

Company Registration No. 199504467W



Senoko Power Limited

Annual Financial Statements
31 March 2010

 **ERNST & YOUNG**

Senoko Power Limited

General Information

Directors

Hajime Tsuda	(appointed on 15 July 2009)
Hirohisa Miyata	
Seijiro Chiba	(alternate to Hirohisa Miyata, appointed on 14 January 2010)
Moroo Shino	
Akira Suda	
Guy Richelle	
Michel Gantois	(alternate to Guy Richelle, appointed on 26 October 2009)
Pierre Clavel	(appointed on 14 January 2010)
Johan de Saeger	(resigned on 14 January 2010 and appointed as Alternate Director to Pierre Clavel on 14 January 2010)
Brendan Wauters	
Lucas Hautvast	
Hidehiko Yukawa	
Yoshihiro Yamabayashi	(alternate to Hidehiko Yukawa, appointed on 14 January 2010)
Teruaki Hoshi	
Eiji Iwashige	
Takuji Takahashi	(appointed on 15 July 2009)
Kaoru Nagata	
Yuichiro Yoi	(alternate to Kaoru Nagata, appointed on 10 March 2010)
Hiroki Sekine	(alternate to Kaoru Nagata, resigned on 21 October 2009)
Masahiro Takase	(resigned on 15 July 2009)
Eiji Hijikata	(resigned on 15 July 2009)
Roy Adair	(resigned on 21 November 2009)

Secretaries

Sim Mei Ling

Registered Office

111 Somerset Road #05-06
Singapore 238164

Auditors

Ernst & Young LLP

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Senoko Power Limited

Directors' Report

The directors are pleased to present their report to the member together with the audited financial statements of Senoko Power Limited (the "Company") for the financial year ended 31 March 2010.

Directors

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

Hajime Tsuda
Hirohisa Miyata
Seijiro Chiba
Moroo Shino
Akira Suda
Guy Richelle
Michel Gantois
Pierre Clavel
Johan de Saeger
Brendan Wauters
Lucas Hautvast
Hidehiko Yukawa
Takuji Takahashi
Teruaki Hoshi
Eiji Iwashige
Takuji Takahashi
Kaoru Nagata
Yuichiro Yoi

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest.

Senoko Power Limited

Directors' Report

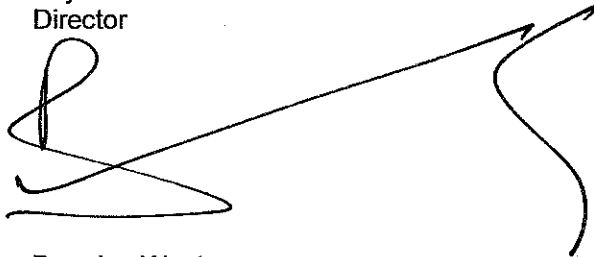
Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,



Hajime Tsuda
Director



Brendan Wauters
Director

Singapore
26 July 2010

Senoko Power Limited

Statement by Directors

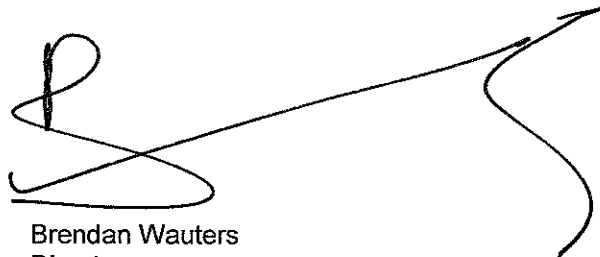
We, Hajime Tsuda and Brendan Wauters, being two of the directors of Senoko Power Limited, do hereby state that, in the opinion of the directors:

- (i) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and the results of the business, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (ii) 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,



Hajime Tsuda
Director



Brendan Wauters
Director

Singapore
26 July 2010

Senoko Power Limited

**Independent Auditors' Report
For the financial year ended 31 March 2010**

To the Member of Senoko Power Limited

We have audited the accompanying financial statements of Senoko Power Limited (the "Company") set out on pages 6 to 46, which comprise the balance sheet as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial 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 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 account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Senoko Power Limited

**Independent Auditors' Report
For the financial year ended 31 March 2010**

To the Member of Senoko Power Limited

Opinion

In our opinion,

- (i) the financial statements 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 Company as at 31 March 2010 and the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
26 July 2010

Senoko Power Limited**Statement of Comprehensive Income for the financial year ended 31 March 2010**

	Note	2010 \$'000	2009 \$'000
Revenue	4	1,195,903	1,947,157
Cost of sales		(1,118,992)	(1,900,402)
Gross profit		76,911	46,755
Other income	5	2,664,524	17,045
Administration expenses		(14,436)	(15,931)
Finance costs	6	(14,004)	(20,350)
Profit before tax	7	2,712,995	27,519
Income tax (expense)/credit	9	(23,217)	6,809
Profit for the financial year		2,689,778	34,328
Other comprehensive income:			
Net change in hedging reserve		99,326	(125,786)
Other comprehensive income for the year, net of tax		99,326	(125,786)
Total comprehensive income for the year		2,789,104	(91,458)
Total comprehensive income attributable to:			
Equity holder of the Company		2,789,104	(91,458)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Senoko Power Limited

