

SENOKO POWER LIMITED

(Incorporated in Singapore. Registration Number: 199504467W)

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

SENOKO POWER LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 March 2008

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**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2008

The directors present their report to the member together with the audited financial statements of the Group for the financial year ended 31 March 2008 and the balance sheet of the Company at 31 March 2008.

Directors

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

John Lim Kok Min
Roy Adair
Benjamin Yeo Chin Beng
Dato' Derrick Fernandez
Khaw Kheng Joo
Koh Siak Him
Ong Kian 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 is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share or debentures of the Company and related corporations, except as follows:

	Holdings registered in name of director / in which a director is deemed to have an interest	
	At 31.3.2008	At 31.3.2007
Singapore Telecommunications Limited		
John Lim Kok Min	75,870	75,870
Khaw Kheng Joo	2,910	2,910
Ong Kian Min	3,350	3,350
Benjamin Yeo Chin Beng	3,337	3,337
Koh Siak Him	5,480	5,480

**SENOKO POWER LIMITED
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DIRECTORS' REPORT

For the financial year ended 31 March 2008

Directors' interests in shares and debentures (continued)

	Holdings registered in name of director / in which a director is deemed to have an interest	
	At 31.3.2008	At 31.3.2007
Singapore Technologies Engineering Ltd		
John Lim Kok Min	63,525	48,525
Singapore Food Industries Limited		
John Lim Kok Min	3,000	3,000
Koh Siak Him	4,000	4,000
SIA Engineering Company Limited		
John Lim Kok Min	1,000	1,000
Chartered Semiconductor Manufacturing Limited		
John Lim Kok Min	2,000	2,000
SP Australia Networks (RE) Ltd		
John Lim Kok Min	30,000	30,000
Roy Adair	3,000	3,000

**SENOKO POWER LIMITED
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DIRECTORS' REPORT

For the financial year ended 31 March 2008

Directors' interests in shares and debentures (continued)

Holdings registered in
name of director / in
which a director is
deemed to have an interest

At	At
<u>31.3.2008</u>	<u>31.3.2007</u>

Singapore Airport Terminal Services Limited

John Lim Kok Min	1,000	1,000
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- (b) According to the register of director's shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the related corporation as set out below:

Number of unissued
ordinary shares under
option held by director

At	At
<u>31.3.2008</u>	<u>31.3.2007</u>

Singapore Food Industries Limited

John Lim Kok Min	130,000	90,000
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Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and in this report, and except that a director has an employment relationship with the Company and has received remuneration in that capacity.

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2008

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or any subsidiary.

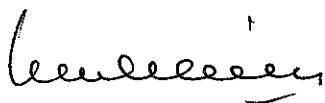
No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

There were no unissued shares of the Company under option as at the end of the financial year.

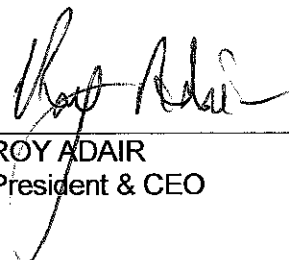
Independent Auditor

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

On behalf of the Board of directors



JOHN LIM KOK MIN
Chairman



ROY ADAIR
President & CEO

22 May 2008

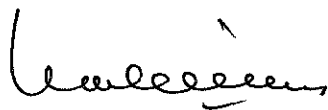
**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

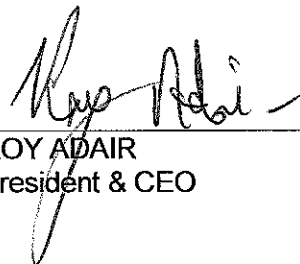
In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 7 to 46 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2008 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 Board of directors



JOHN LIM KOK MIN
Chairman



ROY ADAIR
President & CEO

22 May 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SENOKO POWER LIMITED

We have audited the financial statements of Senoko Power Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 46, which comprise the balance sheets of the Company and of the Group as at 31 March 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

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

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 as to whether the financial statements are free from material misstatement.

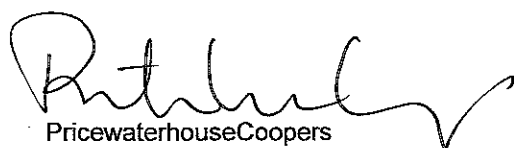
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion,

- (a) the financial statements of the Company and the consolidated financial statements of the Group 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 the Company as at 31 March 2008, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers
Public Accountants and Certified Public Accountants

Singapore, 22 May 2008

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 March 2008

	Note	The Group	
		2008 \$'000	2007 \$'000
Sales	3	2,494,568	2,771,617
Cost of sales		(2,341,862)	(2,612,753)
Gross profit		152,706	158,864
Other income	3	34,619	13,917
Expenses			
- Distribution and marketing		(3,078)	(2,811)
- Administration		(12,467)	(14,196)
- Finance	6	(13,345)	(12,711)
Profit before income tax		158,435	143,063
Income tax expense	7	(28,231)	(11,953)
Net profit		130,204	131,110

