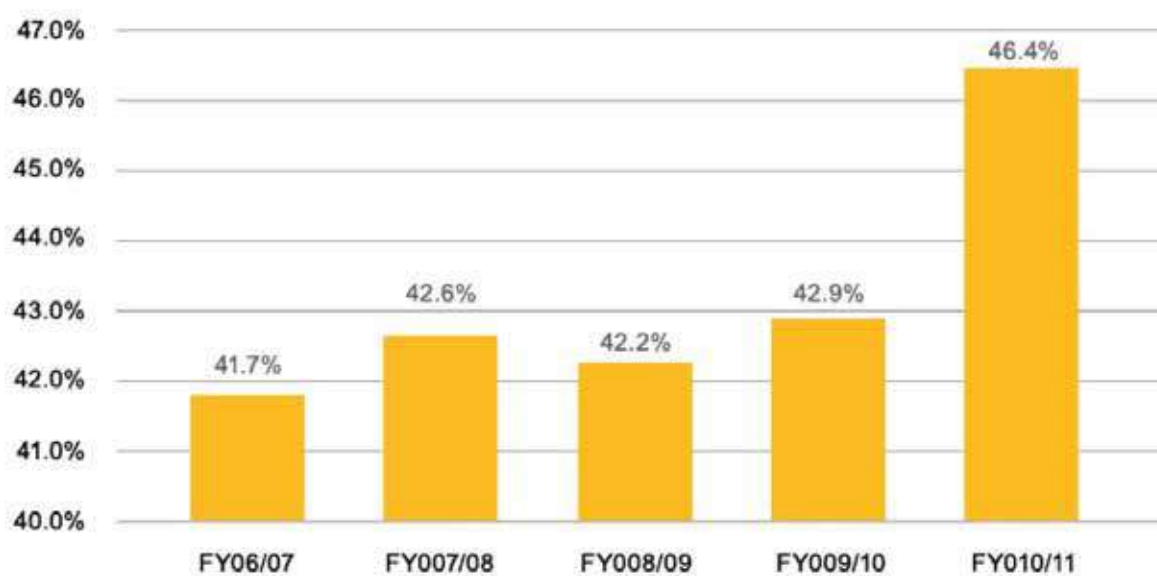


Diagram 6.1(c): Increasing plant efficiency over the past 5 years

6.1.2 Carbon Emissions

Besides direct carbon dioxide emissions (i.e. Scope 1 of GHG Protocol) from our power plant operations, the company also purchases energy from the electricity pool (via the Energy Market Company) in order to fulfill its energy contract obligations to its customers from time to time (i.e. Scope 3 of GHG Protocol). Another source of indirect emissions is from the electricity consumed at our corporate headquarters, a leased premise at HarbourFront Tower One, Singapore. Please see Diagram 6.1(d) below on the total direct (i.e. Scope 1 of GHG Protocol) and indirect (i.e. Scope 2 of GHG Protocol) carbon dioxide emissions in the FY10/11 period spanning July 10 to June 11.

Note: The Scope 1 & 2 GHG emissions cover primarily CO₂. The other 5 greenhouse gases are insignificant and are thus not included in the GHG calculations.

To date, we do not track indirect carbon dioxide emissions arising from other corporate activities such as company travel and transportation of purchased fuels. These sort of indirect emissions are excluded from the Scope 3 GHG Emissions.

Go to Section 6.2.3 – Indirect CO₂ Emissions from Energy Purchased from External Sources

Go to Section 6.3.2 – Achieving Office Resource Efficiency – Indirect CO₂ Emissions from Office

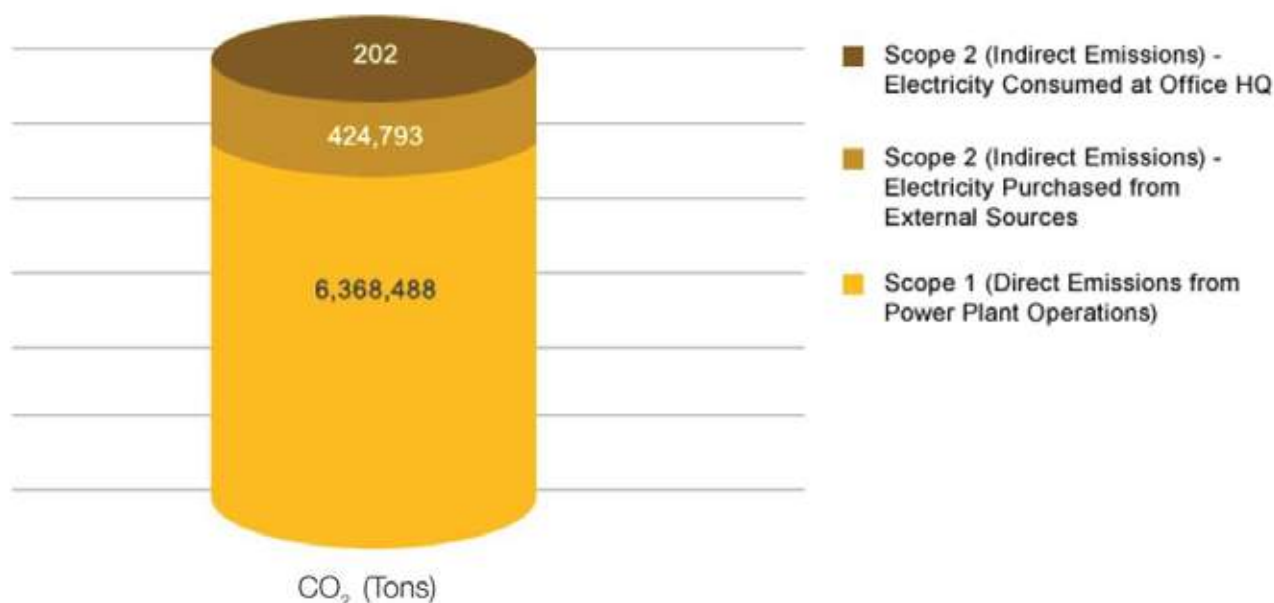


Diagram 6.1(d): Scope 1, 2 & 3 GHG (Greenhouse Gas Emissions)

6.1.3 Climate Change Challenges in the Future Energy Landscape in Singapore - As We See It

Singapore is disadvantaged in terms of renewable energy adoption. It has low wind potential. Although it is situated near the Equator with lots of solar irradiation, its solar potential is constrained by heavy cloud cover and shadow effect caused by its highly urbanised landscape dominated by high rise buildings. The country's limited land mass also means that the adoption of geothermal and nuclear energy would be difficult. The lack of a feed-in tariff also makes it economically challenging for renewable energy investments in Singapore.

Given Singapore's renewable energy constraints, the options available to further lower its carbon footprint in the medium term is through the greater use of natural gas for power generation, increasing energy efficiency of its industries and the adoption of small-scale biomass or photovoltaic projects.

With the LNG terminal coming on stream in 2013 and the Energy Conservation Act expected coming into full force in the same year, PowerSeraya would find itself pursuing a path of greater energy efficiency where natural gas would be the dominant fuel source for its power generation in the near future. In the 2011 World Energy Outlook (Special Report) by the International Energy Agency, the general view is that the world may be entering into the 'Golden Age of Gas'. If this global trend continues, PowerSeraya would be well positioned to tap into the natural gas market when the country's first LNG terminal is operational in 2013. This would allow the company to have a sustainable source of fuel and enable the co-generation plants to operate at a higher efficiency as it grows its multi-utility business (i.e. power generation, high pressure steam, etc) over time. With these developments, projections are that the carbon footprint of the company will trend below the current level of 0.50 CO₂ tons/Mwh.

While the outlook looks promising, PowerSeraya would be faced with greater competition as more companies enter the power generation business in Singapore in a few years' time. Notwithstanding the LNG terminal in 2013, the company is to a certain extent affected by geo-political risks as Singapore would still be dependent on Malaysia and Indonesia for pipeline natural gas supply. The company's profit margin is expected to shrink as its market share in the power generation business gets smaller. This may heighten the company's propensity to shy away from cleaner energy technologies/solutions such as renewables as they are generally not economically viable under the current market and regulatory conditions. These are the challenges that the company would face as it strives to include cleaner energy options in the future.

6.1.4 Carbon Tax Considerations

As part of the company's overall CSR Strategy, the challenges from carbon risks is very real to the company and its key stakeholders. It is for this reason that our company is constantly exploring the adoption of cleaner energy technologies and practices, measuring its carbon footprint and keeping abreast with the latest developments in the global climate change scene.

In late 2010, the Prime Minister of Singapore indicated the country's intent to implement a scheme to curb carbon dioxide emissions should there be an international binding treaty on climate change. Whether the scheme comes in the form of a carbon tax or a cap-and-trade system, PowerSeraya is monitoring this issue closely as this may present significant carbon risks either directly to the company or indirectly to its customers as end users of energy.

6.1.5 Our Journey with Carbon Credits

Singapore as a non-Annex 1 country under the Kyoto Protocol, has allowed PowerSeraya to explore the possibility of being a recipient of carbon credits for its investment in cleaner energy projects.

In 2006, the company decided to invest in a natural-gas fired 800MW Co-Generation Plant. It was a significant milestone for the company at that time as it would allow the company to generate a greater proportion of its power from less carbon intensive natural gas versus its heavy oil generation portfolio. Concurrent to the development of this project, the company embarked on a journey to register the project for carbon credits eligibility under the Clean Development Mechanism (CDM) framework.

After four years of seeking to register the project for carbon credits and having taken it to the validation stage of the CDM (Clean Development Mechanism) process – which is a step before final registration for carbon credits eligibility – we were not able to push the project beyond this point. This is due mainly to the absence of adequate local information for investment benchmark determination in Singapore which is an important factor to establish the financial additionality of the project. In 2010, the company decided not to pursue this project for CDM registration after conducting a review and also taking into consideration the post-Kyoto uncertainties.

6.2 Caring for the Environment at our Plant

6.2.1 Our Environmental Management System (EMS)

A considerable amount of fuel and chemicals are being consumed at the power plant. At the waste end, we have air emissions, trade effluent and solid wastes to manage. A lot of resources such as energy and water are also consumed during the power generation process. To minimise damage to the environment and the ill effects that some of these substances bring to our health, it is important that a high level of environmental performance be maintained at our power plant.

The company has a QHSE (Quality, Health, Safety and Environmental) Policy that largely governs how the environmental aspects (as well as health & safety) of the power plant operations should be conducted. Complementing the QHSE is the Environmental Policy under the CSR Policy which looks beyond power plant operations to cover the company's commitment on engaging its employees and other stakeholders in enhancing environmental sustainability. This is done through educating employees and the community to be responsible agents for the environment, working with stakeholders on environmental initiatives and reporting on our environmental performance.

PowerSeraya has had an Environmental Management System (EMS) in place for many years before adopting the ISO14001 environmental management system in 2005. Since then, the company has successfully passed all surveillance audits and maintained ISO14001 certification. About four significant environmental aspects (see Diagram 6.2 (a)) are being managed and monitored under the ISO 14001 to ensure that the power plant operates in a manner that causes minimal impact to the environment. As of June 2011, a total of 25 environmental targets are being monitored under the ISO14001 system, of which 80% are voluntary and not tied to any legislative/regulatory requirement.

The ISO 14001 committee meets about seven times a year (one steering committee and six informal working committee meetings) to look at issues that affect the power plant's environmental performance. For monitoring purposes, environmental indicators are tracked against objectives and reported on a monthly and quarterly basis at the department/group and senior management levels respectively. On an annual basis, a management review of the environmental objectives and EMS procedures is conducted as part of the continuous improvement cycle.

	Key Environmental Aspects	Key Environmental Impacts
Fuel consumption	Combustion of fuel oil in steam boilers Combustion of natural gas in combustion chamber Terminal operations for fuel management and transfer	• Non-renewable resource depletion • CO₂, SO₂, CO, NO_x, PM emission • Ash and boiler slag generation and disposal • Non-renewable resource depletion • CO₂, CO, NO_x, emission • Potential for oil spillage causing sea pollution
Water consumption	Use of water for steam generation in steam plant and combined cycle plant	• Scarce resource depletion • Wastewater generation and discharge
Material consumption	Use of limestone for FGD plant Use of ammonia for EP	• Scarce resource depletion • Waste / by-product generation (e.g. gypsum, waste chemicals, etc.)
Electricity consumption	Use of in-house electricity for operation equipment for power generation (e.g. EP, FGD, Water Treatment Plants, etc.)	• Indirect use non-renewable resource depletion • Indirect CO₂, SO₂, CO, NO_x, PM emission • Indirect ash and boiler slag generation and disposal

Diagram 6.2 (a): Environmental Aspects and Corresponding Environmental impacts

6.2.2 GRI Environmental Indicators

In evaluating the environmental information to be included in this report, we thought it would be material that our list of GRI environmental indicators covers the main environmental aspects from the Key Environmental Aspect Register to comprehensively cover all elements of air, land and water.

SO₂, CO₂ and HCFC (i.e. hydrochlorofluorocarbons) are significant air emissions arising from the business operations and are thus featured in this report. The latter two, in particular, were chosen due to their association with climate change.

With regard to water pollutants, we reported the major compliance-related pollutants such as biological oxygen demand and chemical oxygen demand which are bounded by law, as well as oil-spill incidence, if any. We have also included water consumption arising from our business operations in the context of how our use of desalinated and recycled water (i.e. NEWater) aligns with Singapore's focus on water self-sufficiency.

For land pollutants, we included hazardous wastes as there is a fair proportion of the former which is treated and shipped internationally under the Basel Convention. We have also included non-hazardous wastes and highlighted how our waste recycling rate contributes positively to the country's drive to increase the waste recycling rate in efforts to extend the lifespan of our landfills.

On Biodiversity, we have included a section to explain the context of how biodiversity law is applied in Singapore and how it is relevant to our operations.

6.2.3 Environmental Performance of Our Power Plant

Fuel Consumption

Our company's recent investment in the natural-fired 800MW Co-Generation plant and the decommissioning of a few oil-fired units, coupled with an increase in high pressure steam demand, have resulted in a surge in natural gas use and a drop in fuel oil use in FY10/11.

In FY10/11, the natural gas consumption increased four and a half times compared to the previous year. On the other hand, fuel oil consumption saw a drop of 22%.

Note: Fuel oil refers primarily to heavy fuel oil and intermediate fuel oils. However, the figures include a very small proportion of diesel oil which is used as contingency and for peaking purposes.

In PowerSeraya, our direct and primary source of energy used for our business (i.e. electricity consumption) is from fuel oil and natural gas (this we measure in Tonnes or BBTU rather than Joules).

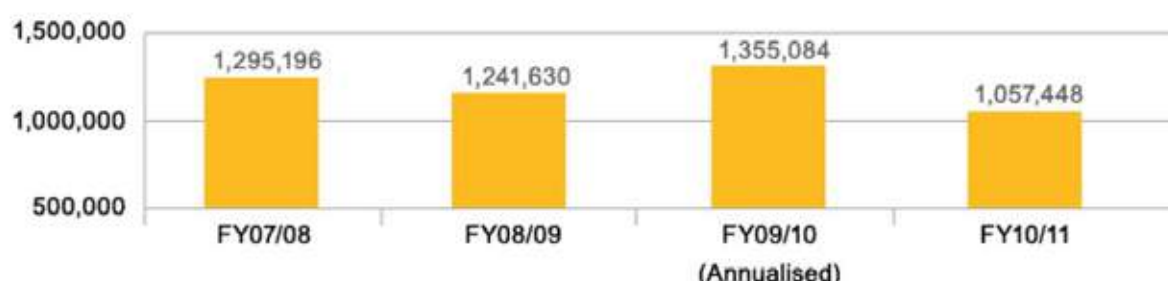


Diagram 6.2 (b): Fuel Oil Consumption in Tonnes (FY07/08 to FY10/11)

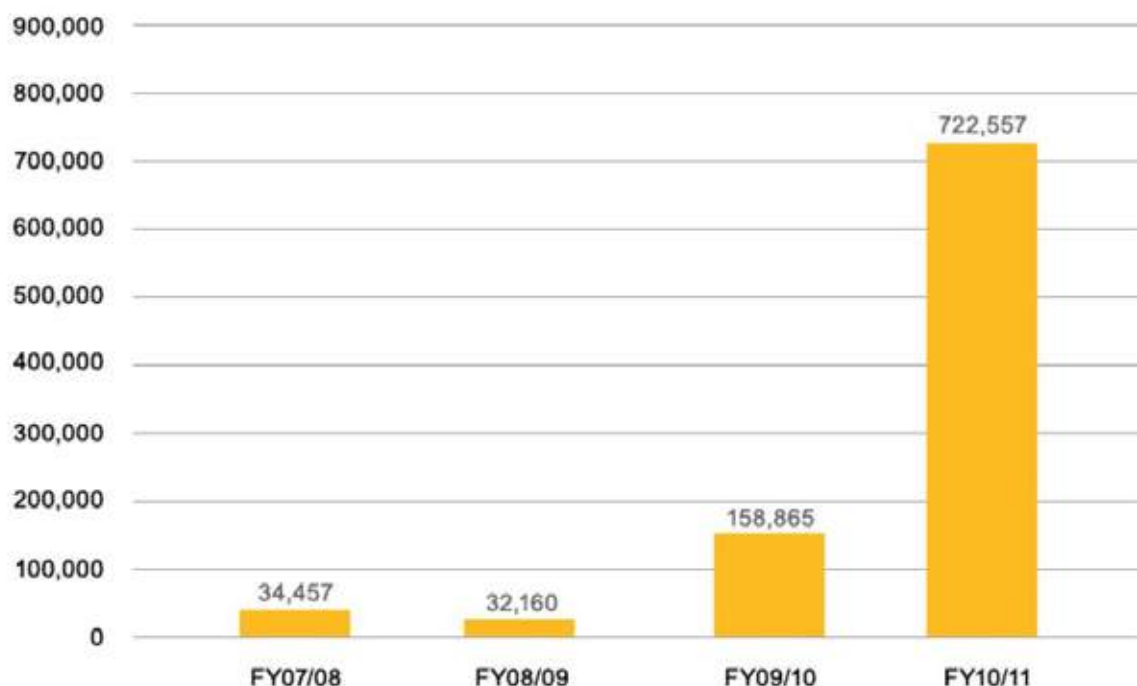


Diagram 6.2 (c): Natural Gas Consumption in BBTU (FY07/08 to FY10/11)

Indirect Energy Consumption – Energy Purchased From External Sources

From time to time, the company has to purchase electricity from external sources to fulfill the energy demands of our customers. In the period FY 07/08 to FY 10/11, the proportion of energy purchased from external sources was about 6.9% on average. The significant drop in FY09/10 was due to the fact that our power plant generation was able to fulfill electricity demand from customers without the need to purchase from external sources.