Balance Sheet as at 31 March 2010

	Note	2010 \$'000	2009 \$'000
Assets			
Non-current assets			
Property, plant and equipment	11	154	980,543
Club membership, at cost		–	205
Investments in subsidiaries	12	–	@
Other financial assets	13	–	96
Derivatives	14	–	1,992
		154	982,836
Current assets			
Inventories	15	–	71,580
Prepaid operating expenses		–	8,443
Other financial assets	13	–	3,216
Trade and other receivables	16	513,844	224,739
Derivatives	14	–	19,269
Cash and cash equivalents	17	589	71,478
		514,433	398,725
Total assets		514,587	1,381,561
Equity and liabilities			
Current liabilities			
Income tax payable		18,949	10,594
Loans and borrowings	18	–	425,000
Trade and other payables	19	–	144,273
Derivatives	14	–	90,428
		18,949	670,295
Net current assets/(liabilities)		495,484	(271,570)
Non-current liabilities			
Deferred tax liabilities	9	–	95,624
Loans and borrowings	18	–	136,987
Derivatives	14	–	2,121
		–	234,732
Total liabilities		18,949	905,027
Net assets		495,638	476,534
Equity attributable to equity holder of the Company			
Share capital	20	478,000	478,000
Retained earnings		17,638	97,860
Hedging reserve	21	–	(99,326)
		495,638	476,534
Total equity and liabilities		514,587	1,381,561

@ Denotes less than \$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Senoko Power Limited

Statement of Changes in Equity for the financial year ended 31 March 2010

	Note	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Total \$'000
At 1 April 2009		478,000	97,860	(99,326)	476,534
Other comprehensive income	21	–	–	99,326	99,326
Profit for the financial year		–	2,689,778	–	2,689,778
Total comprehensive income for the year		–	2,689,778	99,326	2,789,104
Dividends on ordinary shares	22	–	(2,770,000)	–	(2,770,000)
At 31 March 2010		478,000	17,638	–	495,638
At 1 April 2008		478,000	83,532	26,460	587,992
Other comprehensive income	21	–	–	(125,786)	(125,786)
Profit for the financial year		–	34,328	–	34,328
Total comprehensive income for the year		–	34,328	(125,786)	(91,458)
Dividends on ordinary shares	22	–	(20,000)	–	(20,000)
At 31 March 2009		478,000	97,860	(99,326)	476,534

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Senoko Power Limited

Cash Flow Statement for the year ended 31 March 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Profit before tax		2,712,995	27,519
Adjustments for:			
Amortisation of prepaid fuel toll charges	13	–	1,743
Depreciation of property, plant and equipment	11	61,008	75,307
Loss on disposal of property, plant and equipment		–	407
Gain on disposal of net assets	5	(2,631,317)	–
Gain on derivatives	5	(22,464)	–
Interest income	5	(4,791)	(2,250)
Interest expense	6	14,004	20,350
Net fair value gain on derivatives	7	16	(1,422)
Unrealised exchange (gain)/loss	5	(2,994)	(1,758)
Operating cash flows before changes in working capital		126,457	119,896
Changes in working capital			
Decrease/(increase) in trade and other receivables		(732,887)	40,509
(Increase)/decrease in inventories		8,109	(52,358)
Decrease in other financial assets		7,713	56,647
(Decrease)/increase in trade and other payables		117,460	(90,546)
Total changes in working capital		(599,605)	(45,748)
Cash flows from operations			74,148
Interest received		4,791	2,250
Income tax paid		(10,551)	(30,011)
Net cash flows (used in)/ from operating activities		(478,908)	46,387
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(142,216)	(165,053)
Proceeds from disposal of business to immediate holding company	10	3,678,480	–
Net cash flows from/ (used in) investing activities		3,536,264	(165,053)
Cash flows from financing activities			
Dividends paid on ordinary shares	22	(2,770,000)	(20,000)
Interest paid		(14,004)	(22,750)
Proceeds from loans and borrowings		81,297	561,987
Repayment of short term loan	18	(425,000)	(225,000)
Buyback of bonds		–	(200,000)
Net cash flows (used in)/ from financing activities		(3,127,707)	94,237
Net decrease in cash and cash equivalents		(70,351)	(24,429)
Cash and cash equivalents at 1 April		71,478	96,092
Effect of exchange rate changes on cash and cash equivalents		(538)	(185)
Cash and cash equivalents at 31 March	17	589	71,478

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

1. Corporate information

Senoko Power Limited (the "Company" or "SPL") is a public limited company incorporated in Singapore. The immediate holding company is Senoko Energy Pte Ltd (formerly known as Lion Power Holdings Pte. Ltd.) and the ultimate holding company is Lion Power (2008) Pte. Ltd., both private limited liability companies incorporated in Singapore.

The registered office and principal place of business of the Company is located at 111 Somerset Road, #05-06, Singapore 238164.

The principal activities of the Company are those relating to the generation and sale of electricity. On 13 January 2010, the Company disposed its entire investments in subsidiaries and its entire generation and sale of electricity business to the immediate holding company. The Company has been inactive since then.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Company adopted all the standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Company has elected to present this statement as one single statement.