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

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

BALANCE SHEETS

As at 31 March 2008

	Note	The Group		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	101,898	70,344	96,092	56,687
Trade and other receivables	9	370,769	282,671	272,415	197,808
Inventories	10	19,222	96,881	19,222	96,881
Available for sale financial assets	11	-	10,000	-	10,000
Derivative financial instruments	12	31,383	15,260	31,383	15,260
Other current assets	13	3,901	4,849	3,878	4,844
		527,173	480,005	422,990	381,480
Plant and equipment held for sale	14	-	11,995	-	11,995
		527,173	492,000	422,990	393,475
Non-current assets					
Investments in subsidiaries	15	-	-	@	@
Property, plant and equipment	16	891,204	925,027	891,204	925,027
Derivative financial instruments	12	2,965	646	2,965	646
Other non-current assets	17	56,413	63,432	56,413	63,432
		950,582	989,105	950,582	989,105
Total assets		1,477,755	1,481,105	1,373,572	1,382,580
LIABILITIES					
Current liabilities					
Trade and other payables	18	243,093	231,781	169,505	156,687
Borrowings	19	225,000	50,000	225,000	50,000
Current income tax liabilities	7	33,967	8,278	32,690	8,192
Derivative financial instruments	12	19,221	13,216	19,221	13,216
		521,281	303,275	446,416	228,095
Non-current liabilities					
Deferred income tax liabilities	7	136,501	135,567	136,501	135,567
Derivative financial instruments	12	2,663	4,106	2,663	4,106
Bonds	20	200,000	200,000	200,000	200,000
		339,164	339,673	339,164	339,673
Total liabilities		860,445	642,948	785,580	567,768
NET ASSETS		617,310	838,157	587,992	814,812
EQUITY					
Share capital	21	478,000	478,000	478,000	478,000
Other reserves	22	26,460	(2,489)	26,460	(2,489)
Retained earnings	23	112,850	362,646	83,532	339,301
		617,310	838,157	587,992	814,812

@ denotes less than \$1,000

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

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2008

	Note	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000
Balance at 1 April 2007		478,000	362,646	(2,489)	838,157
Cash flow hedges	22	-	-	28,949	28,949
Net profit		-	130,204	-	130,204
Total recognised gains		-	130,204	28,949	159,153
Dividends	24	-	(380,000)	-	(380,000)
Balance at 31 March 2008		478,000	112,850	26,460	617,310
Balance at 1 April 2006		478,000	281,536	36,593	796,129
Fair value loss on available for sale financial assets		-	-	8	8
Cash flow hedges	22	-	-	(39,090)	(39,090)
Net profit		-	131,110	-	131,110
Total recognised gains / (losses)		-	131,110	(39,082)	92,028
Dividends	24	-	(50,000)	-	(50,000)
Balance at 31 March 2007		478,000	362,646	(2,489)	838,157

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

**SENOKO POWER LIMITED
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CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2008

	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Net profit		130,204	131,110
Adjustments for:			
- Income tax expense		28,231	11,953
- Amortisation of prepaid fuel toll charges		4,744	1,745
- Depreciation of property, plant and equipment		71,101	68,821
- Gain on disposal of fixed assets		(21,657)	-
- Gain on disposal of fuel		(5,047)	(6,974)
- Interest income		(3,106)	(3,862)
- Interest expense		13,345	12,711
- Derivatives (gain) / loss		(86)	393
- Translation differences (gain) / loss		(72)	464
		<u>217,657</u>	<u>216,361</u>
Change in working capital			
- Trade and other receivables		(49,399)	(39,140)
- Inventories		77,659	8,657
- Other current assets		873	937
- Other non-current assets		2,275	(14)
- Trade and other payables		32,774	(28,730)
- Provisions		-	(8,816)
Cash generated from operations		<u>281,839</u>	<u>149,255</u>
Interest received		3,181	3,823
Income tax paid		(7,963)	(9,850)
Net cash provided by operating activities		<u>277,057</u>	<u>143,228</u>
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(37,278)	(6,786)
Proceeds from disposal of available for sale financial assets		10,000	85,750
Purchases of available for sale financial assets		-	(61,500)
Net cash (used in) / provided by investing activities		<u>(27,278)</u>	<u>17,464</u>
Cash flow from financing activities			
Dividends paid		(380,000)	(50,000)
Interest paid		(13,297)	(14,187)
Repayments of borrowings		-	(100,000)
Proceeds from borrowings		175,000	-
Net cash used in financing activities		<u>(218,297)</u>	<u>(164,187)</u>
Net increase / (decrease) in cash and cash equivalents		31,482	(3,495)
Cash and cash equivalents at beginning of financial year		70,344	74,303
Effect of currency translation on cash and cash equivalents		72	(464)
Cash and cash equivalents at end of financial year	8	<u>101,898</u>	<u>70,344</u>

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

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

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

1. General information

Senoko Power Limited ("the Company") is incorporated and domiciled in Singapore. The address of its registered office is 111, Somerset Road, Singapore 238164.