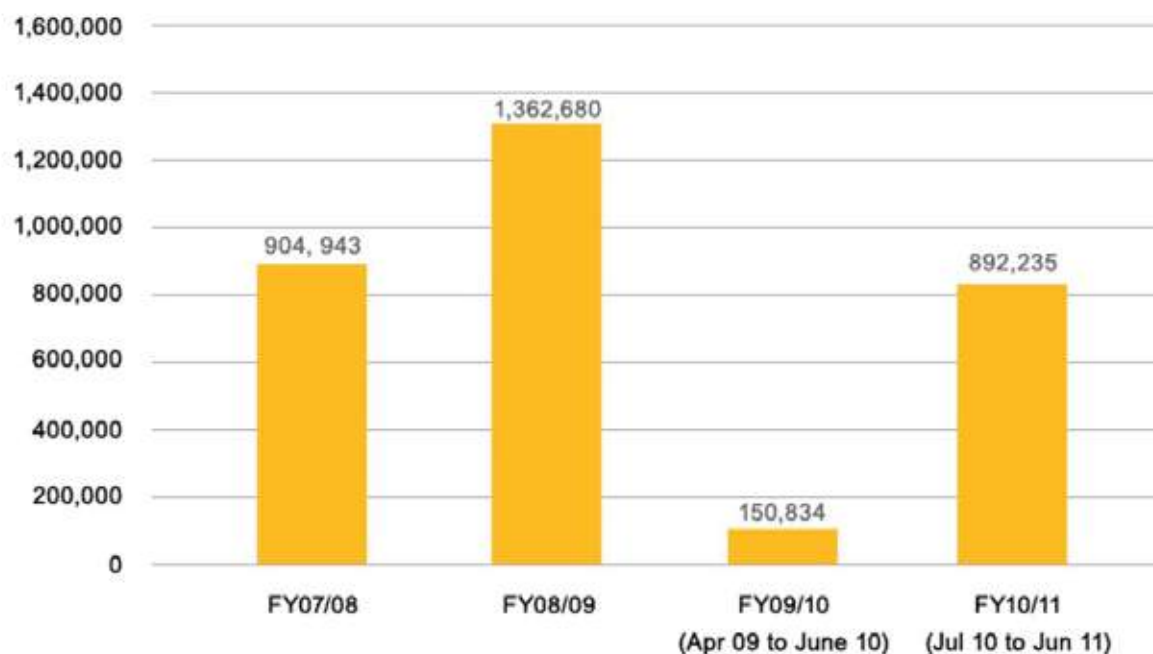


Diagram 6.2 (d): Indirect Energy Consumption in MWh (FY07/08 to FY10/11)

Since the electricity consists of energy produced from various primary sources, we are unable to report the energy consumed by energy sources. However, from the latest FY 10/11 Annual Report of the Energy Market Authority of Singapore, the country's fuel mix for electricity generation is 77% natural gas, 17% fuel oil and 8% from other fuel sources.

Air Emissions

Carbon dioxide emissions:

FY10/11 CO ₂ Intensity	Internal Target	Actual
	10% reduction from FY09/10	10.9% drop from FY09/10

Carbon dioxide intensity (a measure of the amount of CO₂ tons emitted per unit of power generated) for FY10/11 decreased by 10.9% to hit a new low of 0.509 tons/MWh from the previous FY. In fact, this result is in line with our internal target of a 10% reduction in carbon footprint. A greater amount of power generated from our natural gas-fired plants (i.e. combined cycle and co-generation) to produce electricity and high pressure steam meant that we were burning less fuel oil and more of natural gas to produce each unit of power.

However, running a natural-gas plant is not without its challenges. A decay in natural gas supply pressure (which is a factor that is beyond the company's operational control) below a specified threshold level (stipulated regulation by the Energy Market Authority) at our natural gas-fired plant would result in a changeover from the use of natural gas to diesel fuel. All these factors would result in our plants burning less natural gas than originally planned which in turn cause our carbon footprint to be higher than planned.

Note: CO₂ is the main Greenhouse Gas (GHG) at PowerSeraya. Another GHG that is used in the power plant operations is SF₆. Details on how we managed SF₆ are covered in the later part of this section.

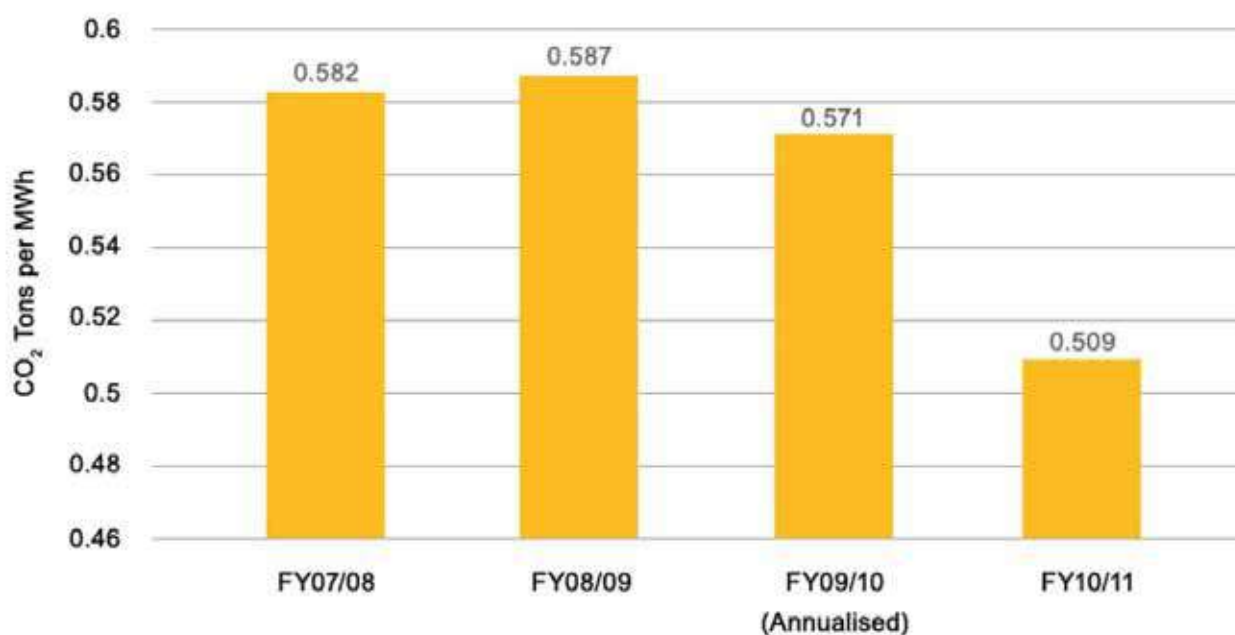


Diagram 6.2 (e): Carbon Intensity Figures from FY07/08 to FY10/11

Sulphur Dioxide Emissions

Sulphur dioxide intensity (i.e. a measure of the amount of SO₂ tons emitted per unit of power generated) decreased slightly from 0.0036 tons/MWh in FY09/10 to 0.0035 tons/MWh in FY10/11. The increase in the FGD (Flue Gas Desulphurization) unit efficiency from 92.7% in FY 09/10 to 93.8% in FY 10/11 is one factor that contributed to the drop in sulphur dioxide intensity figures.

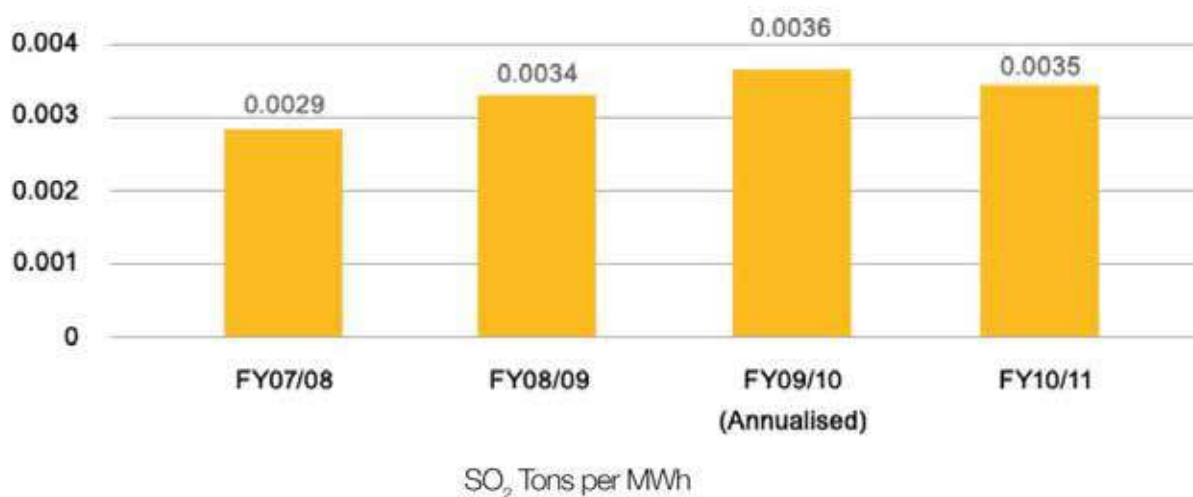


Diagram 6.2 (f): Sulphur Dioxide Intensity Figures from FY07/08 to FY10/11

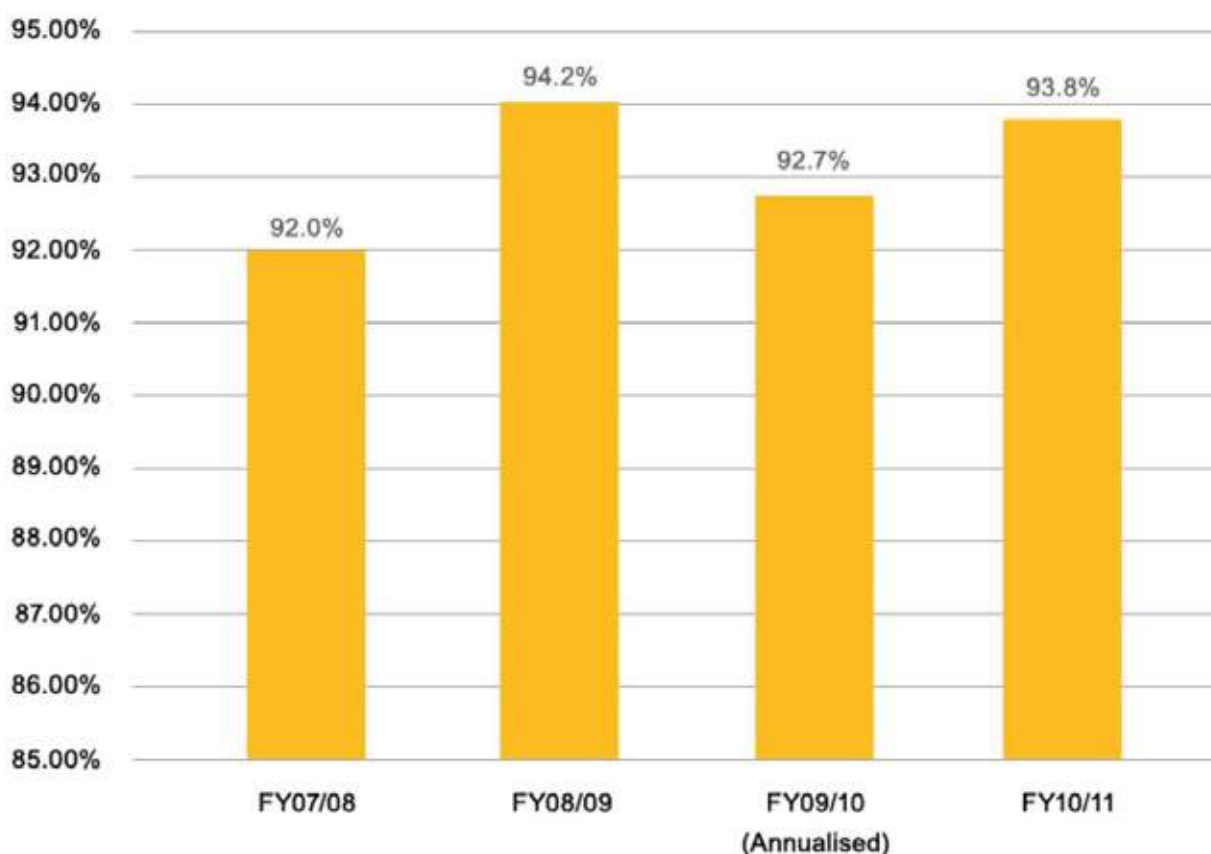


Diagram 6.2 (g): Flue Gas Desulphuriser Efficiency from FY07/08 to FY10/11

Reducing Sulphur Dioxide Emissions using the FGD (Flue Gas Desulphurization) unit

The fuel oil used in our power plant operations has a relatively high sulphur content which releases SO_2 into the atmosphere when burnt. Exposure to high levels of SO_2 can cause breathing problems, respiratory illnesses and cardiovascular disease. To mitigate these harmful effects, we burn fuel oils with no more than 2% sulphur content in them, which is within the National Environment Authority (NEA)'s requirements.

The resulting SO_2 emissions go through a flue gas desulphurisation (FGD) unit which removes over 90% of this toxic gas. In FY10/11, close to 92% of the sulphur dioxide emissions were removed by the FGD.

Other Greenhouse Gas (GHG) Emissions

Besides carbon dioxide (CO_2), the other GHG monitored closely at PowerSeraya is Sulphur Hexafluoride (SF_6). With a global warming potential 22,800 times that of CO_2 , SF_6 is something not to be ignored even though it occurs in some quantities.

The 230kV and 400kV Gas Insulated Switchgears (GIS) at the power plant contains pressurised SF_6 which acts as a dielectric medium to prevent electrical arcing from occurring during electrical switching activities. As part of the ISO14001 objective since 2010, SF_6 leakage checks is carried out quarterly using a SF_6 detector. In addition, the compartments of the GIS is monitored by SF_6 density gauges which sends an alert should the pressure of SF_6 in the GIS enclosure drop to a certain threshold level.

Nitrogen Dioxide

We are currently unable to report on our NO_2 emissions because of the difficulties in measuring the actual amount of nitrogen dioxide from the boilers on a continuous basis. Moreover, there is also no flow meter to capture the total flow of flue gas in order for us to compute the total NO_2 emission. However, we have consistently kept the NO_2 levels below 700 mg/Nm³, which is the regulatory limit set by the National Environment Agency.

Ozone-Depleting Emissions

There were no ozone-depleting emissions arising from power plant operations. However, our office air-conditioning emitted insignificant amounts of hydrochlorofluorocarbons (HFCs), of between 135kg and 405kg in the period FY07/08 to FY10/11. The considerable rise in HFCs from FY09/10 to FY10/11 is due to the newer split air-condition units that were installed to replace the old ones.

Water

The power plant consumes a considerable amount of water on a daily basis. Over the years, the power plant has sought to be water efficient in its operations as well as to be water sufficient through greater use of water from its in-house desalination plant.

A few years ago, a significant proportion of the water consumed for power plant operations was from freshwater sources via the country's piped water system. Today, the water story is very different. In FY10/11, 83% of the water consumed for power plant operations originated from our in-house desalination plant with the remaining 10% from NEWater (i.e. recycled water). Virtually no water is drawn from freshwater sources (e.g. Singapore reservoirs and imported water from Malaysia).

In terms of water efficiency, the water intensity for FY10/11 dropped by 5.3% compared to the previous FY, reflecting a better use of water resources for every unit of energy produced at the power plant. The energy (in MWh) includes the electricity generated as well the energy component required to generate high pressure steam that is sold to customers. The net water consumed is the water used to generate electricity and high pressure steam at the plant minus the steam that is effectively delivered via a dedicated pipeline to customers.

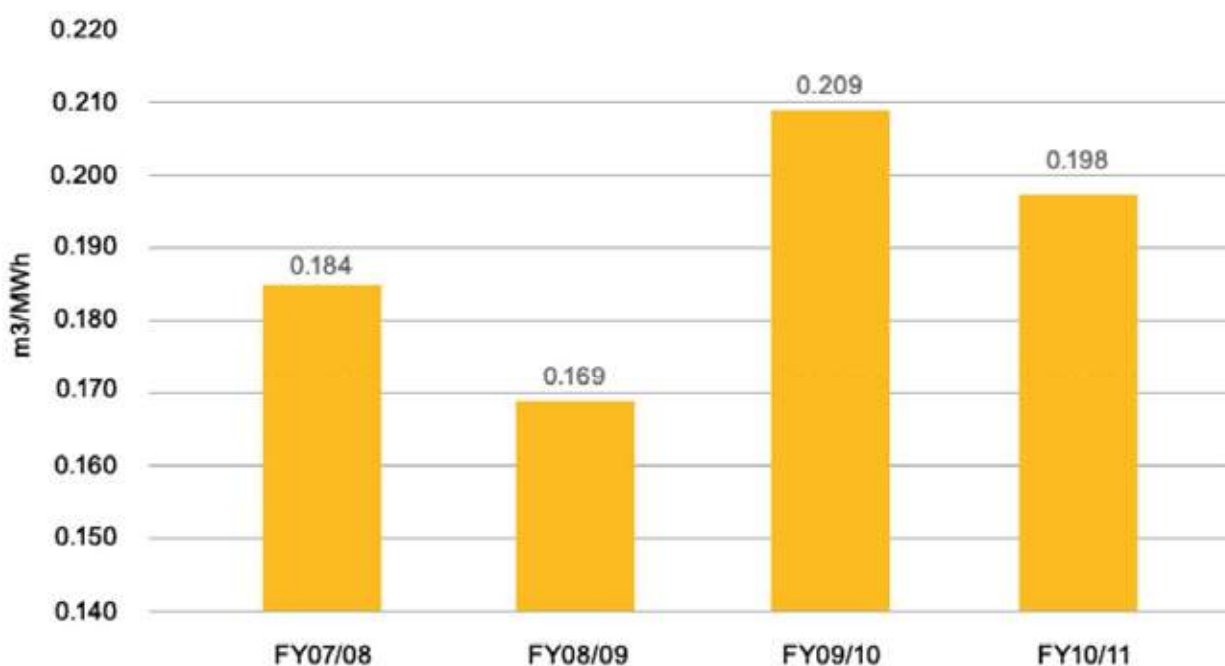


Diagram 6.2 (h): Water Intensity from FY06/07 to FY10/11

Trade Effluent

The end process of power generation results in trade effluent which is treated before it is discharged into the open sea. The trade effluent undergoes stringent quality checks for heavy metals, biological oxygen demand (BOD) and chemical oxygen demand (COD) to determine whether it has significant effect on fish or aquatic plants.

The effluent samples are taken bi-yearly and sent to an accredited laboratory for tests. For the period FY07/08 to FY10/11, the trade effluent discharge was in full compliance with the Environmental Protection and Management (Trade Effluent) Regulations (2005).

The BOD and COD tests measure the relative oxygen depletion effect of a waste contaminant. In FY10/11, the BOD and COD tests of the treated effluent were less than 10mg/l and 40mg/l respectively. These are well within the regulatory limits.

Other significant substances contained in the trade effluent include Total Suspended Solids (TSS), Total Metals and Oil and Grease. These substances are also monitored periodically to ensure that they are in compliance with regulatory limits.

Our trade effluent discharge into the open sea is constantly kept within the 30°C regulatory limit to ensure that aquatic fauna and flora are not significantly affected by high temperatures.

Waste and Disposal

A considerable amount of waste is being generated at our power plant. This includes scrap metal, boiler slag, waste oil and general waste. All ash and sludge produced from the plant operations are collected and treated before it is sent to the landfill. All toxic wastes are treated in accordance with local regulations before disposal.

In FY10/11, about 80,857 tonnes of waste were generated. As far as possible, waste materials are recycled to produce by-products that can be used by other industries. This helps to minimise stress on our country's limited landfill space. For example, sulphur dioxide, a by-product from the fuel combustion process, is captured to produce gypsum via a chemical process involving limestone. In FY10/11, gypsum alone constituted about 93.1% of the total waste generated at the plant. The gypsum is not disposed of as waste but rather sold to cement and plaster board companies for use in the construction industry.

Of the total waste generated, some find their way to the landfill (after going a process of incineration) in Singapore while others are treated (due to their hazardous nature) before it is shipped overseas under the terms of the Basel Convention. In FY10/11, the percentage of transported waste shipped internationally was 92.7%, a 5.4 percentage point increase over the previous year.

Please refer to EN22 indicator of GRI Content Index for detailed waste figures for period FY06/07 to FY10/11.

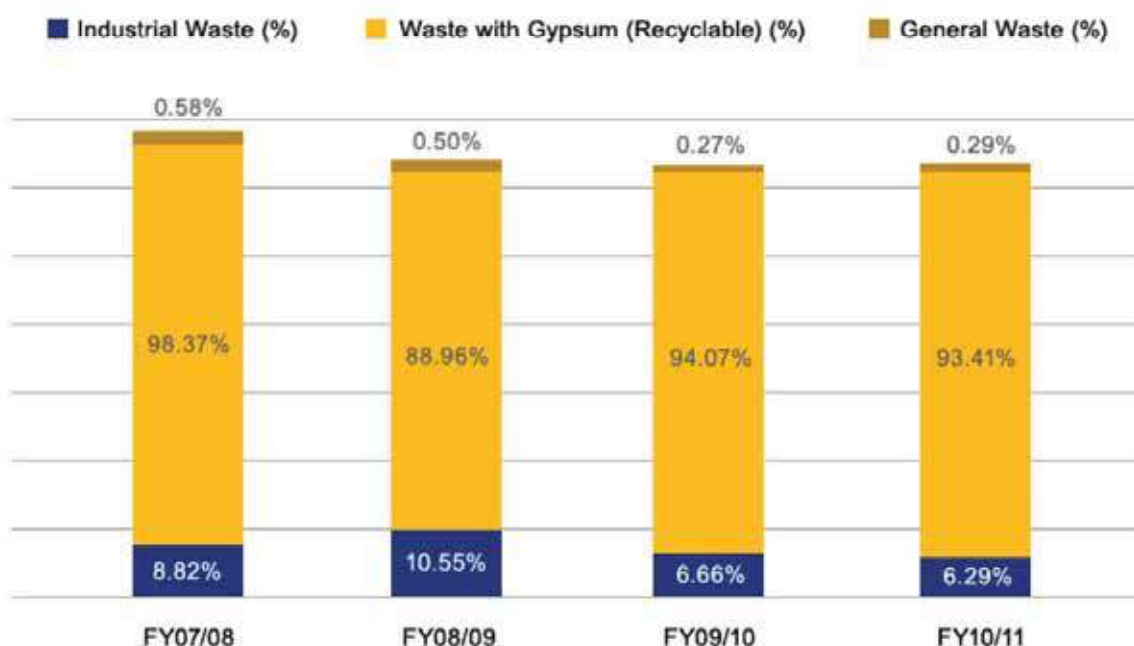


Diagram 6.2 (i): Waste Mix: Proportion of recyclable waste in over the past 4 years

Volume of Significant Oil Spills

In FY07/08 to FY10/11, PowerSeraya had no recorded oil spills. A system involving the regular recording of oil spills started in 2007. Previously, oil spills were only recorded when an incident occurs. Nevertheless, we have an oil-spill response plan, and every year we participate in the annual oil spill exercise organised by Oil Spill Response. This ensures that we are equipped to contain and minimise the environmental damage caused by an oil spill.

Materials Used by Weight or Volume

Unlike other industries where a significant amount of direct materials* are being used to manufacture products, PowerSeraya is in the business of producing electricity and steam to our customers. As such, most of our raw materials are non-renewable** such as fuel oil and natural gas. For details on the quantity of fuel oil and natural gas that is consumed by the company, please refer to 'EN3 – Fuel Consumption' which is covered in the earlier part of this Section.

*Direct materials refer to materials that are present in a final product.

** Non-renewable materials refer to resources that do not renew in short time periods, such as minerals, metals, oil, gas, coal, etc.

Industrial Gases, Lubricants and Grease

Industrial gases as well as lubricants and grease are regular materials used by the company. Diagram 6.2.3(i) and 6.2.3(j) captures the quantities of these two materials used over the period FY07/08 to FY10/11 from purchase orders. The top three industrial gases used in the company are nitrogen, oxygen and acetylene. Nitrogen is commonly used for overhaul or restoration works for the power generating units in the plant whereas oxygen and acetylene is used when hotworks are performed for certain maintenance activities. Lubricants are widely used in plant equipment with moving parts to effect working efficiency and reduce wear and tear.

FY	CO ₂ , N ₂ O, LPG (kg)	Other Gases (m ³)
FY 07/08	3,865	2,815
FY 08/09	4,735	17,967
FY 09/10	450	187,295
FY 10/11	7,237	24,642
Total		

Diagram 6.2 (j): Quantity of Industrial gases used by the company from FY06/07 to FY08/09

Note: 1% of the purchase orders for industrial gases cannot be accounted for as they are expressed in 'cylinders' (units of measurement) and are thus not captured in the diagram above.

FY	CO ₂ , N ₂ O, LPG (kg)	Other Gases (m ³)
FY 07/08	3,865	2,815
FY 08/09	4,735	17,967
FY 09/10	450	187,295
FY 10/11	7,237	24,642
Total		

Diagram 6.2 (k): Quantity of lubricants & grease used by the company from FY06/07 to FY08/09

Note: 3% of the purchase orders for lubricants & grease cannot be accounted for as they are expressed in 'drums' (units of measurement) and are thus not captured in the diagram above.

Chemical Used

The company consumes significant amounts of chemicals for its power generation operations. Besides limestone which is used in large quantities in the FGD process to remove SO₂, the other top three commonly used chemicals by weight are sulphuric acid, anhydrous ammonia and sodium hydroxide. Sodium hydroxide and sulphuric acid are used for resins generation at the water treatment plant as well as for process pH adjustments of water at the wastewater treatment plant and desalination plant. Anhydrous ammonia is used in the electrostatic precipitator (EP). It serves to neutralise the sulphur trioxide (SO₃) components in the flue gas, reduces corrosion of the downstream ductings of the EP and improves the collection efficiency of the EP, thereby preventing excessive particulate matter being released to the atmosphere.

	Limestone (in kg)	Sulphuric Acid (98%) (in kg)	Anhydrous Ammonia (in kg)	Sodium Hydroxide (50%) (in kg)
FY 09/10 (Annual- ised)	55,517,096	1,357,955	1,347,690	1,347,690
FY 10/11	43,205,680	1,187,015	1,137,935	2,645,201

Diagram 6.2.3 (I): Quantity of limestone and top 3 commonly used chemicals in the company

Packaging Material Used

Our products that we sell to our customers are utilities like electricity and steam which do not involve any packaging material. As such, we are unable to report on information pertaining to packaging material as it is irrelevant to the company.

Recycled Input Materials

It is still not a common practice for Singapore companies to ask suppliers to declare the amount of recycled content in the materials that are supplied to them. Notwithstanding this common practice, PowerSeraya has made incremental steps to impose sustainable criteria on our suppliers over the years. One of the areas where we have succeeded include the supply of office paper from recognised sources such as the Forest Stewardship Council where the wood used to produce paper is from FSC certified well-managed forests, controlled sources and/or recycled material.

Looking into the near future, we will be working with a few equipment suppliers in upcoming quotations or tenders to propose products that meet sustainable criteria such as energy efficiency, ROHs compliance, recycled content and product recyclability.

6.2.4 Compliance with Environmental Laws and Regulations

PowerSeraya works closely with government agencies, in particular the National Environment Agency (NEA), to ensure that we keep all air emissions, wastewater discharge, hazardous wastes and other environmental impacts within the regulations stipulated by the Singapore Government.

In the period FY07/08 to FY10/11, we had no record of any monetary fines as a result of non-compliance with environmental law and/or regulations or any non-monetary sanctions.

The existing regulatory framework for Singapore for environmental protection consists of several regulations and acts administered by the NEA for the following environmental aspects which are incorporated as part of our ISO 14001 processes:

- Air Pollution Control, for emission of pollutants
- Water Pollution Control, for the discharge of trade effluent
- Marine Pollution Control, for spillages into the marine environment
- Noise Pollution Control, for the control of environmental noise
- Waste Management, for the control of general and toxic industrial waste, recyclable material and hazardous waste.
- Hazardous Substance Management, for the purchase, storage and use of hazardous substances
- Flammable Substance Management, for the storage of flammable gases and liquid petroleum gas
- Explosive Precursors Management, for the storage and use of explosive substances
- Water Supply Regulation, for resource conservation

6.2.5 Biodiversity

Unlike other countries with vast, rural areas of biodiversity value, Singapore is a small city-state on a land mass of only 710.2km² with a population of close to 5 million residents and virtually no hinterland. As such, Singapore finds itself in a challenging situation of having to strike a fine balance of planning residential areas for its growing population and commercial and industrial zones for economic activity while still providing green, living spaces to sustain natural environments (e.g. catchment areas) as well as preserve biodiversity for recreation purposes. It is with recognition of the country's land scarcity challenges that the Singapore government has consciously incorporated green spaces from the early days of urban planning to fulfill the Garden City vision.

Till today, the Garden City vision still holds relevance despite the country's aim to position itself as a global and vibrant city that attracts human and financial capital. Having green spaces mitigates the harshness of the concrete environment and contributes towards a more liveable city state that is able to provide recreational places for its residents to enjoy, relax and be inspired. This has allowed Singapore to meet the lifestyle and recreational needs of an increasingly sophisticated population, and enhanced Singapore's attractiveness as a choice destination for foreign businesses and talents.

Prudent planning over the years has enabled Singapore to increase its green cover by 10.8% over the 1986 to 2007 period, despite having a population growth of 68% in the same period. Currently, close to 10% of the total land area is set aside for parks and nature reserves. Singapore today has four nature reserves and two national parks that is protected by legislation, namely the Parks and Trees Act 2005. Besides these, there are also 22 nature areas that are covered under the Special and Detailed Controls Plan which is administered by the Urban Redevelopment Authority. This is established under the authority of the Planning Act. All the above areas are rich in biodiversity.

Under the context of PowerSeraya and its subsidiaries, its power generating assets sits on land that is on a long-term lease from JTC Corporation, the industrial landlord of the country that is owned by the state. None of the land that is occupied by PowerSeraya is protected by law for biodiversity nor is it adjacent to any protected areas or any of the 22 nature areas mentioned above. With PowerSeraya's CSR focus on energy and water, it is not the company's priority to be engaged in biodiversity related initiatives at the present moment. Notwithstanding this, PowerSeraya does from time to time make ad-hoc contributions towards promoting biodiversity such as the recent \$10,000 sponsorship to the Singapore Garden Festival in 2010.

6.2.6 Achieving Sustainability Through Plant Improvements

In efforts to enhance the efficiency and effectiveness of the power plant operations, the company has embarked on a series of plant improvement projects that has not only reaped cost savings but also resulted in increased worker productivity, better worklife balance/ arrangements and benefits to the environment.

Keeping Plant Machinery in Good Working Condition Through Condition Monitoring

Condition Monitoring (CM) involves the frequent or continuous monitoring of specific machine operating parameters to provide an analytical assessment of a machine condition. It reflects the equipment condition at a specific point in time and helps detect whether a machine component is developing component failure.

Since the implementation of a condition-based maintenance strategy in July 2009, selected plant equipment lists were drawn from the generating units and their auxiliary plants and placed under a condition monitoring (CM) programme. Through condition monitoring, production loss is minimised and secondary damage incurred through untimely failure of key machines and equipment is avoided. This ensures high availability and reliability of power generating units while lowering the operation and maintenance cost. With condition monitoring, plant machinery also stand a better chance of operating more efficiently. This results in less emissions and less resources consumed per unit of production, thus causing less harm to the environment.

Condition Monitoring utilises techniques such as Vibration Analysis, Equipment Oil Analysis, Transformer Oil Analysis, Infrared Thermography and Ultrasonics to deliver the following benefits:

a) Vibration analysis of Rotating Machines (RM):

- Allows remedial actions to be taken to prevent further damages.
- Eliminates contract works for preventive maintenance of pumps and motors overhaul.
- Close monitoring and trending of RM with issues facilitates trouble-shooting and maintenance planning.

b) Equipment Oil Analysis:

- Oil analysis results used to track any degradation in oil and/or wear condition of monitored machinery.
- Ensures machinery reliability and availability.

c) Transformer Oil Analysis:

- Seven fault gases and others like Oxygen, Nitrogen, water content and breakdown voltage are monitored regularly to ensure that any deteriorating condition is attended to.

d) Infrared Thermography:

- Primarily employed to monitor the condition of expansion joints along boiler gas and air paths, to prevent untimely leakages and facilitates maintenance planning.
- Also used on selected electrical equipment to monitor any abnormal gradients.

e) Ultrasonics:

- Primarily employed to regularly assess the condition of listed steam traps to facilitate maintenance planning and manage energy losses.
- Reduction in steam trap failure rates and energy losses.

Energy-Efficient Hi-Bay Lights Results in Higher Light Output and Energy Savings

The company has taken several simple but progressive initiatives to improve the environmental footprint of the plant through retrofitting of lights to energy saving ones. One project is a pilot initiative in March 2010 to retrofit 12 Hi-Bay lights (with 440W each) with new ones that are more energy efficient (150W).

The energy-efficient Hi-Bay lights use a new prism lens technology to achieve a slightly higher brightness level with lower energy consumption. The result after the retrofit was an impressive 62.5% energy savings with a light output that is up to 20% brighter than before.

The second energy saving project involved the cafeteria at the plant where all existing lights with a total wattage of 7.5kW were changed to energy saving lights. The project involved the replacement of 180 pieces of filament bulbs, fluorescent tubes and spot lights into energy saving ones which resulted in 50% energy savings.

The third and last project which was fully completed in September 2011 involved retrofitting and replacing traditional fluorescent lights to LED lighting in the Central Control Rooms (CCR) of the steam and gas plants. The 75% energy savings and longer lamp life attributes of the LED (versus the traditional fluorescent lights) will help to reduce energy consumption tremendously at the CCR that runs on a 24/7 operation, thus resulting in lower energy costs as well as a lower carbon footprint.

6.3 Engaging Staff and the Community in Environmental Sustainability

6.3.1 Introduction

PowerSeraya takes a holistic approach towards environmental sustainability beyond its power plant operations to involve our employees in the workplace at its headquarters at HarbourFront Tower One. We monitor our office resource consumption on a monthly basis and this section covers our energy, paper and water consumption figures as well as our initiative to green our IT infrastructure. All figures in this section are on a calendar-year basis.

6.3.2 Achieving Office Resource Efficiency

On a whole, the 2010 office resource consumption performed reasonably well. All areas (energy, paper and water) fulfilled their targets. Diagram 6.3 (a) below summarises how the company fared in our office resource use in 2010.

The following sections detail the office resource consumption figures at the corporate headquarters unless otherwise mentioned.

Energy Consumption

The 2010 annual energy consumption per employee (excluding data centre) saw a 10.1% decrease over the previous year. Compared against the benchmark, National Energy Efficiency Index for office buildings of 215 Kwh/sqm/per annum, our office energy consumption (including the data centre) is within this benchmark figure by 12.9%.

Resource Item	2010 Actual Performance	2010 Target	Within Target
Energy	2183 Kwh / head 190.5 Kwh/sqm/pa	2429 Kwh / head < 215 Kwh/sqm/pa	Yes Yes
Paper	6.0 reams / head	6.6 reams / head	Yes
Water	0.69 units/head	0.70 units / head	Yes

Diagram 6.3 (a): 2010 Resource Consumption Figures

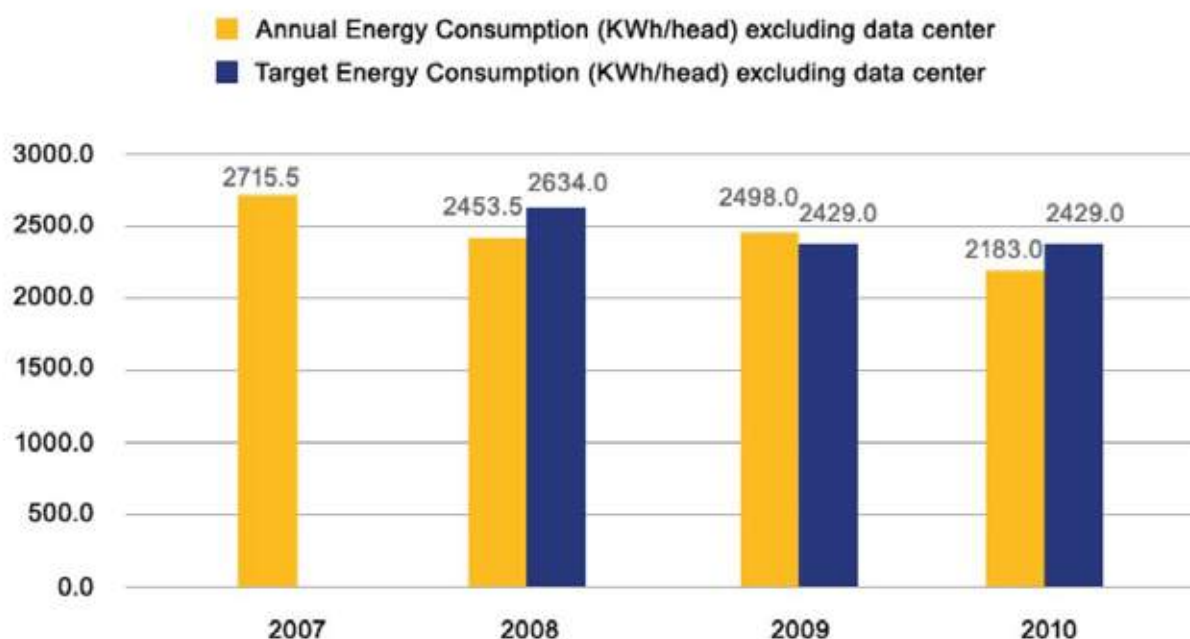


Diagram 6.3 (b): The 2010 Office Energy Consumption per employee per annum (excluding data centre)

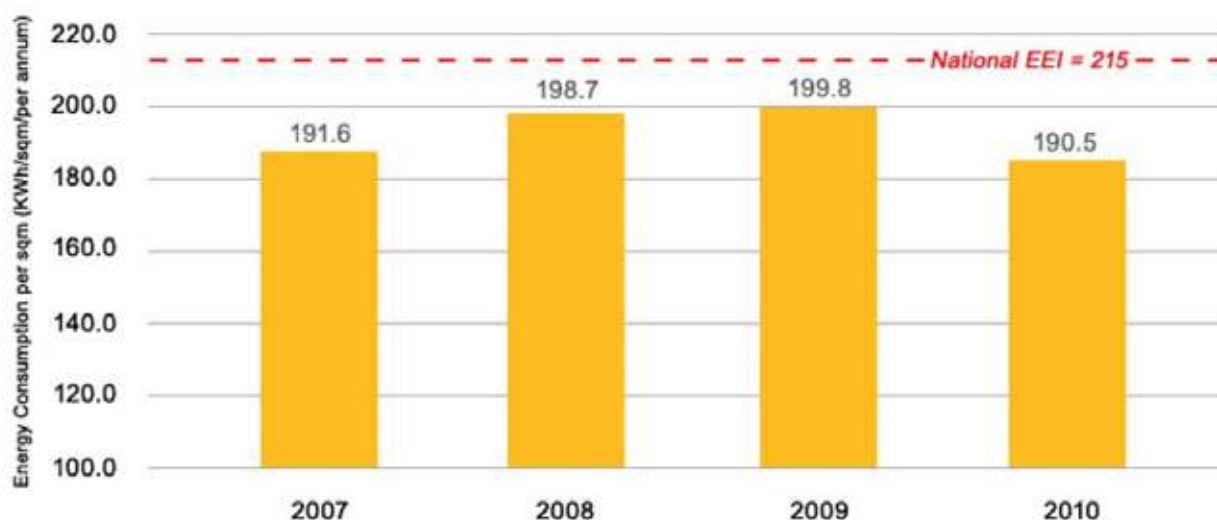


Diagram 6.3 (c): Office Energy Consumption per sqm per employee per annum

Indirect CO₂ Emissions from Office

In 2010, the indirect carbon dioxide (CO₂) emissions (as per Scope 2 of GHG Gas Protocol) from the office energy consumption at our corporate headquarters saw a total of 202.4 tons of CO₂ emissions. This is a 9.2% drop over the previous year due to a decrease in office energy usage and a lower electricity grid emission factor value.

(Note: The 2008 and 2009 CO₂ emissions is based on the 2008 Electricity Grid Emissions Factor (Simple Operating Margin) from the National Environment Agency, Singapore, while the 2010 CO₂ emissions is based on the 2009 Electricity Grid Emissions Factor (Simple Operating Margin)).