The principal activities of the Company are those relating to the generation and sale of electricity. The principal activities of the subsidiaries consist of purchase, sale and supply of energy related products, the provision of training, consultancy services and contract management services in relation to power generation and electricity retail activities; and the provision of gas retail and transportation services.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise presented.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in Note 30.

The accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(b) Consolidation

(1) Business combinations

Business combinations are accounted for under the purchase method, except for business combinations involving entities under common control. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess or deficit of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill and negative goodwill respectively

(2) Subsidiary companies

Subsidiary companies are entities (including special purpose entities) over which the Group has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable or convertible are taken into account. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiary companies have been changed where necessary to align them with the policies adopted by the Group.

(3) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associated companies, partnerships and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(4) Investments in subsidiaries

Investments in subsidiary are stated in the Company's balance sheet at cost less accumulated impairment losses. On disposal of investments in subsidiary, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(c) Foreign currency transactions

Foreign currency transactions are translated into Singapore dollar using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into Singapore dollar at the rates of exchange prevailing at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are taken to the income statement.

(d) Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue includes the following:

(1) Supply of electricity

Revenue from the sale of electricity is recognised based on supply to customers.

(2) Services rendered

Revenue from rendering of services is recognised when services are rendered.

(3) Interest income

Interest income is recognised on a time proportion basis using effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being estimated future cashflow discounted at original effective interest rate of the instrument, and continues amortising the discounts as interest income on the recoverable amount.

(4) Dividend income

Dividend income is recognised when the right to receive payment is established.

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(1) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold land	Over lease period of 30 years
Leasehold buildings	12 – 25 years
Plant and machinery	3 – 25 years
Mains	20 – 40 years
Vehicles	5 – 10 years
Computers	5 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

No depreciation is provided on construction-in-progress until such time as the relevant assets are completed and put into operational use.

(2) 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 can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the income statement during the financial year in which it is incurred.

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(2) Subsequent expenditure (continued)

Major overhauls are performed at regular intervals for the Company'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 Company. 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.

(3) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(f) Impairment of assets

Property, plant and equipment and investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

The recoverable amount of an asset (or CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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 impairment loss is recognised in the income statement.

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(f) Impairment of assets (continued)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

(g) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(h) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, trade and other payables, and borrowings.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligation specified in the contract expire or are discharged or cancelled.

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(h) Financial Instruments (continued)

(1) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include trade and other receivables and cash and cash equivalents. Cash and cash equivalents comprise cash balances, bank deposits, other short term highly liquid investments and bank overdrafts. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(2) Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(3) Trade and other payables

Trade and other payables are carried at amortised cost using the effective interest method.

(4) Borrowings

Borrowings (including bonds) are carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are presented as current borrowings even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Borrowings due to be settled more than twelve months after the balance sheet date are included in non-current liabilities in the balance sheet.

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(h) Financial Instruments (continued)

(5) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis.

The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its risk exposures. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured 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. The Group designates certain derivatives as hedges of highly probable forecast transactions (Cash flow hedges).

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(h) Financial Instruments (continued)

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 strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is presented as a non-current asset or liability if the remaining maturity of the hedge instrument is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedging instrument is less than 12 months.

The Group has entered into fuel swaps contracts to manage risk arising from fluctuations in fuel cost. Under the fuel swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate amounts calculated by reference to the agreed notional purchase quantity. The effective portion of changes in the fair value of these fuel swaps are recognised in the cashflow hedge reserve within equity and transferred to the income statement when the fuel purchases are recognised in the income statement.

The Group also entered into foreign currency contracts to hedge forecast purchases. These contracts qualify for hedge accounting and changes in the fair value are recognised in the cashflow hedge reserve within the equity.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Fair value estimation

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

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group are the current bid price; the appropriate quoted market price for financial liabilities are the current ask price. The fair values of forward foreign exchange contracts are determined using forward

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(h) Financial Instruments (continued)

exchange market rates at the balance sheet date.

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. Validation techniques, such as estimated discounted cash flows, are also used to determine fair values of the financial instruments.

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

(i) Prepaid fuel toll charges

Prepaid fuel toll charges are paid to the vendor for the right to use the pipelines and are amortised to the income statement over the period of the supply contract of 20 years, based on the minimum purchase quantity specified for each period.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all costs in bringing the inventories to their present location and condition, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(l) Leases

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When entities within the Group are lessors of an operating lease

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(m) Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiary and associated companies, partnerships and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

(m) Income tax expenses (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Employee benefits

(1) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are done. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(2) 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.

(o) Finance costs

Finance costs comprise interest expense on borrowings and the unwinding of the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(p) Dividend

Interim dividends are recorded in the financial year in which they are paid / declared payable. Finals dividends are recorded in the financial year in which the dividends are approved by the shareholders.

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

3. Revenue

	The Group	
	2008	2007
	\$'000	\$'000
(a) <u>Sales</u>		
- Supply of electricity	2,494,568	2,771,245
- Services rendered	-	372
	<u>2,494,568</u>	<u>2,771,617</u>
(b) <u>Other income</u>		
- Liquidated damages	15	1,672
- Foreign exchange gain - net	1,945	1,257
- Interest income from banks	3,096	3,077
- Interest income on staff loans	8	12
- Interest income on available for sale investments	-	773
- Gain on disposal of fuel	5,047	6,974
- Gain on disposal of fixed asset	21,657	-
- Other gains	2,851	152
Total other income	<u>34,619</u>	<u>13,917</u>

4. Expenses by nature

	The Group	
	2008	2007
	\$'000	\$'000
Amortisation of prepaid fuel toll charges	4,744	1,745
Cost of inventories recognised as an expense	2,043,996	2,294,266
Transmission and distribution charges	148,623	166,192
Depreciation of property, plant and equipment	71,101	68,821
Write-back of provision for rationalisation costs	-	(255)
Operating lease expenses	354	307
(Gain) / loss on financial derivatives - net	(86)	393
Employee compensation (Note 5)	30,139	31,734
Other expenses	58,536	66,557
Total cost of sales, distribution and marketing costs and administrative expenses	<u>2,357,407</u>	<u>2,629,760</u>

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

5. Employee compensation

	<u>The Group</u>	
	2008	2007
	\$'000	\$'000
Wages and salaries	25,225	27,970
Employer's contribution to defined contribution plans including Central Provident Fund	2,868	2,184
Other payroll related costs	2,046	1,580
	<u>30,139</u>	<u>31,734</u>

6. Finance expense

	<u>The Group</u>	
	2008	2007
	\$'000	\$'000
Interest expense		
- Bonds	9,020	9,020
- Loans	4,325	3,691
	<u>13,345</u>	<u>12,711</u>

7. Income tax

(a) Income tax expense

	<u>The Group</u>	
	2008	2007
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax provision	34,389	8,264
Deferred tax	(5,421)	4,782
	<u>28,968</u>	<u>13,046</u>
Over provision in prior financial years		
- Current income tax	(500)	(1,093)
Tax credit attributable from prior financial years	(237)	-
	<u>28,231</u>	<u>11,953</u>

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

7. Income tax (continued)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax is as explained below:

	<u>The Group</u>	
	2008	2007
	\$'000	\$'000
Profit before tax	158,435	143,063
Tax calculated at a tax rate of 18%	28,518	25,751
Expenses not deductible for tax purposes	507	525
Singapore stepped income exemption	(57)	(62)
Others	-	(35)
Change in tax rate	-	(13,133)
	28,968	13,046

(b) Movement in current income tax liabilities

	<u>The Group</u>		<u>The Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	8,278	10,957	8,192	10,911
Tax expense	34,152	8,264	32,873	8,191
Income tax paid	(7,963)	(9,850)	(7,886)	(9,817)
Over provision in prior financial years	(500)	(1,093)	(489)	(1,093)
End of financial year	33,967	8,278	32,690	8,192

(c) Deferred income tax liabilities

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 18%.

The movement on the deferred income tax account is as follows:

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
At beginning of the financial year	135,567	140,478
Tax charged/(credited) to:		
-Income statement	(5,421)	4,782
-Equity	6,355	(9,693)
At end of the financial year	136,501	135,567

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

7. Income tax (continued)

Deferred income tax assets taken to equity (Note 22) during the financial year is as follows:

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Fair value reserve (Note 22(b)(i))	-	2
Hedging reserve (Note 22(b)(ii))	6,355	(9,695)
At end of the financial year	6,355	(9,693)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Deferred income tax liabilities

	<u>The Group and the Company</u>			
	Property, plant and equipment \$'000	Interest income \$'000	Other reserve \$'000	Total \$'000
At 1 April 2007	142,504	16	(545)	141,975
Charged / (Credited) to				
- Income statement	(6,037)	(14)	-	(6,051)
- Equity	-	-	6,355	6,355
At 31 March 2008	136,467	2	5,810	142,279

Deferred income tax assets

	<u>The Group and the Company</u>	
	Provisions \$'000	Total \$'000
At 1 April 2007	(6,408)	(6,408)
Charged to income statement	630	630
At 31 March 2008	(5,778)	(5,778)

**SENOKO POWER LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2008

7. Income tax (continued)

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

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Deferred income tax liabilities	136,501	135,567

The amount shown in the balance sheet included the following:

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Deferred income tax liabilities to be settled after more than 12 months	136,467	142,504

8. Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	6,531	16,790	725	3,133
Fixed deposits with financial institutions	95,367	53,554	95,367	53,554
	101,898	70,344	96,092	56,687