To have an idea of our total Scope 1 & 2 GHG emissions, please refer to Diagram 6.1 (d)

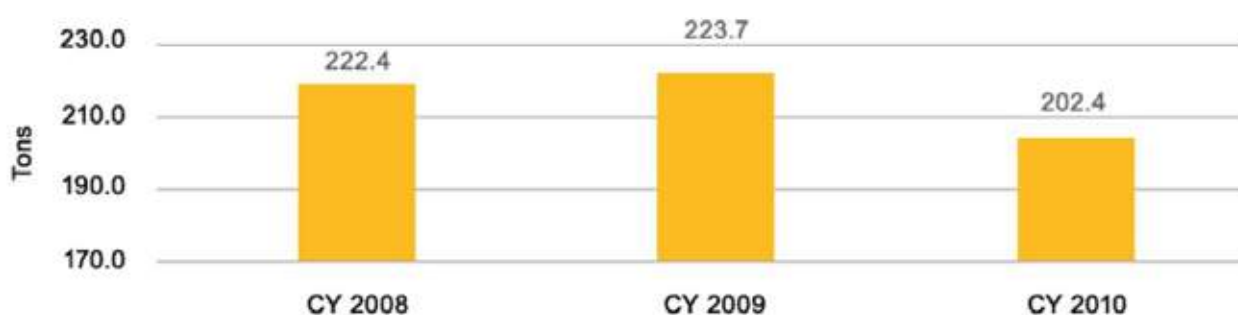


Diagram 6.3 (d) : Annual CO₂ emissions from Energy Use at Corporate HQ

Water Consumption

Water consumption per employee saw a 5.5% decrease in 2010 over the previous year. The fitting of a water saving device at the 16th floor pantry water faucet, coupled with regular education sessions with the tea ladies on prudent water use, were some of the water conservation measures that helped to keep water consumption in check.

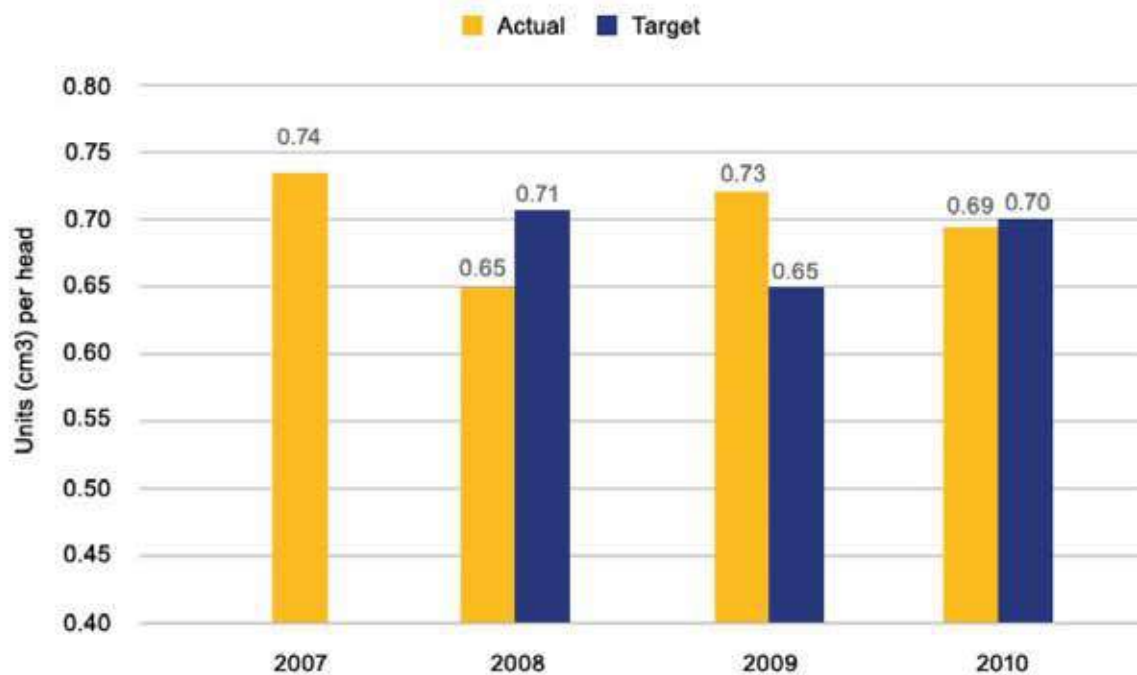


Diagram 6.3 (e): Annual water consumption per employee at corporate headquarters

Paper Consumption

Paper consumption per employee for the entire company saw a significant decrease of 9.1% in 2010 compared to the previous year. The monthly paper tracking system which was established, coupled with the enforcement of paper quota by departments, contributed greatly to the reduction in paper usage.

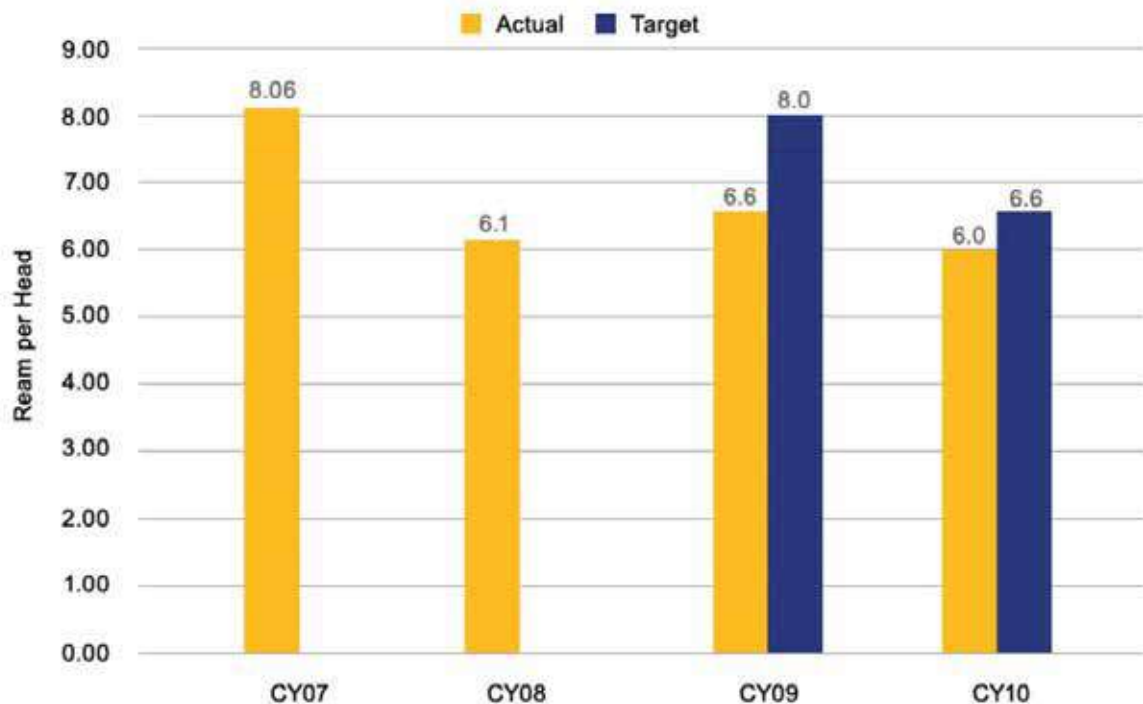


Diagram 6.3 (f): Annual paper consumption per employee for entire company

6.3.3 Greening Our IT Infrastructure

We have continued our efforts in greening our IT infrastructure by deploying virtualisation technology across many more servers in our data centre. The virtualisation technology has enabled multiple operating systems to run concurrently on a single server instead of multiple servers. This saves electricity by running fewer physical servers. It also means lower cooling requirements and a reduction in office rental space. As of 30 June 2011, we have 153 virtual servers that are running on just 11 physical servers. This translates to annual energy consumption savings of close to 85% and an avoidance of approximately 110 tons of carbon emissions per annum.

Assumptions: The difference in the system utilisation of the physical servers (i.e. without virtualisation technology assumed at 7%) and the VM servers (i.e. servers using virtualisation technology, assumed at 60%) is used to work out the energy savings. The power usage of the physical server (i.e. without virtualisation) is assumed at 378 watts whereas the power usage of the VM servers (i.e. with virtualisation) is assumed to be 560 watts. An assumption was made that the server base load utilisation is 50%, with the remaining 50% utilisation having a linear relationship to the system utilisation. The carbon dioxide emissions avoided is calculated based on the energy savings from the adoption of virtualisation technology. The 2009 Electricity Grid Emission Factor (based on Simple Operating Margin), which is publicly available on the National Environment Agency web-site, is used to calculate the carbon dioxide emissions.

6.3.4 Engaging Staff and the Community on Environmental Initiatives

As part of efforts to inculcate a staff culture where people think about and act on sustainability, the company organises regular activities where we encourage our staff to do their part for the environment. The company places importance in internalising environmental-friendly practices among the staff so they too can become advocates of the environment to the community they interact with.

Energy Savers Contest

The Energy Savers Contest is an annual contest created since 2010 to get staff to conserve energy in their own homes and win prizes. Under this contest, staff can also claim up to \$150 per household to implement energy saving fittings in their homes. In efforts to engage staff in corporate community programmes, contest winners will have the unique privilege of representing the company as Energy Ambassadors where they will help households save energy under the company's Responsible Energy Advocates Programme (REAP).



Green Office Survey

In late April 2010, a green office survey was conducted among staff at the corporate headquarters to identify areas for improvement. The green survey attracted a response rate of 55% which saw participation across all departments at the corporate HQ. The survey findings revealed that staff's awareness of office environmental practices was 68%, with staff adopting green habits comprising 71%.

Through the green survey, the green team was able to identify areas where awareness of office environ-

mental practices among staff was low, and areas where staff could be greener. This assisted the green team to develop specific green initiatives which helped the company garner the Eco Office Label in early 2011. The Eco Office Label, awarded by the Singapore Environment Council, is given to companies that demonstrate good environmental practices in the office setting. This makes PowerSeraya the country's first Power Company to achieve this award – among 73 companies in Singapore that have received it to date.

Involving Staff on Earth Hour

Participating in Earth Hour has been an annual affair for PowerSeraya since 2008 to reinforce the message of energy conservation to staff. Every year, staff would observe Earth Hour by switching off lights in the office for an hour on the working day before the actual Earth Hour event which typically falls on the last Saturday of March.

In 2011, Earth Hour was extended beyond the workplace to include children of our employees through a drawing contest. Staff's children were invited to submit drawings depicting an environmental theme. The entries were posted online and put through a staff voting process to determine the winner.

Tour of Eco-Friendly Temple

A total of 26 staff visited Poh Ern Shih (Temple of Thanksgiving) on 26 July 11 during their lunch hour. Possibly the first temple in Singapore to have gone virtually carbon neutral, the temple is able to meet all its energy needs from the adoption of renewable energy technologies. Staffs were given a tour of the temple's rainwater harvesting cum hydro system, the grid-tied solar roof system and sola water heaters as well as two mini wind turbines.

The tour of the eco-friendly temple is aimed at educating staff about the potential of renewable energy adoption in Singapore. For the more discerning staff, the tour was also a good opportunity to learn from the experience of others and also to validate against what they already know about solar and wind energy technology adoption in Singapore.



Going Green During Festivities

During the festive months of Christmas 2010 and Chinese New Year 2011, two environmental initiatives were organised to educate staff on how to think and go green during the festive period.

Held during the Christmas 2010 season at the corporate headquarters, the Best Christmas Décor contest was aimed at encouraging staff to think of creative ways to decorate their own workspaces to the festive theme using recycled materials. The contest attracted entries from staff across different departments

with their works displayed during the company's Christmas Eve tea party as décor pieces.

The other green initiative included 'Spring Clean – The Greener Way' workshop held prior to the Chinese New Year season in January 2011. The workshop brought to staff's awareness about the toxic substances that were present in common detergents used in homes and introduced them to Singapore Green Label products which contained less harmful ingredients. The workshop ended with a DIY session where staff had a hand in making natural cleaning agents from lemons, vinegar and baking soda which they could consider for their home spring-cleaning leading up to Chinese New Year.

6.3.5 Engaging and Supporting Communities on Environmental Sustainability

Responsible Energy Advocates Programme

Since the Responsible Energy Advocates Programme (REAP) started in 2010, the programme has benefited close to 45 tertiary students and 70 households. Specially developed in partnership with the National Environment Agency of Singapore and the South West Community Development Council, REAP is a first-of-its-kind sustainability programme that holistically integrates the components of Education, Community Service and Project to benefit not only students but also residents. It develops tertiary students to be energy advocates – so they can raise awareness on energy conservation, implement energy solutions for households and engage in project work for the benefit of the wider community.

The outcome of the programme has been encouraging. Of the households surveyed, 88% either agreed or strongly agreed that they were satisfied with the energy monitoring programme. The programme also rated highly among the first batch of students with 80% of them (agree or strongly agree) that they felt a sense of overall achievement and satisfaction with REAP.



1 Degree Up Challenge

For four years in a row, PowerSeraya and joint partner Mapletree organised the 1 Degree Up Challenge. The event, which is held in conjunction with the World Environment Day, garnered good support from the tenants at Harbourfront Tower One and Two. About 95% either raised their temperature by 1°C or renewed their commitment to the cause by maintaining their office temperature at the ideal, energy-conserving temperature of 25°C.

A mini game cum exhibition was also organised at the lobby of HarbourFront Tower One to raise awareness to office workers about energy conservation through the simple act of raising their office as well as household air-con temperature setting by 1°C.



Involving Customers and the Community on Earth Hour

In efforts to raise awareness and action on energy conservation among customers, Seraya Energy, a subsidiary of PowerSeraya, organised an online contest in March 2011 in celebration of Earth Hour. The contest saw a keen participation of 71 customers over a short period of four days.

In addition, customers were also encouraged to join PowerSeraya in observing Earth Hour by switching off their lights in their office on the Friday before the actual Earth Hour initiative (which falls on the last Saturday of March every year). To this, about 65% of the customers responded positively by voluntarily pledging to observe Earth Hour either on behalf of their company or in their work areas.

In another Earth Hour-related event, 10 staff volunteers accompanied 15 individuals from GROW* (Goodwill Rehabilitation & Occupational Workshop) to celebrate our parent company YTL's very first Earth Hour event in Singapore on 26 March 2011. The evening started with a dinner where staff took the opportunity to mingle with individuals from GROW before heading to retail mall Wisma Atria Singapore for the Earth Hour Countdown celebrations. During the event, both staff and GROW individuals lighted tealights to pledge their support for Earth Hour.



** GROW is one of the charitable programmes under the management of the Spastics Children's Association of Singapore. GROW is PowerSeraya's recently adopted charitable programme in aid of individuals suffering from cerebral palsy. Click on Social section to find out more about GROW and PowerSeraya's sustainability initiatives on the social front.*

International Coastal Cleanup

For the fourth time in a row, PowerSeraya partnered with Singapore Polytechnic Environmental Club to participate in the International Coastal Cleanup (ICC), an international volunteer effort for the ocean which typically falls on the third week of September every year.

The ICC 2011 event saw a total of 22 staff from PowerSeraya and students from the Singapore Polytechnic Environmental Club clean up a 200 metre stretch of beach on one of Singapore's offshore island Pulau Ubin. A total of 114 kilograms of trash was collected. Every item collected along the beach was recorded on a data card before being disposed.

Each year, the data collated is sent to the Raffles Museum of Biodiversity Research, the local coordinating agency for the ICC effort in Singapore. The data for Singapore is subsequently compiled and submitted to The Ocean Conservancy who ultimately produces a report for the United Nations Environment Programme.

**NEA-Mediacorp Semakau Run**

Since 2007, PowerSeraya has been participating in the Semakau Run. This is an annual fund-raising run organised by the National Environment Agency of Singapore in support of the various works and causes championed by environmental and social NGOs.

In 2011, five staff participated in the run held at our country's only landfill island, Pulau Semakau. The event not only presented an opportunity for our staff to do something meaningful but also educated staff about the importance of recycling in the context of Singapore's waste situation. PowerSeraya has donated a sum of S\$90,000 to the Semakau Run since 2007.



Clean & Green Singapore

The Clean & Green Singapore (CGS) is the largest annual environmental event in Singapore organised by the National Environment Agency of Singapore. Aimed at raising environmental awareness to the general public, this event is held at the heartlands of Singapore and graced by the country's Prime Minister.

PowerSeraya has been a strong supporter of the CGS event and has donated a total of \$65,000 from 2008 to 2011. One of the fringe events of the CGS is the School's Carnival where all schools in Singapore are invited to exhibit their environmental projects and initiatives. Every year since 2009, PowerSeraya has sponsored a booth for its adopted school, Greenridge Secondary School, to display its students' environmental work.

Energy Learning Hub (ELH)

The ELH which was officially launched in August 2009 by Dr. Teo Hopin, Mayor of NW District and MP for Bukit Panjang Constituency. It has since drawn close to 2,100 visitors comprising students, teachers, parents and even foreign delegates. Built at an estimated cost of S\$170,000 at Greenridge Secondary School, the ELH is a resource centre that focuses on energy and energy-related issues in Singapore. It brings students through a learning journey on energy sources, the impact of energy production on the environment and the importance of sustainability and energy conservation.

The Hub is an investment made by PowerSeraya with the aim of promoting environmental awareness and energy conservation to 11 schools in the cluster and neighbouring Zhenghua community, where Greenridge is located.





7.1 Workplace Safety and Health

7.1.1 Introduction

The company has a Quality, Health, Safety and Environmental (QHSE) Policy which outlines our commitment to safety and health. The OHSAS 18001 safety management system which has been established since 2007 ensures that safety and health hazards are identified and corresponding measures/procedures put in place to mitigate these risks. Safety procedures are reviewed annually by the Health Safety and Environment Committee (comprising 27 staff members making up an estimated 9% of total full-time employees at the power plant). This helps the company to keep in tandem with any new hazards that may arise with operational changes. The Workplace Safety and Health Act is the local regulation that has particular influence on the compliance measures in OHSAS 18001 safety management system.

Safety is an issue that involves not only our staff but also the contractors with whom the company works closely with to achieve a 'Zero Accident' incident rate. Throughout the year, the company drives many initiatives to keep safety awareness high and this is reflected in the good safety record achieved to date.

7.1.2 Our Safety Performance

Work-Related Fatalities and Accident-Free Man-Hours

As of June 2011, the total staff man-hours worked without accident* is about 2 million man-hours. For contractors, this figure is 3 million man-hours. There are also no work-related fatalities for the past five years (FY06/07 to FY 10/11) for staff as well as contractors.

*An accident refers to any accident that results in more than 3 days of medical leave as per Ministry of Manpower ("MOM")'s definition of a reportable accident.

5-Year Period (FY06/07 to FY10/11) Work-Related Fatalities (Staff & Contractors)	0.0
---	------------

	Staff	Contractors
Accident-Free Man-Hours (as of June 2011)	2,024,603	3,013,159

Diagram 7.1 (a): Zero Work-Related Fatality Record for Past 5 Years
and Accident-Free Man-hour Figures for Staff and Contractors

Rate of Injury and Rate of Loss

The staff rate of injury (measured by AFR[^]) and rate of loss (measured by ASR^{^^}) days are well under the national average* for the past five years except for FY06/07.