The fixed deposits with financial institutions mature on varying dates within 3 months (2007: 3 months) from the end of the financial year with the following weighted average effective interest:

	<u>The Group and the Company</u>	
	2008	2007
Singapore Dollar	1.08%	2.8%
Yen	0.66%	-
Euros	4.30%	3.82%

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

8. Cash and cash equivalents (continued)

At the balance sheet date, the carrying amounts of cash and cash equivalents approximated their fair values. Cash and cash equivalents were denominated in the following currencies:

	<u>The Group</u>		<u>The Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	99,016	65,101	93,210	51,444
United States dollar	268	2,031	268	2,031
Euros	2,551	3,212	2,551	3,212
Yen	63	-	63	-
	101,898	70,344	96,092	56,687

9. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade receivables - non-related parties	333,435	267,290	219,806	106,787
Amounts receivable from a related corporation				
- trade	17,364	15,361	-	-
- non-trade	19,944	-	19,944	-
Amounts receivable from subsidiaries				
- non-trade	-	-	3,030	6,654
- advance	-	-	29,635	84,367
Amounts receivable from holding corporation	26	20	-	-
	370,769	282,671	272,415	197,808

The non-trade amounts receivable from subsidiaries and related corporation are unsecured, interest-free and repayable on demand.

The advance receivable from a subsidiary is unsecured, interest-bearing and repayable on demand. As at the balance sheet date, the weighted average effective interest rate is 1.72% (2007: 3.57%) per annum.

**SENOKO POWER LIMITED
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For the financial year ended 31 March 2008

9. Trade and other receivables (continued)

At the balance sheet date, the carrying amounts of trade and other receivables approximated their fair values. Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore Dollar	247,610	279,609	149,256	194,746
United States Dollar	123,159	3,062	123,159	3,062
	370,769	282,671	272,415	197,808

10. Inventories

	The Group and the Company	
	2008 \$'000	2007 \$'000
Fuel	17,923	96,217
Spare parts and accessories	1,299	664
	19,222	96,881

11. Available-for-sale financial assets

	The Group and the Company	
	2008 \$'000	2007 \$'000
Beginning of financial year	10,000	34,240
Additions	-	61,500
Fair value gain/(loss) taken to fair value reserve	-	10
Disposals	(10,000)	(85,750)
End of financial year	-	10,000

The available for sale financial assets which comprise Singapore Dollar Floating Rate Notes are measured in accordance with the accounting policy as set out in Note 2(h)(2).

The effective interest rate for the interest-bearing financial assets at 31 March 2007 was 3.48% .

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

12. Derivative financial instruments

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Beginning of financial year	(1,416)	30,686
Fair value gain/(losses)		
- Included in income statement	85	(170)
- Included in cashflow hedge reserve (Note 22 (ii))	13,795	(31,932)
End of financial year	12,464	(1,416)

Analysed as:

	<u>The Group and the Company</u>			
	<u>Contract/ Notional Amount</u>		<u>Fair values</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
<u>2008</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Cash-flow hedges</i>				
- Foreign currency forwards	71,430	475,957	3,695	19,301
- Fuel swap	415,166	-	30,653	-
- Interest rate swap	-	200,000	-	2,583
Total	486,596	675,957	34,348	21,884
Less: Current portion	444,157	461,419	31,383	19,221
Non-current portion	42,439	214,538	2,965	2,663

Analysed as:

	<u>The Group and the Company</u>			
	<u>Contract/ Notional Amount</u>		<u>Fair values</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
<u>2007</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Cash-flow hedges</i>				
- Foreign currency forwards	2,382	496,980	14	17,322
- Fuel swap	225,210	-	15,892	-
Total	227,592	496,980	15,906	17,322
Less: Current portion	217,281	414,587	15,260	13,216
Non-current portion	10,311	82,393	646	4,106

**SENOKO POWER LIMITED
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For the financial year ended 31 March 2008

13. Other current assets

	<u>The Group</u>		<u>The Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Prepaid fuel toll charges - current portion (Note 17 (a))	3,810	1,745	3,810	1,745
Staff loans – current portion (Note 17 (b))	51	57	51	57
Prepayments	-	2,808	-	2,808
Advances to employees	-	132	-	132
Other receivables	40	107	17	102
	3,901	4,849	3,878	4,844

The carrying amounts of other current assets approximated their fair values and were denominated in Singapore Dollars.