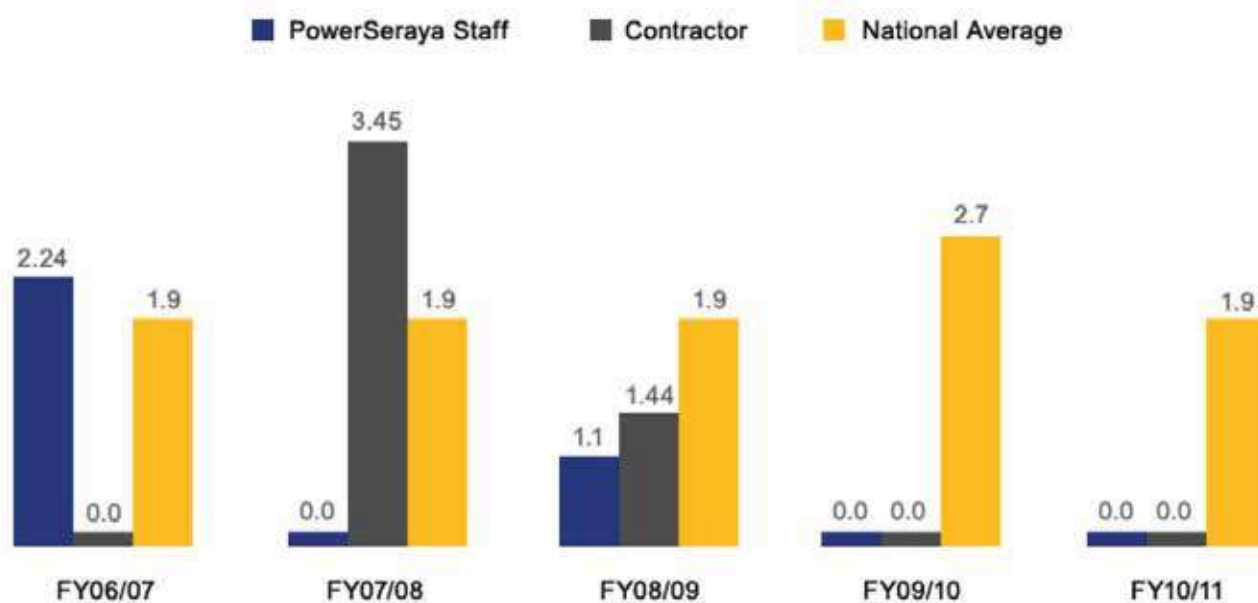
Besides staff safety, the company also takes an active role in managing contractor safety. Over the past five years (FY06/07 to FY 10/11), the contractors maintained a good safety record with average severity rate (ASR) and average frequency rate (AFR) that is within the national average. The only exception is the contractor AFR in FY07/08.

Details of the staff and contractors AFR and ASR can be found in Chart 7.1 (b) and 7.1 (c) below.

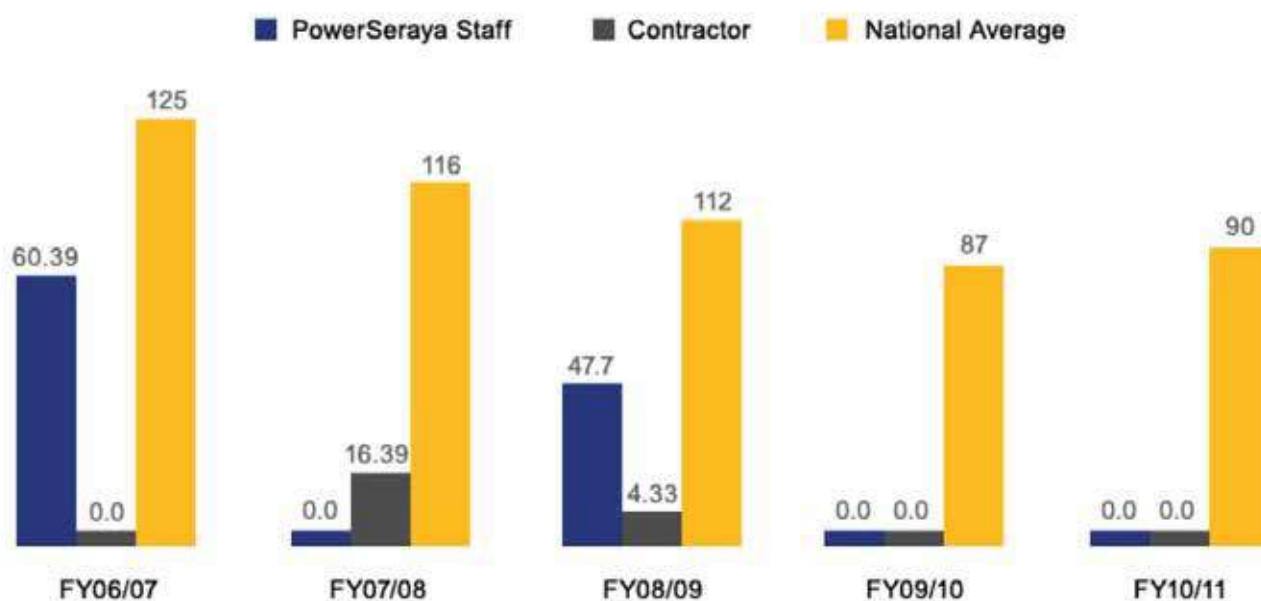
[^] AFR is the number of accidents per million man-hours worked.

^{^^} ASR is number of man-days lost per million man hours worked.

*The national average figures were taken from the Workplace Safety and Health Indicators (Manufacturing Sector, excluding Marine) released by the Ministry of Manpower, Singapore and they are expressed on a calendar year basis versus the company's safety figures which are on a financial year basis.



Charts 7.1 (b) 5-Year Rate of Injury (AFR) for PowerSeraya Staff



Charts 7.1 (c) 5-Year Rate of Loss (ASR) for PowerSeraya Staff

7.1.3 Workplace Safety Programmes

Safety Handbook

The safety and health policies and regulations of the company are communicated through handbooks which are made available to every employee and contractor involved in the plant operations. We believe that it is everyone's responsibility to take ownership of their own safety as well as the safety of those working in the surrounding areas.

During the Safety Week 2011 Launch Ceremony held on 1 August, a new safety handbook for staff and contractors was launched. The new safety handbook provides comprehensive coverage of both personal and process safety, including basic safety rules and regulations, emergency response procedures, chemical safety handling procedures and specific process safety procedures.

Annual Safety Week

Every year, the company organises an Annual Safety Week to reinforce the importance of safety at the power plant. The Safety Week kicks-off with a launch ceremony where staffs are given certificates of appreciation for the safety programmes that they have implemented in their respective work areas. The preceding year's safety performance is shared with both staff as well as contractors. A week-long line up of safety initiatives follows after the launch ceremony. In 2011, the safety campaign places greater emphasis on process safety with the theme "Personal & Process Safety = Zero Accident".



Regular Safety Programmes

Besides safety week, regular safety programmes are organised throughout the year to educate staff and contractors on the importance of safety in their daily operations. New staff and contractors are required to attend a safety orientation training programme before they commence work at the power plant. Safety training is also included as part of the PowerSeraya's overall training plan. Staff attend courses that include first aid training, safety for lifting supervisors and the confined space safety assessors training conducted at MOM (Ministry of Manpower)'s accredited safety training centre.

The Utilities Group conducts a bi-monthly Safety Drive, a series of safety programmes mapped out by each department. Some of the programmes conducted in FY10/11 cover the following themes:

- Electrical Safety at Work
- Safe Use of Lifting Appliances and Vehicles
- Enhance Process Safety
- Partnership with In-House Contractors on Occupational Health & Safety

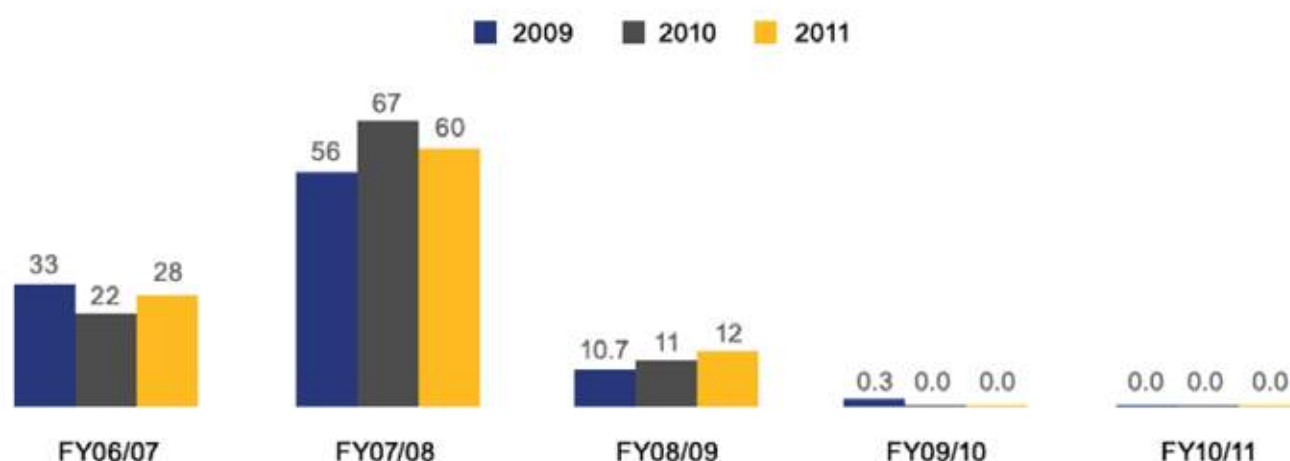
Emergency Evacuation Drill

Every year a large-scale emergency evacuation drill is organised in the power plant. Through this annual drill exercise, both staff and contractors can better appreciate their respective roles and responsibilities in an emergency evacuation situation. The company will also involve the Singapore Civil Defence Force (SCDF) in the drill to familiarise and test out each other's emergency response procedures and response timings. The recent fire Evacuation Drill which was held on 16 December 2010 saw a total of 406 personnel (126 staff, 280 contractors) evacuated in 28 minutes.

7.1.4 Safety Culture Survey

Every year a safety culture survey is conducted to assess the effectiveness of our safety programmes and to gather feedback on our safety management practices. The safety culture survey covers a wide spectrum of safety topics. They include the effectiveness of the overall management of plant safety, the ownership that staff team and staff supervisors have on safety matters, the communication aspects of safety, the extent to which safety programmes have enhanced safety awareness and the management of near-miss incidents.

In 2011, the safety culture survey saw a participation of 245 staff. The survey findings revealed that 89% of staff either agreed or strongly agreed that PowerSeraya is implementing an effective safety management system. The survey ratings are based on a rating scale ranging from 5 (Strongly Agree) to 1 (Strongly Disagree). Compared to the previous year, the 2011 safety ratings by our staff saw a marginal 1% drop which is a slight deviation from the Health Safety and Environment (HSE) Committee target of achieving zero 'neutral' position (i.e. 2011 to maintain at same levels as 2010)



Diagrams 7.1 (d): The 2011 Safety Survey Ratings by Staff

7.1.5 Occupational Health

Workplace Noise Hazards

Noise arising from the operations of the power plant is one of the occupational health risks often taken for granted but is one that is not taken lightly in the company. To mitigate staff risk exposure to unacceptable noise levels, the company has a Hearing Conservation Programme (HCP) that has been managed by the HSE department since 2007. Under the HCP, all staffs that operate in noisy environments at the power plant (excluding staff in office desk-bound job roles) are required to undergo an annual audiometric examination for early detection of hearing impairment. Besides regular monitoring of noise levels, noise hazards are also identified and corresponding noise control measures are implemented at high risk areas. Signs are posted at work areas and machines with excessive noise to warn staff of the potential noise hazards, highlighting the need to don hearing protectors in these areas. To reinforce the importance of wearing hearing protectors, noise education talks are held on a monthly basis to maintain a high level of awareness about the noise hazards and safety measures that staff should take to protect themselves.

Risks of Communicable Diseases to Workforce Stability

Protecting the workforce from the risks posed by the pandemic flu (e.g. H1N1 flu virus) is one of the enterprise risks being identified by the company. The speed and reach in which communicable diseases such as SARS and H1N1 have spread around the world in previous years has shown us the vulnerability that corporations can be subjected to when such diseases reach pandemic proportions. This is especially so for power generating companies like PowerSeraya which provides an essential service of supplying reliable electricity to fuel the country's needs on a round-the-clock basis. As such, the company has business continuity plans in place to minimise the spread of pandemic flu at the workplace. Temperature-taking procedures, minimising contact between incoming/outgoing working shifts, quarantine/isolation procedures and social distancing considerations are some of the measures that have been incorporated in the business continuity plans.

During the last outbreak of the H1N1 pandemic flu virus in 2009, the business continuity plans were activated and implemented in alignment with the country's alert level issued by the Ministry of Health, Singapore. Temperature-taking procedures were implemented at all entry points of the organisation and measures were established to limit the staff's overseas travel to flu-infected advisories. Staffs were also educated on the importance of being socially responsible and to observe personal hygiene. A list of pandemic flu clinics around the workplace was also identified and communicated to all staff to ensure that they knew where to receive the nearest treatment if required.

7.2 Nurturing Human Capital

7.2.1 Training and Development

Nurturing and retaining talent is important to PowerSeraya. We believe in investing in our staff through training and development of our employees to achieve productivity growth, create value for the organisation and to provide fulfilling careers for our employees.

In our company, we provide a diverse range of training opportunities for our employees. These include seminars, workshops and conferences, in-company training programmes, on-the-job training, practical attachments and courses that lead to an academic qualification or professional certification. Our training programmes cater to employees at various stages of their career. For new employees, induction programmes are conducted to help them better understand the company and facilitate their transition to a new company and role. For existing employees, an Annual Training Needs Analysis and Planning process is carried out to identify, plan and execute a training and development roadmap that seeks to close the competencies and performance gaps of employees. Performing employees are given opportunities to apply for company sponsorship for part-time academic or professional qualifications that are directly linked to their job scope. Since 2003 to 2011, the company has sponsored 32 employees to upgrade their skills and expand their knowledge base. Of these, 27 are taking degree courses or masters programmes.

All employees receive regular performance and career development reviews where their performance is appraised by their supervisors against set targets. Training and development needs are discussed during the performance appraisal process to determine the training needs of the employee for the following year. For employees nearing retirement age, a new programme called READY (Re-employment: Equipping And Developing Yourself) was initiated in 2011 to help these employees assess whether they should consider re-employment or retirement.

In FY10/11, we invested about S\$719,265 in training, a significant 25% increase over the previous year. Similarly, the average training hours received per employee increased from 20.03 in FY09/10 to 22.6 in FY10/11. The rise in training expenditure was attributed to an increase in demand for employees who needed to acquire new technical skills to keep up with new power generation technologies. A considerable amount of training was also allocated to develop a leadership culture that fosters employee engagement across all levels of the organisation to increase operational excellence and employee retention. PowerSeraya's FY10/11 training expenditure per employee is higher than the National Average of \$872 per employee (Source: Ministry of Manpower, Singapore 2010 report). In fact, this has been the case in previous years. The training expenditure as a percentage of remuneration in the last three years (FY08/09 to FY10/11) stood in the 1.7% to 2.3% range.



Diagram 7.2 (a): Training Expenditure per Employee for the Past 4 Years

7.2.2 Promoting Work-Life Balance and a Healthy Lifestyle

The company places great emphasis in nurturing our human capital. This includes not only training but also creating the conditions for our employees to achieve work-life balance either through our workplace policies or recreational activities that promote family life.

PowerSeraya believes in having a healthy work-life balance as part of the strategy to keep staff productive, motivated and highly engaged. We achieve this through pro-family policies and practices, as well as the workplace health and family life initiatives organised by Vibrancy@Seraya Committee, a group of employee volunteers. As a testament to the company's commitment to promoting work-life integration in the workplace and in creating a conducive environment to bring out the best in our employees, PowerSeraya was awarded the WorkLife Achiever Award 2010 by the Tripartite Committee on Work-Life Strategy (TriCom).

Pro-family practices

Over the years, PowerSeraya has developed pro-family policies to cater to the demands of working parents who juggle work and family commitments. Under the flexible start-time which was introduced in 2010, office-based non-shift employees (comprising 36% of total workforce) could choose to start work earlier or later than the official start time to suit their various commitments. To cater to working mothers with babies, a room was also specially created to offer convenience to lactating mothers. Since 2010, the company has also encouraged non-shift employees (which comprise about 70% of the total workforce) to spend time with their families by granting them early release on 'Eat With Your Family Day' – an initiative spearheaded by the Centre of Fathering since 2003 where companies are encouraged to let their staff leave early to have dinner with their families.

To encourage staff to adopt a healthy family life, the Vibrancy@Seraya Committee organises various recreational activities for employees and their family members. We also have a Flexible Benefits Plan which gives employees a fixed sum per year to cover dental expenses, holiday expenses and children's education. The company also holds corporate memberships to the Singapore Zoological Gardens and the Singapore Science Centre so our staff can have family outings to these popular attractions.

Other pro-family practices, which are compliance-driven, include the extended maternity and childcare leave. In addition, the company also provides childcare sick leave for female employees and paternity leave for male employees which are over and above what is stipulated in the Singapore Employment Act.

FY	Average Maternity Leave Days per female employee	Average Paternity Leave Days per male employee
06/07	56.7	3
07/08	72	2.9
08/09	96.4	3.3
09/10	90.2	3.0
10/11	81.5	3.0

Diagram 7.2 (b): Maternity and Paternity Leave
from FY06/07 to FY10/11

FY	Average Childcare Leave Days per employee	Average Childcare Sick Leave Days per female employee
06/07	2.1	3.7
07/08	2.1	3.3
08/09	3.8	2.3
09/10	6.2	3.9
10/11	5.7	3.7

Diagram 7.2 (c) Childcare leave and Childcare Sick Leave statistics from FY06/07 to FY10/11

Integrated System for Water Treatment Plants (WTPs) and Desalination Plant Results in Enhanced Worker Productivity and Better Worklife Balance

In FY10/11, PowerSeraya set up a Productivity Taskforce to look into areas where the organisation could be more efficient and effective. Below is an example of how people productivity was increased and worklife balance achieved.

PowerSeraya's power plant has four water treatment plants (WTPs) and one Desalination plant that are a distance of about 1km apart. Data monitoring and operational control of the four WTPs and desal plant was done separately. Plant operators had to move around to carry out operations physically in the respective plants without real-time visibility of the status of other plants. This affected the reliability and availability of these plants.

In Nov 2010, a project was initiated to put in place a system that would allow the operational information and status of the five plants to be dispatched and accessed by the plant operators at any of the plant's control room. With the project fully implemented in June 2011, the productivity level has increased with the efficient utilization of manpower. The number of plant inspections were reduced to at least once per shift as the operator could now monitor the status of two plants from one location. With fewer plant operators required than before, the company could realise potential manpower savings of about \$240,000 per annum and even cut down on overtime costs. With the integrated system, the plant operators get to have a better worklife balance with the reduced amount of overtime work and also enjoy better working arrangements as they no longer require to move between the five plants unnecessarily. It also meant that the individual work load of the operators could be optimized. For example, one operator could carry out more complex routine plant assignments and thus elevate one's job exposure. Lastly, the plant operational safety and reliability has been greatly enhanced as the operators can now respond to any plant trips/abnormalities immediately when an alarm is triggered by the integrated system at any of the five plant locations.

Providing for Healthcare Needs and Promoting a Healthy Lifestyle

PowerSeraya provides benefits for staff healthcare and opportunities to encourage employees to stay healthy. Besides having their medical expenses substantially paid for by the company, employees can also make use of the Flexible Benefits Plan to pay for medical insurance.

To promote a healthy lifestyle, we organise sports and healthy-related activities. Tournaments or weekly practices for various sports such as badminton, bowling, pool and sepak takraw are organised yearly. We also sponsor employees to participate in events like the JP Morgan Corporate Chase Challenge and the annual Jurong Island Dragon Boat Race. They are also encouraged to join an annual health screening exercise at subsidised rates so they can take a personal interest in their own well-being.

7.2.3 Labour Practices and Basic Human Rights

With a strong company focus on nurturing human capital, basic human rights becomes an issue that cannot be ignored as it has an impact on the working conditions and labour practices of the organisation. As a company based in Singapore with no overseas operations outside the country, PowerSeraya naturally aligns its labour practices to be consistent with the Singapore government's stance on human rights.

Singapore is an active member of the ILO (International Labour Organisation) and fully supports the ILO's framework and priority agenda for decent work, and upholds both in spirit and practices the fundamental principles of the core labour standards.