14. Plant and equipment held for sale

In line with the Energy Market Authority (“EMA”) directive on “Ownership of Switchhouse at Power Stations” the Company disposed its switchhouse assets to SP Powerassets Limited in 2008. Details of the assets transferred to Plant and equipment held for sale at 31 March 2007 from Property, plant and equipment (Note 16) are as follows:

	<u>Plants and machinery</u>	<u>Mains</u>	<u>Total</u>
	\$'000	\$'000	\$'000
<u>The Group and the Company</u>			
Cost	62,882	1,904	64,786
Accumulated depreciation	(51,331)	(1,460)	(52,791)
Net book value	11,551	444	11,995
Disposal	(11,551)	(444)	(11,995)
	-	-	-

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

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15. Investments in subsidiaries

The Company
2008 **2007**
\$'000 **\$'000**

Unquoted equity shares, at cost @ @

@ denotes less than \$1,000

Details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Equity Holding</u>		<u>Cost of Investment</u>	
			2008 %	2007 %	2008 \$'000	2007 \$'000
Senoko Energy Supply Pte Ltd *	Purchase, sale and supply of energy related products	Singapore	100	100	@	@
Senoko Services Pte. Ltd. *	Provision of training, consultancy services and contract management services in relation to power generation and electricity retail activities	Singapore	100	100	@	@
Senoko Gas Supply Pte. Ltd. *	Provision of gas retail and transportation services	Singapore	100	NA	@	@
					@	@

* Audited by PricewaterhouseCoopers, Singapore
@ denotes less than \$1,000

**SENOKO POWER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

16. Property, plant and equipment

	Leasehold Land \$'000	Leasehold Buildings \$'000	Plant and Machinery \$'000	Mains \$'000	Computers \$'000	Other assets \$'000	Construction -in-progress \$'000	Total \$'000
<u>The Group and the Company</u>								
2008								
Cost								
Beginning of financial year	74,268	135,608	1,867,699	2,771	6,985	284	6,070	2,093,685
Additions	822	-	17,709	-	-	-	18,747	37,278
Transfer from construction -in-progress	-	501	1,472	-	-	-	(1,973)	-
End of financial year	75,090	136,109	1,886,880	2,771	6,985	284	22,844	2,130,963
Accumulated depreciation								
Beginning of financial year	30,113	96,011	1,035,557	2,125	4,686	166	-	1,168,658
Depreciation charge	2,658	3,779	63,440	185	1,010	29	-	71,101
End of financial year	32,771	99,790	1,098,997	2,310	5,696	195	-	1,239,759
Net book value								
End of financial year	42,319	36,319	787,883	461	1,289	89	22,844	891,204

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16. Property, plant and equipment (continued)

	Leasehold Land \$'000	Leasehold Buildings \$'000	Plant and Machinery \$'000	Mains \$'000	Computers \$'000	Other assets \$'000	Construction -in-progress \$'000	Total \$'000
<u>The Group and the Company</u>								
2007								
<i>Cost</i>								
Beginning of financial year	74,268	135,608	1,855,206	4,675	5,534	171	3,744	2,079,206
Additions	-	-	-	-	-	-	6,786	6,786
Transfer from construction	-	-	2,896	-	1,451	113	(4,460)	-
-in-progress	-	-	(62,882)	(1,904)	-	-	-	(64,786)
Asset classified as held for sale	-	-	72,479	-	-	-	-	72,479
Asset reclassified from inventory	-	-	-	-	-	-	-	-
End of financial year	74,268	135,608	1,867,699	2,771	6,985	284	6,070	2,093,685
<i>Accumulated depreciation</i>								
Beginning of financial year	27,478	92,253	996,934	3,274	3,410	142	-	1,123,491
Depreciation charge	2,635	3,758	60,817	311	1,276	24	-	68,821
Asset classified as held for sale	-	-	(51,331)	(1,460)	-	-	-	(52,791)
Asset reclassified from inventory	-	-	29,137	-	-	-	-	29,137
End of financial year	30,113	96,011	1,035,557	2,125	4,686	166	-	1,168,658
Net book value	44,155	39,597	832,142	646	2,299	118	6,070	925,027

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For the financial year ended 31 March 2008

17. Other non-current assets

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Prepaid fuel toll charges – non-current portion (Note 17a)	56,080	62,890
Staff loans – non-current portion (Note 17b)	128	215
Club memberships, at cost	205	327
	56,413	63,432

(a) Prepaid fuel toll charges

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Cost	70,984	70,984
Accumulated amortisation	(11,094)	(6,349)
	59,890	64,635
Beginning of the financial year	64,635	66,380
Amortisation charge	(4,745)	(1,745)
End of the financial year	59,890	64,635
Included in:		
- current (Note 13)	3,810	1,745
- non-current	56,080	62,890
	59,890	64,635

(b) Staff loans

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Not later than one year (Note 13)	51	57
Later than one year but not later than five years (Note 17)	128	215
	179	272

The carrying amount of staff loans approximate their fair values and are denominated in Singapore Dollars, are unsecured, interest-bearing and repayable in accordance with the relevant contracts. As at the balance sheet date, the weighted average effective interest rate is 4.2% (2007: 4.39%) per annum.