To date, Singapore has ratified 24 ILO conventions, including five of the eight conventions which are grouped under four fundamental principles and rights at work, namely:

- Freedom of Association and Right to Collective Bargaining
- Convention 98 - Right to Organise and Collective Bargaining (please refer to Section 4.3 : Stakeholder Engagement to understand how this principle of human rights is being practised in the organisation)
- Elimination of all forms of forced or compulsory labour
- Convention 29 - Forced Labour
- Effective abolition of child labour
- Convention 138 - Minimum Age
- Convention 182 - Worst Forms of Child Labour
- Elimination of discrimination in respect to employment and occupation
- Convention 100 - Equal Remuneration (this is covered in detail at a later part of this section)

The abovementioned ILO conventions are translated and incorporated locally into The Singapore Employment Act, which governs the labour practices of all companies operating in Singapore. PowerSeraya complies fully with the Singapore Employment Act and as such its operations do not encounter any risks for incidents of child labour, forced/ compulsory labour.

Human Rights in Investment Agreements and in our Supplier Chain

PowerSeraya does not operate within nor are partners in ventures or regions where the protection of human rights is of significant concern. As such, our active investments, which are mainly local if not all, are not subject to any human rights criteria in screening.

Similarly, PowerSeraya does not have overseas operations that employ workers in countries where human rights are of significant concern. Neither do we outsource any work to human rights sensitive countries. Despite little risk exposure to the company on human rights abuse, we require all our suppliers to adhere to Singapore regulations on labour practices (in particular the Singapore Employment Act where the ILO conventions described in the earlier Section have been incorporated). Additionally, our contract documents include clauses that:

- 1) Require suppliers to adhere to certain fair wage practices,
- 2) Allow freedom for supplier's workers to be members of trade unions
- 3) Require suppliers to adhere to local laws/regulations pertaining to the :
 - a) Employment of legal foreign workers in works performed for the company;
 - b) Employment of minors (below the age of 14 years) in works performed for the company.
- 4) Gives the company the right to terminate the service(s) of the supplier/contractor that have violated any of the human rights clauses contained in the contract document.

In total, PowerSeraya has 12 suppliers/contractors which together constitute 80% of the company's purchases* by order value (i.e. these are deemed as 'significant suppliers and contractors'). All of these

12 significant suppliers/contractors are subject to human rights criteria in the contract documents with PowerSeraya. Although there is no formal process to screen significant suppliers/contractors for human rights, PowerSeraya will terminate the services of these suppliers/contractors if they are found to pose human rights risks to the company.

*Fuel purchases are excluded.

How Work Discrimination is Handled

There are no recorded incidents of discrimination at work during the reporting period. PowerSeraya's Code of Ethics provides a whistle-blowing channel where employees can report on any inappropriate acts (including acts of discrimination) that puts the interests of other employees or the organisation itself at risk.

Equal Remuneration

The base salary* ratio of Female to Male (as at June 2011) for the company is 0.90 : 1.00. The company's gender wage gap compares favourably with an ILO (International Labour Organisation) publication titled Work, Income and gender equality in East Asia : Action guide 2008 (pp 34) which shows that the Ratio of Estimated Female to Male Earned Income^ for Singapore is 0.51 : 1.00.

The compensation policy in the company is based on merit relative to the role held by an employee in the company. Staffs in particular roles are compensated based on their skills and experience, performance and contribution, market value of their position, regardless of gender, race or nationality. This aligns with the principle of equal remuneration for men and women for work of equal value in the organisation which is a principle that is enshrined in the collective agreement (as per the ILO Convention 100 on Equal Remuneration ratified by Singapore) our union has established with the company. The company has a structured remuneration system that assigns each employee to a particular grade/category that commensurates with the job responsibilities held by the employee. Every employee grade/category has a corresponding salary range. Our performance management system ensures that the performance of every employee is appraised on an annual basis and salary adjustments are in tandem with the employees' performance and facilitated by other information from market salary benchmarking studies.

** Base salary is the average salary of men or women excluding benefits, bonuses, allowances and any variable wage component.*

^ Estimated earned income is based on measurements of the average earnings of male to female workers (i.e. known as the raw or unadjusted earnings ratio).

Competency-based recruitment practices

We believe in hiring based on the competencies required, following our technical competency inventory for each position from which we draw up the job description. As a testimony to our philosophy and practice, we signed the Employer's Pledge of Fair Employment Practices in 2006 and again in 2011. PowerSeraya also embraces diversity and has been diversifying the workforce to meet changing business needs. Job applications are open to all and candidates are recruited on their merits with no discrimination against race, gender or nationality.

Race

PowerSeraya's ethnic distribution has a good representation of the minority ethnic groups and reflects our philosophy of giving equal employment opportunities to all ethnic groups.

Ethnic Group	National Ethnic Distribution (%)	PowerSeraya Ethnic Distribution (%)
Chinese	74.1	59.3
Malay	13.4	28.1
Indian	9.2	10.5
Others	3.3	2.1

Diagram 7.2 (d) : Ethnic Distribution of the Workforce (as of June 2011)

Nationality

The increasing proportion of foreign nationals is to meet our business needs (e.g. for specialised engineering expertise at the power plant) and also with a view of developing an organisation with diverse languages and cultures. Over the past five year period from FY06/07 to FY10/11, the percentage of foreign born nationals increased by 3.2 percentage points. There had been no foreign born nationals holding senior management positions since FY09/10 after the previous CEO (who was the only foreign born national in the senior management team) left the company in June 2009 to make way for his successor.

YEAR	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
Foreign Born Nationals (%)	4.7%	7.2%	7.7%	7.1%	7.9%
Foreign Born Nationals in Senior Management (%)	12.5%	11.1%	11.1%	0.0%	0.0%

Diagram 7.2 (e): Foreign Born Nationals in the Workforce over the past 5 years.

Gender

To better tap the female workforce in Singapore, we have also been consciously increasing the female mix in the workforce, subject to the merit-based recruitment system. The percentage of females in the company increased from 17.8% in FY06/07 to 20.6% in FY10/11 and has since stabilised in that range in the subsequent years. The proportion of female employees holding senior management positions saw no change in FY10/11 compared to the previous year.

Source: Ethnic composition of the resident population in Singapore in 2010 from the Singapore Department of Statistics

As of June 2011, the proportion of females of the total workforce at the corporate office headquarters exceeded 88%. This is higher than the Singapore's average of 56.5% (Source: Labour Force Participation Rate, Singapore Department of Statistics, 2010). However, the opposite situation is true at the power station with females making up only 11.5% of the workforce.

Gender Mix of Company

YEAR	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
Females in Powerseraya	17.8%	20.6%	21.8%	22.1%	20.7%
Females in Powerseraya's Senior Management Position	0%	11.1%	12.5%	12.5%	12.5%

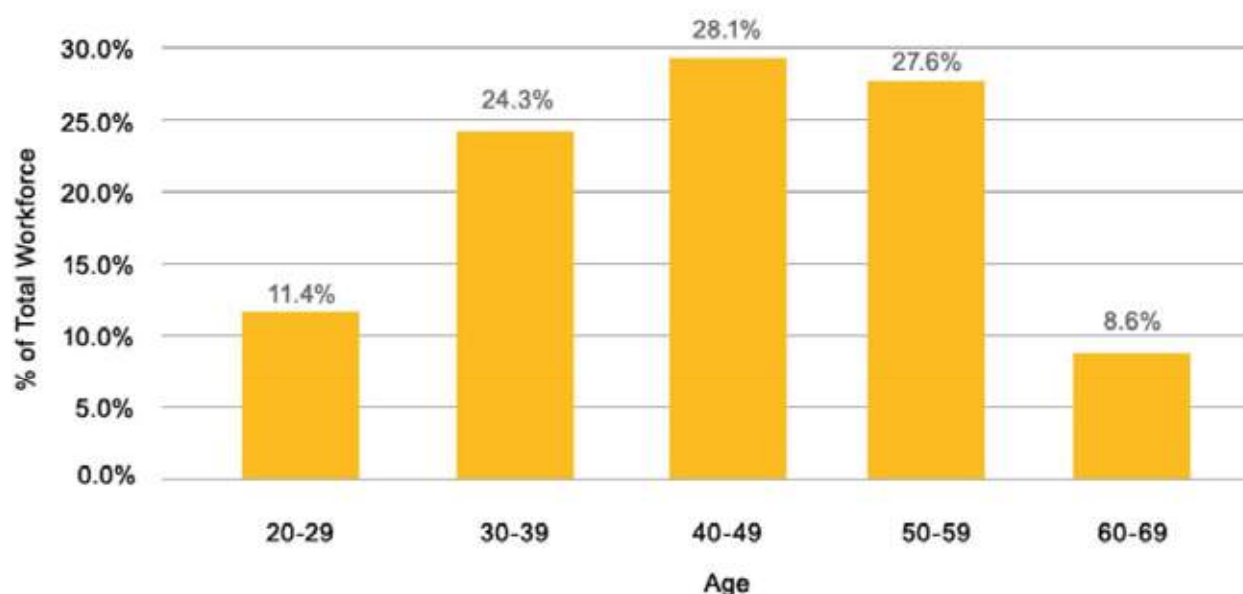
Diagram 7.2 (f): Gender Mix of workforce over the past 5 years.

Gender Mix by Workplace Location as of June 2011

LOCATION	FEMALES (%)
Pulau Seraya & Jurong Power Stations	11.5
Corporate Headquarters	88.5

*Diagram 7.2 (g): Gender Mix of Workforce by Location***Age-Profile of Workforce**

The workforce at PowerSeraya generally has an older age profile compared to the national average. For example, the median age of our employees is 46 years old, higher than the national median for the resident labour force of 41 years of age (Source: Singapore Workforce, 2010 from Manpower Research and Statistics Department Singapore November 2010). This is partly due to a significant proportion of long-serving staff in the company (see Chart 7.2 (h)). Having an aging workforce also means that there will be a significant proportion of staff that will be eligible to retire in five to 10 years (see Chart 7.2 (i)). To ensure that the company has the manpower resources to grow the company sustainably in the long term, it is looking at succession planning as well as positioning itself as an employer of choice in order to attract new employees. The CSR Strategic Thrust of 'Nurturing Human Capital' thus plays an important role in employer branding.

*Chart 7.2 (h): Age Profile of PowerSeraya Staff*

Job Grade	5 years	10 years
Senior Management	0.2%	0.7%
Management	0.5%	1.9%
Executive	4.5%	8.6%
Non-Executive	10.0%	18.1%

Chart 7.2 (i) : Proportion of employees eligible to retire in 5 to 10 years time

7.2.4 Staff Strength and Employee Turnover

The number of full-time* employees stood at 419 in FY10/11. This is a 2.9% increase over the previous year. Detailed staff strength numbers in previous years can be found under LA1 of the GRI Content Index.

Over the past five years (FY06/07 to FY10/11), the turnover rate of the company performed well against the industry benchmark of Petroleum, Chemical and Pharmaceutical Industry Turnover Rate. The only exception is in FY09/10 which saw employee turnover surge above the industry benchmark to 14.3%. FY09/10 coincided with the period which saw ownership changes in the company and that could have contributed to the unusually high employee turnover rate.

On the whole, the company's pro-family practices, labour practices and its continued emphasis on nurturing human capital, so employees can achieve work-life balance and develop their careers, have helped to keep staff turnover below the industry average.

* There are two types of full-time employees in PowerSeraya Ltd. Those under the old scheme (permanent employment) and those under the two- or three-year renewable term contract subject to satisfactory employee performance.

**Part-time employees are those whose normal hours of work are less than 30 hours a week as stipulated in the Singapore Employment Act.

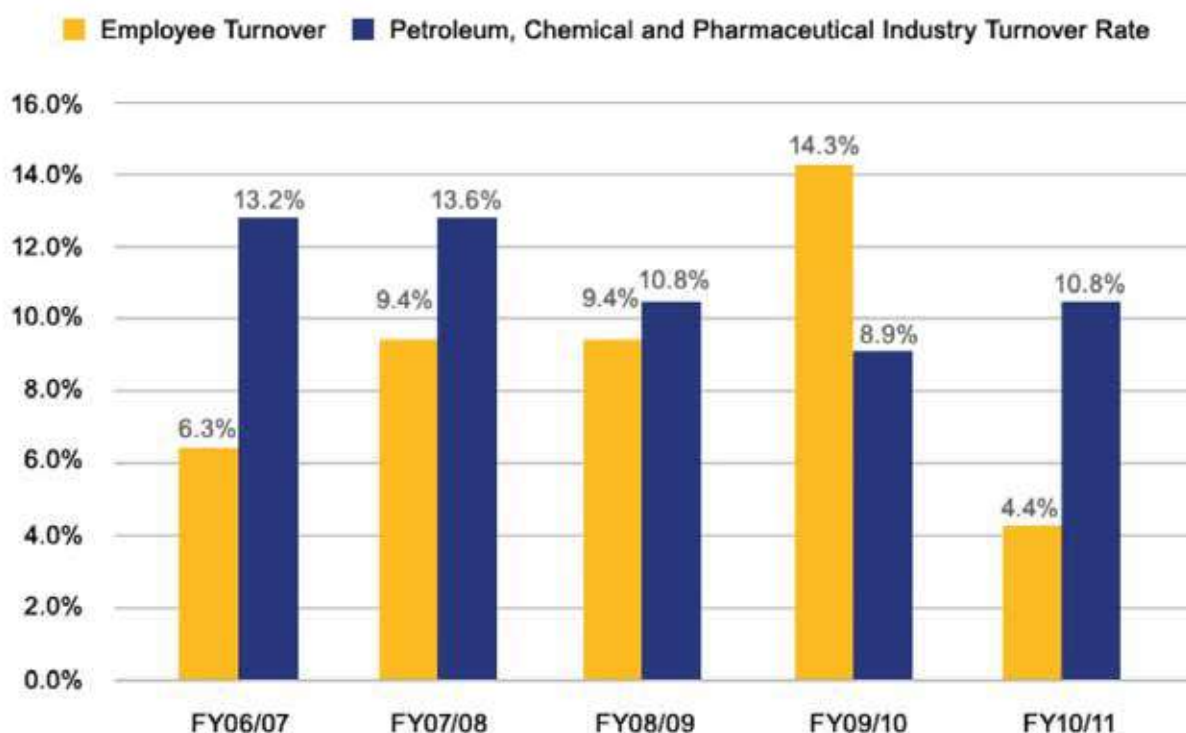


Diagram 7.2 (j): Employee Turnover Statistics for 5-Year Period
(Note: The Petroleum, Chemical & Pharmaceutical Industry Turnover figures are on a calendar year basis, from 2006 to 2011)

7.2.5 Nurturing Youths

Our CSR Strategy of 'Nurturing Human Capital' extends beyond the company to include youths. Through our programmes, we aim to provide youths with the opportunity to nurture their talents. At the same time, it presents employer branding opportunities for the company, reaching out to the younger generation who aspire to work in a forward-looking organisation with a sustainability agenda.

Nithiah Nandan Book Prize

Set up in 2007, this book prize was created in honour of the late Mr. Nithiah Nandan, the former executive secretary of the UPAGE (Union for Power and Gas Employees) for his support for lifelong education and dedication to serving others.

The book prize recognises the exemplary performance of our employees' children who have excelled in their areas of interest outside the academic field or who have made meaningful contributions to the community or the environment. As of December 2011, 13 of our employees' children have received this coveted book prize.



PowerSeraya Scholarship Programme

Every year, between two and six outstanding undergraduates from the Nanyang Technological University are selected to receive this prestigious scholarship award worth S\$8,000 per annum. In 2011, the company gave out four scholarships (two new and two renewal). The two new awardees, both second year undergraduates (one studying business and the other studying aerospace engineering), were also given internship opportunities at PowerSeraya.

The PowerSeraya Scholarship Programme which was set-up in 2008, is a bond-free programme. The scholars are chosen from students pursuing courses at the College of Engineering, College of Science and the Nanyang Business School from their second year of study and onwards. While students are

selected primarily based on their academic and CCA (Co-curricular Activities) performance, students who have additionally handled environmental projects or contributed significantly to the community are strongly considered for the scholarship programme.

Internships

The company has an on-going internship programme where interns from tertiary institutions receive work exposure in PowerSeraya, guided by a senior officer. Through this internship opportunity, the students gain an appreciation of how their fields of study are applied in real working life. In the FY09/10 to FY10/11 period, the company had a total of 29 interns.

7.3 Contributing to the Society - Nurturing and Caring for Communities

Social investments in FY10/11 saw an estimated S\$261,500 spent on social causes – mainly to needy people with disabilities, monetary donations to cause-related events involving key stakeholders, as well as to ad-hoc causes such as disaster relief efforts in the neighbouring region. Below highlights some of the social initiatives the company has organised, co-organised or supported.

Adoption of GROW Charitable Programme

In early 2011, PowerSeraya formally adopted GROW (Goodwill Rehabilitation & Occupational Workshop) of the Spastic Childrens' Association of Singapore after an evaluation process aimed at channeling our social efforts to charities that are least supported in society (monetary and non-monetary). The evaluation process involved consultations with the Community Chest of Singapore, and screening shortlisted charities in line with our company's CSR Strategy and Core Values.

In 2011, a total of three engagement initiatives were co-organised with GROW. In line with the company's philosophy of 'Nurturing Human Capital', the engagement initiatives provide the cerebral palsy individuals from GROW an opportunity to hone their skills through work exposure outside their sheltered workshop. For example, several GROW individuals who were artistically talented conducted a craft-making workshop in August 2011, in which staff who attended paid GROW a fee to attend. Similarly, an afternoon tea session held in October 2011 was prepared and served by several individuals from the cafeteria business of GROW. From these initiatives, PowerSeraya employees got to know GROW better and from there, appreciate the purpose of their social contributions.



Donations to UPAGE Bursary & Endowment Funds

Over the last two years (2009 and 2010), PowerSeraya donated a combined sum of S\$154,000 to the UPAGE (Union of Power and Gas Employees) Endowment Fund and the UPAGE Bursary Awards. The UPAGE Annual Bursary Awards are awarded to the children of UPAGE members, based on their academic performance and financial needs of the family. The UPAGE Endowment Fund was set up with the support of unionised companies under its care to provide an additional source of funds to help union members in the form of subsidies and benefits such as welfare grants and training and development courses.

Over the same two-year period, PowerSeraya also donated \$13,000 to the NTUC U Care fund. This fund was set up by the union to provide relief to lower-income union members and their families to help ease their living expenses. This might take the form of transport and utility vouchers, as well as education-

related vouchers for children. The union also sets aside funds for retrenched workers who might not be compensated due to layoffs and company closures.

Volunteering for Child@Street 11

Every year since 2005, PowerSeraya has been participating in the social outreach programmes organised under the National Electricity Market of Singapore (NEMS). The last five years saw volunteers from the energy industry under the umbrella of NEMS organise outings for a group of children from Child@Street 11, a non-profit organisation which helps young children from low-income families. In 2010, volunteers from PowerSeraya went on an excursion with the children to Marina Barrage while in 2011, the company's volunteers accompanied the children to the Singapore Zoological Gardens.



Staff Contributions to the Needy via the SHARE Programme

PowerSeraya subscribes to the SHARE (Social Help and Assistance Raised by Employees) programme, where employees donate to the Community Chest on a monthly basis through a deduction from their salary. Its support for the SHARE programme saw PowerSeraya being awarded the Bronze SHARE award in 2010 and 2011. Currently, close to 60% of the company's employees participate in the SHARE programme. The Community Chest is a fund-raising arm of the National Council of Social Service with a purpose to ensure that every person within society has the opportunity to live a life of dignity to his or her fullest potential.

(The contributions made through the SHARE programme are not included in the social investment figures shown in this report as these are direct contributions made by employees and not by the company).

Donations to Disaster Relief Efforts in ASEAN

In FY09/10, a donation drive involving employees of PowerSeraya was initiated to raise money for victims of the Typhoon Ketsana in the Philippines and the Padang Earthquake in Indonesia. With the company matching the funds raised dollar-for-dollar, close to S\$10,000 was raised and donated to the Singapore Red Cross. The funds went towards the Singapore Red Cross' relief and recovery efforts in the disaster-hit areas.