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18. Trade and other payables

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables	123,937	140,986	80,031	79,476
Accrued operating expenses	39,085	32,705	32,136	24,992
Accrued capital expenditure	4,211	5,762	4,211	5,762
Accrued interest payable	4,383	4,334	4,383	4,334
Amounts payable to related companies				
- trade	70,905	43,918	48,095	25,886
- non-trade	553	384	452	384
Amounts payable to subsidiaries				
- trade	-	-	-	12,067
- non-trade	-	-	178	94
Other creditors	19	3,692	19	3,692
	243,093	231,781	169,505	156,687

The non-trade amounts payable to related corporations are unsecured, interest-free and repayable on demand.

The carrying amount of trade and other payables approximated their fair values at the balance sheet date. Trade and other payables were denominated in the following currencies:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore Dollar	114,159	129,659	40,571	54,566
United States Dollar	124,059	98,649	124,059	98,649
Other	4,875	3,473	4,875	3,472
	243,093	231,781	169,505	156,687

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19. Borrowings

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Bank loans	225,000	50,000
	225,000	50,000

The bank loans are unsecured and bears weighted average effective interest rate of 2.83% per annum (2007: 3.62%) and is repayable by 29 May 2008 to 2 October 2008 (2007: 27 November 2007).

The carrying amounts of the borrowings approximated their fair values and are denominated in Singapore Dollar.

20. Bonds

	<u>The Group and the Company</u>			
	<u>2008</u>		2007	
	Carrying Amount	Fair value	Carrying Amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Unsecured quoted bonds	200,000	208,780	200,000	213,206

On 14 October 2003, the Company issued \$200 million non-convertible 4.51% fixed rate Singapore Dollar bonds. The bonds are repayable on 14 October 2013.

Effective interest rates

The weighted average effective interest rate at the balance sheet date is 4.51% per annum.

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For the financial year ended 31 March 2008

21. Share capital

	2008 and 2007	
	No of shares (‘000)	\$’000
Issued and fully paid Ordinary shares		
Beginning and end of financial year	478,000	478,000

22. Other reserves

	The Group and the Company	
	2008 \$’000	2007 \$’000
(a) Composition:		
Cashflow hedge reserve	26,460	(2,489)
(b) Movements:		
(i) Fair value reserve		
Balance at beginning of financial year	-	(8)
Fair value gain/(losses) on available for sale financial assets	-	10
Tax effect on fair value losses	-	(2)
Balance at end of the financial year	-	-
(ii) Cashflow hedge reserve		
Balance at beginning of financial year	(2,489)	36,601
Fair value gain / (losses) (Note 12)	13,795	(31,932)
Gain / (losses) transferred to income statement	21,509	(16,853)
Tax effect on cashflow hedge (Note 7)	(6,355)	8,781
Tax effect on change in tax rate (Note 7)	-	914
Balance at end of the financial year	28,949	(39,090)
Balance at end of the financial year	26,460	(2,489)

Other reserves are non-distributable.

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For the financial year ended 31 March 2008

23. Retained earnings

Movements in retained earnings for the Company are as follows:

	<u>The Company</u>	
	2008	2007
	\$'000	\$'000
Beginning of financial year		
- As previously reported	339,301	259,817
Net profit for financial year	124,231	129,484
Dividends paid (Note 24)	(380,000)	(50,000)
End of financial year	83,532	339,301

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

24. Dividends

	<u>The Company</u>	
	2008	2007
	\$'000	\$'000
<i>Ordinary dividends paid</i>		
Final interim one tier tax-exempt dividend of 41.8 cents per share, paid in respect of financial year ended 31 March 2007	200,000	-
First interim one tier tax-exempt dividend of 22.0 cents (2007: 10.5 cents) per share, paid in respect of current financial year	105,000	50,000
Second interim one tier tax-exempt dividend of 15.7 cents per share, paid in respect of current financial year	75,000	-
	380,000	50,000

25. Holding and ultimate holding corporation

The Company's immediate holding corporation, which is also its ultimate holding corporation is Temasek Holdings (Private) Limited, incorporated in Singapore.

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For the financial year ended 31 March 2008

26. Commitments

(a) Capital commitments

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

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Property, plant and equipment	84,400	94,161

(b) Operating lease commitments - where the Group is a lessee

The Group leases office space and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Not later than one year	355	159
Between one and five years	228	18
	583	177

(c) Operating lease commitments - where the Group is a lessor

The Group leases out office space to non-related parties under non-cancellable operating lease agreements.