7.4 Product Responsibility

7.4.1 Introduction

The company, through its retail arm Seraya Energy, constantly keeps in tandem with changing customer demands to deliver to them value-added services. We provide customers with information that enables them to make informed choices on sustainable energy use. On top of this, Seraya Energy has a wide spectrum of value-added products to help our customers hedge against fluctuating energy prices as well as products to cater to the specific needs of our eco-conscious customers. Our active participation and compliance to the electricity market regulations contribute towards a wholesale electricity market that operates in an efficient, fair and competitive manner for the benefit of end-consumers. We believe this responsible approach has resulted in many satisfied customers and enabled the company to maintain long-term sustainability of its business.

7.4.2 Customer Satisfaction

In efforts to keep abreast with our customer's changing needs, Seraya Energy conducted an online customer survey in June 2011 to gather feedback on our services and new product ideas.

The survey which was conducted in the period 21 June to 8 July 2011 saw 167 customers giving their feedback. The survey findings revealed that our customers value price, bill accuracy and post-sales customer service as the three most important factors when considering and selecting an energy retailer. The survey also showed that about 21.5% of the customers who participated rated environmental concerns among the top five most important things they would consider when choosing an energy retailer.

In the same survey, our customers rated Seraya Energy highly in the following areas:

- Ease of bill payment process
- Bill accuracy
- Post-sales customer service
- Timeliness of bills
- Brand reputation

The survey also highlighted that Seraya Energy could see improvements in the following areas:

- Relationship with sales personnel
- Tenant management services
- Regular market updates

In a bid to push our online services further, we also asked customers on how receptive they were in buying electricity via an online platform.

From the last survey that we did in 2008, the findings revealed that only 27% were receptive to receiving e-bills and none would consider purchasing electricity online. However this recent survey showed that at least 47% of our customers are now receptive to buying electricity online, thereby illustrating a change in consumer attitude towards online services.

From the survey, Seraya Energy also took the opportunity to find out which products customers would find most beneficial to them. The top three preferred products that customers would like Seraya Energy to bundle with our electricity contracts include:

- Real-time Metering
- Energy Efficiency Training
- Energy Saving Training

These responses reveal an increasing trend in demand for energy saving and efficiency initiatives. Seraya Energy is also in talks with partners to offer the above products as part of a complete service solution in response to our customers' requests.

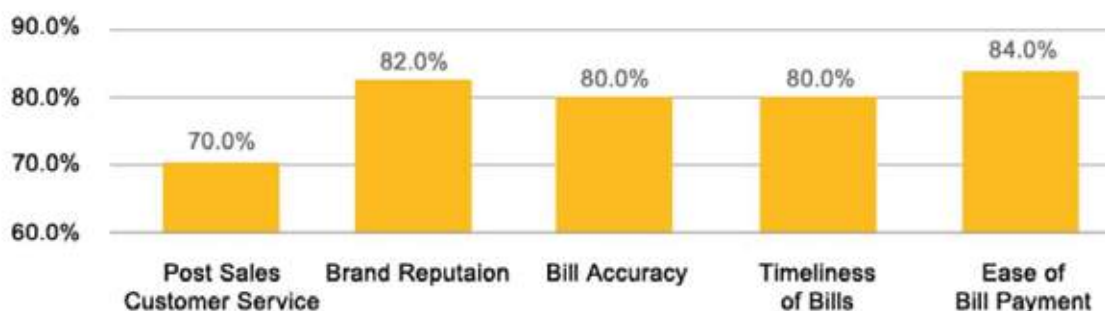


Diagram 7.4 : Top 5 Highest Customer Rating

7.4.3 Innovative Products to Enhance Customer Sustainability

Seraya Energy operates as an energy retailer that offers competitive electricity packages to customers in the contestable electricity market in Singapore. Depending on the customer's risk preference, Seraya Energy's range of fixed as well as variable pricing product packages gives customers the flexibility to choose a product that suits their needs. Examples of our risk-profiled products include the FixedPlus that offer customers fixed electricity price for a specified contract period to the IndexPlus where electricity prices are tracked to fluctuating energy cost over a contracted period. In giving customers the option to hedge against electricity price volatility through our innovative product packages, Seraya Energy is essentially helping them to manage their risks which eventually contributes towards their bottomline. In addition, Seraya Energy has a product known as Greenplus that offers environmentally-conscious customers value-added services that is bundled with an electricity package to help customers become more energy efficient.

In Q1 2011, Seraya Energy rolled out a new product known as SE Tariff. This product follows the pricing of SP Tariff closely, and is always priced lower to offer customers savings on their energy bills. With this new product, customers are not tied down to a fixed contract period and may terminate anytime by giving at least 45 days notice. This product helps both customers and Seraya Energy to cut away the hassle and paperwork of renewing the contract each time it is due.

Moving forward, Seraya Energy will be rolling out bundled packages that include real-time metering, energy saving and efficiency training, in response to the survey conducted in June 2011.

7.4.4 Helping Our Customers to Conserve Energy

To assist customers in their energy conservation efforts, Seraya Energy conducts regular orientation programmes to familiarise customers with obtaining online information on their energy consumption pattern. Some customers have found the information useful in shifting their consumption patterns from peak to non-peak periods in efforts to gain electricity bill savings while conserving energy at the same time. In FY10/11, a total of 10 orientation programmes attended by 119 participants were organised. Furthermore, Seraya Energy periodically updates their website on useful energy conservation tips which customers can easily adopt to save energy and thus reduce carbon dioxide emissions. In recent years, Seraya Energy has also made conscious steps to save paper by promoting e-billing to its customers. Since the e-billing feature was introduced in 2009, 6.13% of our customers have switched to e-billing.

Seraya Energy also encourages customers to download their bills and electricity consumption reports online from the portal instead of using the traditional method of faxing. This reduces service time and paper usage.

To promote awareness of sustainability, Seraya Energy incorporates green messages on their bills to promote SEnergy portal, e-billing and Giro. With Giro, the payment is automated so customers can avoid any risk of missed deadlines or receive bill reminder letters.

Moving forward, Seraya Energy will be incorporating green messages on their call holding function to promote energy savings.

Find out more about how Seraya Energy has involved its customers in the Earth Hour Initiative in Section 6.3.5 Engaging & Supporting Communities on Environmental Sustainability.

7.4.5 Responsible Marketing and Advertising

In Singapore, there is the Singapore Code of Advertising Practice (SCAP) that provides guidelines to promote a high standard of ethics in advertising through industry self-regulation. The SCAP is formulated with considerations to the national law, international law and practice, including the International Code of Advertising Practice published by the International Chamber of Commerce. The basic premise of the SCAP is that all advertisement should be legal, decent, honest and truthful.

SCAP is the guiding principle of ASAS (Advertising Standards Authority of Singapore) which is an advisory council to the Consumers Association of Singapore (CASE). In the event that an investigation into a misleading advertisement uncovers an unfair business practice, ASAS may refer to CASE for action to be taken under the Consumer Protection (Fair Trading) Act. Under this ACT, it is an unfair practice for a retailer to make false or misleading claims.

PowerSeraya and its subsidiaries, with its operations based in Singapore, adheres to the abovementioned codes and regulations in its marketing-related or advertising activities. There have been no incidents of non-compliance.

7.4.6 Our Role in an Efficient and Competitive Electricity Market

Singapore's wholesale electricity market is a gross pool where all electricity generated (from licensed power generation companies like PowerSeraya) is sold into the pool and all electricity consumed is bought from the pool, except for cases of grandfathering*. The wholesale electricity market determines prices for electricity all year round in half-hour timeslots. It uses a pricing algorithm which minimises costs in balancing electricity demand and the offers to supply electricity. Power generation companies (or 'gencos' for short) compete with each other by offering prices to supply electricity (in half-hour timeslots) into the wholesale electricity market. The wholesale electricity market thus serves as a platform for open and free competition to take place by allowing multiple gencos to compete in the supply of electricity, as opposed to the traditional model of a single monopoly supplier of electricity which charges regulated tariffs for electricity provision. In the period April 2009 to June 2011, the market has seen keener competition with the participation of new market participants such as Shell Eastern Petroleum Pte Ltd, Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd and ISK Singapore Pte Ltd.

Electricity generation is a licenced activity under the Electricity Act (Singapore). Gencos with their electricity licences (granted by the Energy Market Authority of Singapore (EMA)) are to abide by the Singapore Electricity Market Rules ("Market Rules") which requires them to register as market participants and be subjected to the Market Rules. The Market Rules play an important role in ensuring that the wholesale electricity market operates and functions in a manner that is consistent with the efficient and fair operations of a competitive market. In doing so, it creates a level playing field for gencos to compete in the wholesale electricity market, thereby resulting in competitive electricity prices for end-consumers in the contestable market**.

PowerSeraya's Participation in Policy Making

PowerSeraya has a representative on the Rules Change Panel (RCP), a body set up under the Market Rules comprising representatives from the electricity industry, consumer representatives as well as an independent member from the financial community. The role of the RCP is to review any proposed changes to the Market Rules.

An example of a review conducted by the RCP is the introduction of the Mixed Integer Programming (MIP) to improve modelling in the Market Clearing Engine (the software that produces dispatch schedules for market participants in Singapore's wholesale electricity market). PowerSeraya participated in the review of the MIP which resulted in the MIP being incorporated in the Market Rules in February 2010.

The Market Surveillance and Compliance Panel (MSCP) is an independent body set up under the Market Rules. It is charged with policing the compliance with the Market Rules and is empowered to impose financial penalties for breaches of the Market Rules. The financial penalties are collected by the wholesale electricity market operator Energy Market Company Pte Ltd (EMC) and are used to reduce the electricity price paid by consumers.

In determining breaches of the Market Rules, the MSCP may also impose financial penalties. Financial penalties have been imposed for cases where there has been significant impact on the wholesale electricity market or negligence. In the period April 2009 to June 2011, the Market Surveillance and Compliance Panel have not found PowerSeraya to have breached the Market Rules. However, there have been two breaches of the Market Rules in previous years. Both of these breaches were caused by human error and not by any intentional or deliberate acts by PowerSeraya to disrupt the smooth operations of the wholesale electricity market. PowerSeraya fully understands the important role of the wholesale electricity market in determining competitive electricity prices for the benefit of consumers in the contestable market and has taken corrective action to prevent a recurrence of these breaches caused by human error.

One breach occurred on 23 August 2005 and was determined to be a breach by the MSCP on 24 August 2006 which imposed a financial penalty of \$7,500 and costs of \$800. The breach was due to human error. One of PowerSeraya's generating units, SER G3, had tripped. PowerSeraya had to reflect the tripping by making changes to the offers from SER G3 but another generating unit SER CCP 1 was selected by

mistake. This resulted in a breach of the Market Rules as the change to the offers from SER CCP1 were within the gate closure period, a time period where offers are not to be changed except due to permissible exceptions) even though there were no permissible exceptions applicable such as incidents due to tripping. The MSCP had assessed that the breach posed a significant impact to the wholesale electricity market. PowerSeraya has since then put in place remedial measures (combination of extra training and IT solutions) to prevent such recurrence. Details of the breach are publicly available at the Electricity Market Company web-site (www.emcsg.com)

The second breach was on 28 February 2009 and was determined to be a breach by the MSCP on 21 August 2009 which imposed a financial penalty of \$12,500 and costs of \$800. The breach was due to human error which resulted in data corruption, resulting in offer variations to be made in addition to the PowerSeraya trader's input. These additional offer variations resulted in a breach of gate closure with no permissible exceptions applicable. The MSCP had assessed that the breach had significant impact on the wholesale electricity market. PowerSeraya has since then put in place remedial measures in the form of an IT solution to prevent such recurrence. In FY10/11, there was no reported breach of the Market Rules. Details of the breach are publicly available at the Electricity Market Company web-site (www.emcsg.com)

PowerSeraya's Enterprise Risk Management Department had a role in assessing the mitigation measures implemented in the aftermath of breaches of the Market Rules – as to whether adequate measures had been undertaken. The breach of 28 February 2009 was reported to PowerSeraya's Risk Management Committee.

Responsibilities of PowerSeraya in Power Outages

Power outages are a concern for the Energy Market Authority of Singapore as it affects the reliability of the country's power transmission system. Generation companies in Singapore such as PowerSeraya are not responsible for dealing with power outages, though they may be called upon to help address power outages. This is because PowerSeraya does not own or operate any transmission asset. The responsibility for dealing with power outages depends on the cause. The party responsible for dealing with the power outage may be the Power System Operator (a division of the Regulator, the Energy Market Authority of Singapore), SP PowerAssets Ltd (i.e. Transmission Licensee which own and maintain the country's transmission network), a consumer's landlord or even the consumer.

** Grandfathering in this context refers to the exemption from the requirement to hold a licence to generate electricity that has been granted to 6 companies. The exemption is granted subject to certain conditions such as not injecting electricity into a transmission system and has been granted to companies who generate electricity for self consumption, that is embedded generators, and whose generation facilities were installed before 1 January 2003 which was the date of commencement for the National Electricity Market of Singapore (NEMS), the wholesale electricity market arrangements which replaced the previous wholesale electricity market arrangements, the Singapore Electricity Pool.*

*** Contestable market refers to the consumers classified as contestable. Consumers classified as contestable enjoy competitive rates from the wholesale electricity market. Such consumers are mainly large industrial and commercial consumers (consumers with average electricity consumption of 10,000kWh or more) which make up to about 75% of the electricity demand in Singapore according to EMA. The non-contestable market comprises domestic consumers and consumers with average electricity consumption lower than 10,000Kwh per month, making up approximately 25% of the total Singapore electricity demand, who are currently not eligible to become contestable, as well as larger consumers who have not switched to become contestable. These consumers are referred to as being non-contestable and are subject to regulated tariffs for electricity. The contestable market falls under Phases 0, 1 & 2 of the Singapore's government initiative to liberalise the electricity market. Phase 3 has yet to be implemented as of December 2009.*

7.4.7 Delivering High Quality Steam and Water to Our Customers

Electricity has been the main product the company sells to customers until the desalination plant and cogeneration plants started operations in 2007 and 2010 respectively. Currently, in excess of 90% of the water from the desalination plant is used internally for power plant operations with the remaining sold as potable water to vessels anchored off Singapore waters through intermediaries like PSA Marine. High pressure steam which is generated from the cogeneration plant is delivered via dedicated pipelines to customers in the vicinity. Whether it is potable water or high pressure steam, PowerSeraya undertakes stringent measures to ensure that the quality of these two products is kept high through the regular sampling programmes described below.

Boiler water & steam quality sampling program

Boiler water and steam grab samples are collected and analysed in the laboratory on a daily basis to ensure that the water in all our operating boilers are meeting the OEM boiler water and steam quality guidelines. The boiler water monitoring programme involves analysing up to 11 different parameters on 10 different samples collected from each running steam plant unit as well as analysing up to 6 different parameters on the 4 different samples collected from each running gas plant unit. On top of the above, the demin water produced by the demineralisation water treatment plants are also analysed on a daily basis to ensure that the demin water quality fed to the boilers is within the boiler specifications.

Potable water Quality sampling Program

The potable water product quality supplied to our potable water customers is monitored under the potable water quality sampling programme to ensure that the potable water quality supplied meets the water quality contractual specifications. The potable water quality sampling programme consists of conducting laboratory grab samples testing on the potable water with up to 12 different parameters on a daily basis, up to 6 different parameters on a monthly basis and up to 57 different parameters on a yearly basis.

8 GRI Content Index

In FY09/10, the ending date of the financial year was extended deliberately by a further three months to align with our parent company's financial year which ends in the month of June. As such, financial year FY09/10 spans a 15-month period from April 2009 to June 2010. For the purposes of comparison with other years' performance, the GRI information for FY09/10 is presented on an annualised basis.

The new financial year period spanning July every year to June of the successive year is applied from FY10/11 onwards. The period covering FY06/07 to FY08/09 follows the old financial year which span from April every year to March of the successive year.

All dollar values are denominated in Singapore currency.

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10 Annualised	FY 10/11	Page Reference	Remarks
A) ECONOMIC PERFORMANCE									
1	EC1	1a. Total revenue (In S\$000)	2,623,607	2,792,837	3,576,561	3,849,313	4,677,076	Section 5.2	
		1b. Total Costs (In S\$000)	2,436,766	2,554,720	3,338,148	3,554,114	4,234,040	Section 5.2	
		1c. Total Earnings (In S\$000)	168,060	218,296	171,850	269,405	374,197	Section 5.2	
		1d. Employee Compensation (In S\$000)	40,135	42,844	51,932	46,763	50,971	Section 5.2	
		1e. Total Assets (Including leased assets) (In S\$000)	1,694,618	2,113,450	2,313,450	2,899,781	2,947,496	Section 5.2	
		1f. Shareholder's funds (In S\$000)	1,073,426	1,212,749	1,197,896	1,407,265	1,069,156	Section 5.2	
		1g. Earning per share (In S\$)	0.19	0.25	0.19	0.30	0.42	Section 5.1	
		1h. Return on Equity (%)	16.11	19.1	14.26	20.70	30.20	Section 5.1	
		1i. Donations and other community investments (In S\$000)	46.54	170.95	312.84	279.22	364.44	Section 5.4	
2	EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Refer to Section 6.1 Being Part of the Climate Change Solution.					Section 6.1	
3	EC3	Coverage of the organisation's defined benefit plan obligations (In S\$000)	Not reported previously		4,700	2,640	3,460		
4	EC4	Significant financial assistance received from government (S\$)	0	34,000	724,000	1,248,000	1,995,000		
5	EG5 (new)	Range of ratios of standard entry level wage compared to local minimum wage at significant locations	There is no minimum wage policy in Singapore, thus no basis of comparison can be made.						
6	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Refer to Section 5.5 Proportion of Local Spending and Contributions to Local Economy.					Section 5.5	
7	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Refer to Section 7.2 Nurturing Human Capital.					Section 7.2.3	
		% Foreign Born Nationals in Senior Management team	12.5%	11.1%	11.1%	0.0%	0.0%		
8	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement			Learn about the S\$170K investment in the Energy Learning Hub in Section 6.3.5. Sponsored 10 bicycles worth S\$6,500 for a 2-year term with Waterways Watch Society.		Extended 2-year sponsorship of 5 bicycles worth S\$3,500 used for landside patrols by the Waterways Watch Society.	Section 6.3.5	
9	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Refer to Section 6.3.5 on the Responsible Energy Advocates Programme and Section 7.2.5 on our scholarship programmes, internship programmes and book prizes.					Section 6.3.5 Section 7.2.5	

[illegible]

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
B) ENVIRONMENTAL PERFORMANCE									
25	EN16	Total direct GHG emissions (CO ₂ only) by weight in tons per MWh arising from power generation	0.592	0.582	0.587	0.571	0.509	Section 6.2.3	
26	EN17	Other indirect GHG emissions (CO ₂ only) by weight (in tons)	249.5 (calendar year 2007)	222.4 (calendar year 2008)	223.7 (calendar year 2009)	202.4 (calendar year 2010)	Data not available at time of report preparation	Section 6.3.2	
27	EN18	Initiatives to reduce GHG emissions and reduction achieved	Energy efficiency improvements & Fuel switching.					Section 6.1.1	
28	EN19	Emissions of ozone-depleting air emissions (HFCs) by weight (kg)	157.5	135.0	247.5	315.0	405.0	Section 6.2.3	
29	EN20	SO ₂ emissions by weight (in tons/MWh)	0.0031	0.0029	0.0034	0.0036	0.0035	Section 6.2.3	
		NO ₂ emissions by weight (in tons/MWh)	Not available	Not available	Not available	Not available	Not available	Section 6.2.3	
30	EN21	Total water discharge by quality and destination (includes thermal discharge)	BOD: <20mg/L COD: <20mg/L TSS: <30mg/L Total Metals: <1mg/L Oil & Grease: <10mg/L Temperature: < 30°C	BOD: <10mg/L COD: <40mg/L TSS: <10mg/L Total Metals: <1mg/L Oil & Grease: <5mg/L Temperature: < 30°C	BOD: <30mg/L COD: <100mg/L TSS: <20mg/L Total Metals: <1mg/L Oil & Grease: <5mg/L Temperature: < 30°C	BOD: <10mg/L COD: <20mg/L TSS: <10mg/L Total Metals: <1mg/L Oil & Grease: <5mg/L Temperature: < 30°C	BOD: <10mg/L COD: <40mg/L TSS: <10mg/L Total Metals: <1mg/L Oil & Grease: <5mg/L Temperature: < 30°C	Section 6.2.3	Within National Environment Agency Limits
31	EN22	Total weight of waste by type and disposal method	Toxic Industrial Waste: 7,035 tons Recyclable Waste: 126,156 tons General Waste: 540 tons Total = 133,731 tons	Toxic Industrial Waste: 8,611 tons Recyclable Waste: 96,090 tons General Waste: 562 tons Total = 105,263 tons	Toxic Industrial Waste: 10,300 tons Recyclable Waste: 86,859 tons General Waste: 485 tons Total = 97,643 tons	Toxic Industrial Waste: 5,485 tons Recyclable Waste: 91,162 tons General Waste: 259 tons Total = 96,908 tons	Toxic Industrial Waste: 5,090 tons Recyclable Waste: 75,531 tons General Waste: 237 tons Total = 80,857 tons	Section 6.2.3	Within National Environment Agency Limits
32	EN23	Total number and volume of significant spills	No recorded oil spills.					Section 6.2.3	
33	EN24	Weight of transported (import & export) or treated waste deemed hazardous under the terms of the Basel Convention	125,909 tons (gypsum) 65 tons (boiler slag)	95,056 tons (gypsum) 0 tons (boiler slag)	87,069 tons (gypsum) 242 tons (boiler slag)	84,452 tons (gypsum) 107 tons (boiler slag)	74,812 tons (gypsum) 144 tons (boiler slag)	Section 6.2.3	
		% of transported waste shipped internationally	94.2	90.3	89.4	87.3	92.7	Section 6.2.3	
34	EN26	Initiatives to mitigate SO ₂	Flue Gas Desulphurization System.					Section 6.2.3	
		% of SO ₂ mitigated	92.92	92.94	94.18	92.70	93.80		
35	EN27 (new)	Percentage of products sold and their packaging materials that are reclaimed by category	Not applicable as the products sold by the customers are utilities such as electricity and steam who do not involve any packaging materials.						

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
B) ENVIRONMENTAL PERFORMANCE									
36	EN28	Monetary value of significant fines	NIL					Section 6.2.4	
		Total number of non-monetary sanctions for non-compliance with environmental laws and regulations	NIL					Section 6.2.4	
37	EN29 (new)	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Emergency Response Plans are in place to handle chemical and oil spills arising from operations. Refer to Section 4.2.2 Managing Emergencies and Crises.					Section 4.2.2	
38	EN30 (new)	Total environmental protection expenditures and investments by type	The company does not have an established Environmental Accounting system in place and is unable to provide information for this indicator. Notwithstanding this, the company does set aside a budget to cover the maintenance of environmental protection systems such as the Flue Gas Desulphuriser (FGD) to remove SO ₂ emissions and Wastewater Treatment Plants (WWTP) to treat wastewater before it is discharged into the sea. In 2010, the company invested a sum of S\$320,000 in the Continuous Emissions Monitoring System, a real-time air emissions monitoring system with the National Environment Agency of Singapore.						

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
C) SOCIAL PERFORMANCE - Labour Practices									
39	LA1	Total employees (full-time)	381	403	414	407	419	Section 7.2.4	
		Total employees (part-time)	0	0	1	1	1	Section 7.2.4	
		Total employees (contract basis)	0	0	0	0	0	Section 7.2.4	
		Total number of interns	6	4	7	18	11	Section 7.2.4	
		Female employees of total workforce (%)	17.8	20.6	22.2	22.1	20.7	Section 7.2.3	
		Female employees in senior management (%)	Not reported earlier	11.1	12.5	12.5	12.5	Section 7.2.3	
		Foreign born nationals of total workforce (%)	4.7	7.2	7.7	7.1	7.9	Section 7.2.3	
40	LA2	Total no. of employee turnover	24	38	39	58	18	Section 7.2.4	
		Rate of employee turnover (%)	6.3	9.4	9.4	14.3	4.4	Section 7.2.4	
41	LA3 (new)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	In general, benefits given to full-time employees are not extended to temporary or part-time employees except for outpatient sick leave and vacation leave. The terms and conditions of employment for temporary or part-time employees have to adhere to the Singapore Employment Act.						
42	LA4	Percentage of employees covered by collective bargaining agreements (%)	56.96	53.85	52.0	52.0	51.0	Section 4.3.2	
43	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Refer to Section 4.3.2 – Stakeholder Engagement – Employees and their Trade Unions.					Section 4.3.2	
44	LA6 (new)	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise occupational health and safety programmes	As of June 2011, an estimated 9% (or 27 staff members) of the total workforce at the power plant are in the Health, Safety & Environment Committee. Learn about the company's Workplace Safety Programmes in Section 7.1.3.					Section 7.1.3	
45	LA7	Rate of injury (including fatalities) - Staff	AFR = 2.24	AFR = 0	AFR = 1.08	AFR = 0	AFR = 0	Section 7.1.2	
		Rate of lost days - Staff	ASR = 60.39	ASR = 0	ASR = 47.66	ASR = 0	ASR = 0	Section 7.1.2	
		Rate of work-related fatalities - Staff	0	0	0	0	0	Section 7.1.2	
		Rate of injury (including fatalities) - Contractor	AFR = 0.00	AFR = 3.45	AFR = 1.44	AFR = 0	AFR = 0	Section 7.1.2	
		Rate of lost days - Contractor	ASR = 0.00	ASR = 16.39	ASR = 4.33	ASR = 0	ASR = 0	Section 7.1.2	
		Rate of work-related fatalities - Contractor	0	0	0	0	0	Section 7.1.2	
46	LA8 (new)	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	Refer Section 7.1.5 Occupational Health.					Section 7.1.5	
47	LA9 (new)	Health and safety topics covered in informal agreements with trade unions	Medical Benefits and Sick Leave are health topics covered in the collective agreement with trade unions. To understand our company's approach to health and safety please refer to Section 7.1 Workplace Health & Safety.					Section 7.1.1	

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
C) SOCIAL PERFORMANCE - Labour Practices									
48	LA10	Total training investment (\$)	901,000	730,000	532,867	575,930	719,265	Section 7.2.1	
		Average training expenditure per employee (\$)	2,365	1,802	1,284	1,401	1,696	Section 7.2.1	
		Average training hours per employee	52.00	33.42	17.20	20.03	22.60	Section 7.2.1	
		Training places per employee	2.63	1.69	1.71	1.37	1.62	Section 7.2.1	
49	LA11 (new)	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Learn about the company's various training programs and the READY program on Section 7.2.1 Training & Development.					Section 7.2.1	
50	LA12	Percentage of employees receiving regular performance and career development reviews	100%	100%	100%	100%	100%	Section 7.2.1	
51	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Section 7.2.3 Labour Practices and Human Rights on employee demographics (race, gender, diversity).					Section 7.2.3	
52	LA14	Ratio of basic salary of men to women by employee category	Section 7.2.3 Labour Practices and Human Rights on Equal Remuneration.					Section 7.2.3	

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
D) SOCIAL PERFORMANCE - Society									
53	S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Refer to the <u>CDM Stakeholder Consultative Session</u> for our latest 800MW Combined Cycle plant.			There were no new developments by the company that would have an impact on communities during this period.			
54	S02	Percentage and total number of business units analysed for risks related for corruption	100%	100%	100%	100%	100%	Section 4.2.3	
55	S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	Refer to Chapter 4.2.3 Managing Fraud Risk.					Section 4.2.3	
56	S04	Actions taken in response to incidents of corruption	No incidents of corruption.						
57	S05	Public policy positions and participation in public policy development and lobbying	Refer to Section 4.3.3 External Commitments.					Section 4.3.3	
58	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	NIL						
59	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Refer to Section 7.4.6 Our Role in an Efficient and Competitive Electricity Market.					Section 7.4.6	
60	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	NIL						

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
E) SOCIAL PERFORMANCE - Human Rights									
61	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Section 7.2.3 Labour Practices and Human Rights.					Section 7.2.3	
62	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	100% of the significant suppliers and contractors are subject to human rights criteria in the contract documents with PowerSeraya. There is, however, no formal process to screen significant suppliers and contractors on human rights although action will be taken by PowerSeraya (via termination of contract) if the suppliers/contractors are found to have human rights concerns that pose a risk to the company. Kindly refer to Chapter 7.2.3 Labour Practices and Human Rights for details.					Section 7.2.3	
63	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	NIL						
64	HR4	Total number of incidents of discrimination and actions taken	Section 7.2.3 Labour Practices and Human Rights.					Section 7.2.3	
65	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these	Covered by collective agreement.					Section 4.3.2	
66	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Section 7.2.3 Labour Practices and Human Rights.					Section 7.2.3	
67	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	Section 7.2.3 Labour Practices and Human Rights.					Section 7.2.3	
68	HR8 (new)	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to Operations	100% of the security personnel (from 3rd party organisations) at the power plant is trained to manage disorderly conduct and threatening behavior. The company's own security personnel which performs supervisory functions is trained to handle crowd control and customer enquiries.						
69	HR9 (new)	Total number of incidents of violations involving rights of indigenous people and actions taken	Not applicable as the company is not subject to issues pertaining to rights of indigenous people taking into consideration its operations in Singapore.						

No	GRI	PERFORMANCE INDICATORS	FY 06/07*	FY 07/08*	FY 08/09	FY 09/10	FY 10/11	Page Reference	Remarks
F) SOCIAL PERFORMANCE - Product Responsibility									
70	PR1 (new)	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	The company's main business operations are in the production of electricity which is dispatched to the national grid system. The company does not own, operate nor maintain electric utility transmission and distribution assets and thus does not lend itself to the health and safety issues encountered by other electric utility companies. Notwithstanding this, the company organises safety and health programmes (refer to Section 7.1.3) and has an emergency response framework to deal with emergency situations affecting health and safety (refer to Section 4.2.2).				Section 4.2.2 Section 7.1.3		
71	PR2 (new)	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes							
72	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	The company's business of selling electricity to commercial and industrial customers is not subject to information requirements (regulatory and/or procedural). The company pro-actively helps customers understand their electricity bills better by giving them information on their energy consumption patterns.				Section 7.4.4		
73	PR4 (new)	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements					Section 7.4.4		
74	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	No customer survey this year.	81.4% ('Good' rating & above)	Refer to Section 10.1 of Sustainability Report 2010	Refer to Section 7.4.2 Customer Satisfaction.	Section 7.4.2		
75	PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Refer to Section 7.4.5 Responsible Marketing and Advertising.				Section 7.4.5		
76	PR7 (new)	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Refer to Section 7.4.5 Responsible Marketing and Advertising.				Section 7.4.5		
77	PR8 (new)	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not reported previously.			NIL	NIL		
78	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (in S\$)	8,300	NIL	13,300	NIL	NIL	Section 7.4.6	

No	GRI	Description	Reference
ORGANISATIONAL PROFILE			
79	EU1	Installed Capacity	Refer to Section 3.2 Strategic Profile .
80	EU2	Net Energy Output	Refer to Section 5.1 Financial Highlights .
81	EU3	Number of Accounts	Refer to Section 5.1 Financial Highlights .
82	EU4	Transmission and Distribution mileage	The company does not own, operate nor maintain any transmission and distribution assets.
83	EU5	CO ₂ Permits	The company operates in Singapore which is a non-Annex 1 country under the Kyoto Protocol. As such, the company is not subject to any CO ₂ permits.

No	GRI	Indicator	Description
ECONOMIC			
84	EU6	Management approach to ensure short and long-term electricity availability and reliability	The company is in the power generation business based in Singapore. It does not own, operate nor maintain electric utility transmission and distribution assets. As such, ensuring short and long term electricity availability and reliability in Singapore is not under the purview of the company.
85	EU7	Demand Side Programs	Refer to Section 7.4.3 Innovation Products to Enhance Customer Sustainability .
86	EU8	R&D	The company does not have R&D operations.
87	EU9	Nuclear decommissioning	The company does not own, operate nor maintain any nuclear facilities.
88	EU10	Planned capacity	Refer to Section 5.3 Infrastructure Investments and Energy Planning .
89	EU11	Generation Efficiency	Refer to Section 6.1 Being Part of the Climate Change Solution .
90	EU12	Losses	The company is unable to report on transmission and distributions losses as it does not own, operate nor maintain transmission and distribution assets.

No	GRI	Indicator	Description
ENVIRONMENTAL			
91	EN1	Commentary - Materials by Weight and Volume	Refer to Section 6.2.3
92	EN8	Commentary - Total water withdrawal by source	Refer to Section 6.2.3
93	EN12	Commentary - Biodiversity activities	Refer to Section 6.2.5
94	EU13	Biodiversity offsets	Refer to Section 6.2.5
95	EN14	Commentary - Biodiversity Strategy	Refer to Section 6.2.5
96	EN16	Commentary - Greenhouse gas emissions	Refer to Section 6.1.3
97	EN18	Commentary - Greenhouse gas reduction initiatives	Refer to Sections 6.1.2, 6.1.3, 6.2.1 & 6.2.3
98	EN20	Commentary - Air Emissions	Refer to Section 6.2.3
99	EN21	Commentary - Water Discharge	Refer to Section 6.2.3
100	EN22	Commentary - Waste Type & Disposal Method	Refer to Section 6.2.3

No	GRI	Indicator	Description
SOCIAL - LABOUR PRACTICES			
101	EU14	Programmes and Process to ensure the availability of a skilled workforce	Refer to Section 7.2.1 Training & Development
102	EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Refer to Section 7.2.3 on Labour Practices and Human Rights
103	EU16	Policies and requirements regarding health and safety of employees and contractors and subcontractors	Refer to Section 7.1 on Workplace Safety and Health
104	LA1	Commentary - Total Workforce	Refer to Section 7.2.4
105	LA2	Commentary - Staff Turnover	Refer to Section 7.2.4
106	EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	We do not track this information
107	EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Refer to Section 7.1.3
108	EU LA4	Commentary - Percentage of employees covered by collective bargaining agreements	Refer to Section 4.3.2
109	EU LA7	Commentary - Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities by region	Refer to Section 7.1.2
SOCIAL - HUMAN RIGHTS			
110	EU HR5	Commentary - Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights	Refer to Section 4.3.2
SOCIAL - SOCIETY			
111	EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development	Refer to Section 5.3
112	EU20	Approach to managing impact to displacement	Not applicable as the siting of new businesses in Singapore is tightly controlled by the local planning authorities in Singapore.
113	EU21	Contingency planning measures, disaster/emergency management plan and training programmes, and recovery/restoration plans	Refer to Section 4.2.2
114	EU S01	Commentary - Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Not applicable as the site placement of new businesses in Singapore is tightly controlled by the local planning authorities in Singapore.
115	EU22	Number of people physically or economically displaced and compensation, broken down by type of project	There were no new developments by the company that would have an impact on communities during this period.

No	GRI	Indicator	Description
SOCIAL - PRODUCT RESPONSIBILITY			
116	EU23	Programmes, including those in partnership with government, to improve or maintain access to electricity and customer support services	Access to electricity is under the purview of the Energy Market Authority of Singapore. The company does not own, operate nor maintain electric utility transmission and distribution assets. The issue of maintaining access to electricity is thus not relevant to the company. Refer to 'Customers' in Section 4.3.2 on the company's participation in the Industry Feedback Forum on customer support issues.
117	EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	The company does not own, operate nor maintain electric utility transmission or distribution assets. Such barriers to accessing and safely using electricity is not relevant to the company. On customer support services, the company operates in Singapore where religion and cultures are respected and literacy rates are high. The company uses the English language which is the common business language.
118	PR1	Commentary - Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	The company's main business operations are in the production of electricity that is dispatched to the national grid system. The company does not own, operate nor maintain electric transmission and distribution assets and thus do not lend itself into the health and safety issues encountered by other electric utility companies. Notwithstanding this, the company organises safety and health programmes (refer to Section 7.1.3) and has an emergency response framework to deal with emergencies situations affecting health and safety (refer to Section 4.2.2).
119	EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	NIL
120	EU26	Percentage of population unserved in licensed distribution or service areas	The company does not own, operate nor maintain electric utility transmission or distribution assets. The issue of maintaining access to electricity is thus not relevant to the company. Moreover, access to electricity is under the purview of the Energy Market Authority of Singapore.
121	EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	The electricity market is not fully liberalised in Singapore to cover the residential sector. PowerSeraya's customers, through its subsidiary Seraya Energy (energy retailer) are from the contestable market comprising commercial and industrial sectors but not the residential sector.
122	EU28	Power outage frequency	Refer to Section 7.4.6 on Responsibilities of PowerSeraya for Power Outages
123	EU29	Average power outage duration	
124	EU30	Average plant availability factor by energy source and by regulatory regime	In FY09/10 to FY10/11, the average plant availability factor was close to 90%

Standard Disclosure	Page Reference
Strategy and Analysis	
1.1 - CEO's Message	Section 1.2
1.2 - Key impacts, risks and opportunities	Section 1.2 , Section 6.1.3 , Section 3.5
Organizational Profile	
2.1 - Name of Organization	Section 3.1
2.2 - Brands, products, services	Section 3.1
2.3 - Operational structure of the organisation	Section 3.1
2.4 - Location of the organisation's headquarters	Section 3.1
2.5 - Number of countries in which the organisation operates	Section 3.1
2.6 - Ownership	Section 3.1
2.7 - Markets served	Section 3.1
2.8 - Scale of the organisation	Section 3.1
2.9 - Significant changes during reporting period	Section 3.1
2.10 - Awards/Achievements	Section 3.6
Report Parameters	
3.1 - Reporting Period	Section 2.1.2
3.2 - Previous reports (if any)	Section 2.1.1
3.3 - Reporting cycle	Section 2.1.2
3.4 - Contact point on report queries	Section 2.1.3
3.5 - Defining the report content	Section 2.1.3
3.6 - Report Boundary	Section 2.1.2
3.7 - Specific limitations on scope/boundary of the report	Section 2.1.2
3.8 - Basis for reporting on subsidiaries	Section 2.1.2
3.9 - Adherence to GRI Indicator Protocols	Section 2.1.3
3.10 - Effects of restatements from previous reports (if any)	Section 2.1.2
3.11 - Changes from previous reporting periods (if any)	Section 2.1.2
3.12 - GRI Content Index	Section 8
3.13 - Assurance	Refer to Third Party Assurance Statement PDF

Standard Disclosure	Page Reference
Corporate Governance, Commitments and Stakeholder Engagements	
4.1 - Governance Structure of the organization	Section 4.1
4.2 - Chair of the highest governance body	Section 4.1
4.3 - Members of the Board	Section 3.3
4.4 - Mechanisms for providing direction and recommendation to the Board	Section 4.1
4.5 - Linkage between compensation for the Board and sustainability performance	Section 4.1
4.6 - Process to avoid conflict of interests	Section 4.1
4.7 - Qualification and expertise of the Board in guiding sustainability strategy	Section 4.1
4.8 - Internally developed statements of mission, values, etc	Section 4.1
4.9 - Procedures for the Board to oversee sustainability performance	Section 4.1
4.10 - Process to evaluate the Board's performance on sustainability	Section 4.1
4.11 - Precautionary principle	Section 4.2
4.12 - Subscription to external charters, principles	Section 4.3.3
4.13 - Membership in associations with advocacy organisations	Section 4.3.3
4.14 - Stakeholder groups	Section 4.3.2
4.15 - Basis of identification and selection of stakeholders	Section 4.3.1 (see diagram 4.3 on the stakeholders under the 5 CSR Strategic Thrusts)
4.16 - Approaches to stakeholder engagement	Section 4.3.2
4.17 - Key topics and concerns raised during stakeholder engagement	Section 4.3.2
Management Approaches	
5.1 Economic	Section 5
5.2 Environmental	Section 6
5.3 Labour	Section 7.2.3
5.4 Society	Section 4.2.3 , Section 4.3.3 , Section 7.4.6
5.5 Human Rights	Section 7.2.3 , Section 4.3.2
5.6 Product Responsibility	Section 7.4