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:

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For the financial year ended 31 March 2008

26. Commitments (continued)

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Not later than one year	29	23
Between one and five years	3	-
	32	23

27. Related party transactions

The following transactions took place between The Group and related parties during the financial year:

(a) Sales and purchases

	<u>The Group</u>	
	2008	2007
	\$'000	\$'000
Management fees and service expenses paid/payable to a related company	74	74
Office rental expenses paid/payable to a related company	209	173
Sale of electricity to holding company	283	244
Sale of electricity to related companies	199,084	181,972
Transmission and distribution charges paid/payable to a related company	148,623	166,192
Purchase of electricity from a related company	19,505	22,243
Service fees paid to a company of which a director has an interest	271	260
Purchase of fuel from a related company	473,782	430,479
Purchase of services from related companies	6,829	6,514
Proceeds on sale of plant and equipment	17,262	-

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For the financial year ended 31 March 2008

27. Related party transactions (continued)

(b) Key management compensation

Key management personnel compensation is analysed as follow:

	The Group	
	2008 \$'000	2007 \$'000
Salaries and other short-term employee benefits	3,151	2,820
Post-employment benefits – contribution to CPF	51	80
	<u>3,202</u>	<u>2,900</u>

Included in above was total compensation to directors of the Company amounting to \$1,394,000 (2007: \$1,256,000).

28. Financial risk management

The Group's activities expose it to a variety of financial risks, price risk (including foreign exchange risk and market risk), cashflow and fair value interest rate risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) *Price risk*

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollar, Swiss francs, Euros and Japanese Yen for its capital and major operating purchases.

The Group hedges the foreign currency exposure of its capital and major operating expenses. Details on forward foreign currency contracts are disclosed in note 29(a).

Market risk

The Group is exposed to price fluctuations arising from the purchase of fuel stocks. The Group manages such risk using fuel oil swaps where the price of the fuel is indexed to a benchmark fuel price index. Details on fixed swaps are disclosed in note 29(b).

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For the financial year ended 31 March 2008

28. Financial risk management (continued)

(b) Cash flow and fair value interest rate risks

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 value of a financial instrument will fluctuate due to changes in market interest rates. The Group managed its exposure on interest in interest bearing assets and liabilities by entering into fixed rate interest arrangements, where applicable.

(c) Credit risk

The Group manages its concentration risk through putting in place policies to ensure that sales are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

(d) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash, having an adequate amount of committed credit facilities and the ability to close out market positions.

29. Financial instruments

In order to manage risk arising from fluctuations in currency exchange rates and fuel cost, the Company makes use of the following financial instruments:

(a) Forward foreign exchange contracts

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rate on capital and major operating purchases. In general, the Group's policy is to enter into forward foreign exchange contracts for 100% of capital commitments anticipated over the project life.

At 31 March 2008, the settlement dates on open forward contracts ranged between 1 month and 35 months (2007: 1 month to 47 months).

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29. Financial instruments (continued)

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Less than 6 months	426,646	402,116
Between 6 months to 1 year	67,338	14,853
Between 1 year to 3 years	50,204	69,639
More than 3 years	3,199	12,754
	547,387	499,362

The local currency amounts to be received in respect of the Company's outstanding contracts were:

	<u>The Group and the Company</u>	
	2008	2007
	\$'000	\$'000
Euros	-	1,234
US dollars	475,957	405,047
YEN	9,124	6,593
CHF	62,306	86,488
	547,387	499,362

(b) *Fuel swaps*

The Company has entered into fuel swap contracts that oblige it to make payments for fuel at fixed rates on notional purchase quantity and receive payments for fuel at floating rates on the same amounts.

Under the fuel swaps, the Company and the Group agree with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate amounts calculated by reference to the agreed notional purchase quantity. The floating rates are linked to prices listed on Platt.

The notional amount and purchase quantity of outstanding fuel swap contracts at 31 March 2008 of the Group and the Company as follow:

	<u>The Group and the Company</u>			
	<u>Notional Quantity</u>		<u>Notional Amount</u>	
	2008	2007	2008	2007
	MT	MT	\$'000	\$'000
Outstanding fuel swap contracts	636,280	641,490	415,166	225,210

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30. 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

The following presents a summary of the critical accounting estimates and judgements:

(a) Impairment of property, plant and equipment

The Group assess impairment of property, plant and equipment whenever events or change in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of asset requires assessment as to whether the carrying amount of assets exceeds the recoverable amount. Recoverable amount is defined as the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which has been discounted at an appropriate rate.

Forecast of future cash flows are based on the Group's estimates using historical, industry, general market and economic conditions, changes in technology and other available information. A change in the forecast of future cash flows and discount rate used could impact the results of the value in use computation.

(b) Estimated useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 40 years. The carrying amount of the Group's property, plant and equipment at 31 March 2008 was \$891,204,000. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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

(c) Impairment of Trade Receivables

The Group assesses at each balance sheet date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated experience.

(d) Fair Value Estimates for Certain Financial Assets and Derivative Financial Instruments.

The Group carries certain financial assets and derivatives financial information at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence (i.e. foreign exchange rates, forecast fuel prices), the amount of change in fair value would differ if the Group uses different valuation methodologies.

31. New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published and they are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods which the Group has not earlier adopted.

The Group believes that the implementation of the new standards, amendments and interpretations are not expected to significantly affect the financial statements for the year ended 31 March 2008.

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of directors of Senoko Power Limited on 22 May 2008.