2.2 **Changes in accounting policies (cont'd)**

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 14 and Note 25 to the financial statements respectively.

2.3 **Standards issued but not yet effective**

The following standards and interpretations, which are relevant to the Company, have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 108 Operating Segments	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 ***Foreign currency transactions***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of comprehensive income.

2.5 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

2.6 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Club membership (lifetime)

Club membership is carried at cost.

2.7 ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) *Financial assets at fair value through profit or loss.*

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

2.8 **Financial assets (cont'd)**

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the statement of comprehensive income. The cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.9 **Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

2.9 ***Impairment of financial assets (cont'd)***

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses in respect of equity instruments are not recognised in the statement of comprehensive income. Reversals of impairment losses on debt instruments are recognised in the statement of comprehensive income if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2.10 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.11 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 ***Prepaid fuel toll charges***

Prepaid fuel toll charges was paid to Power Gas Pte Ltd for the right to use the pipelines and was amortised to the statement of comprehensive income over the period of the gas supply contract of 20 years, based on the minimum purchase quantity specified for each period. On 15 September 2008, the Onshore Transportation Agreement with Power Gas Pte Ltd was terminated.

2.13 **Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 **Financial liabilities**

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

2.15 **Borrowing costs**

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.16 **Employee benefits**

(a) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

2.17 **Leases**

(a) *As lessee*

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(f).

2.18 **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Supply of electricity*

Revenue from the sale of electricity is recognised upon delivery.

(b) *Rendering of services*

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

(c) *Supply of fuel*

Gain on disposal of fuel is recognised upon delivery.

2.18 **Revenue (cont'd)**

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

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

(f) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms.

2.19 **Income taxes**

(a) *Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the statement of comprehensive income except that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) *Deferred tax*

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.19 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the statement of comprehensive income except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.19 **Income taxes (cont'd)**

(c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.20 **Share capital**

Proceeds from issuance of ordinary and preference shares are recognised as share capital in equity.

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

2.21 **Hedge accounting**

The Company applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

2.21 *Hedge accounting (cont'd)*

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts taken to equity are transferred to the statement of comprehensive income when the hedged transaction affects the statement of comprehensive income, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Company has exposure to income taxes in Singapore. Significant judgement is involved in determining the Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's income tax payables and deferred tax liabilities at the balance sheet date was \$18,949,000 (2009: \$10,594,000) and \$Nil (2009: \$95,624,000) respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

(a) *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. 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. The carrying amount of the Company's property, plant and equipment at the balance sheet date is disclosed in Note 11 to the financial statements.

(b) *Impairment of loans and receivables*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivable at the balance sheet date is disclosed in Note 16 to the financial statements.

Senoko Power Limited**Notes to the Financial Statements - 31 March 2010****4. Revenue**

	2010	2009
	\$'000	\$'000
Supply of electricity	<u>1,195,903</u>	<u>1,947,157</u>

5. Other income

	2010	2009
	\$'000	\$'000
Interest income from intercompany	4,783	1,168
Interest income from banks	4	1,075
Interest income on staff loans	4	7
Rental of tanks - intercompany	1,643	-
Gain on disposal of net assets (note 10)	2,631,317	-
Gain on derivatives (note 21)	22,464	-
Gain on disposal of fuel	-	189
Receipt on insurance claim	-	12,350
Translation gain/(loss)	2,994	1,758
Job credit	936	306
Others	379	192
	<u>2,664,524</u>	<u>17,045</u>

6. Finance costs

	2010	2009
	\$'000	\$'000
Interest expense		
- Bonds	-	9,371
- Loans	14,004	9,573
- Interest rate swap (Note 14)	-	1,406
	<u>14,004</u>	<u>20,350</u>

Senoko Power Limited**Notes to the Financial Statements - 31 March 2010**

7. Profit before tax

The following items have been included in arriving at profit before tax:

	2010	2009
	\$'000	\$'000
Amortisation of prepaid fuel toll charges (Note 13 (a))	–	1,743
Cost of inventories recognised as an expense	997,472	1,741,930
Depreciation of property, plant and equipment (Note 11)	61,008	75,307
Loss on disposal of fixed asset	–	407
Operating lease expenses	600	444
Net fair value loss/(gain) on financial derivatives (Note 14)	16	(1,422)
Employee benefits expense (Note 8)	28,483	33,727
Allowance for impairment of trade receivables (Note 16)	1,387	70
	<u>1,387</u>	<u>70</u>

8. Employee benefits expense

	2010	2009
	\$'000	\$'000
Wages and salaries	24,844	29,467
Employer's contribution to defined contribution plans including Central Provident Fund	2,575	2,639
Other short term benefits	1,064	1,621
	<u>28,483</u>	<u>33,727</u>

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

9. Income tax (credit)/expense

(a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 March 2010 and 2009 are:

	Company	
	2010	2009
	\$'000	\$'000
<i>Statement of comprehensive income</i>		
Current income tax		
Current income taxation	24,242	10,195
Overprovision in respect of previous years	(1,516)	(2,679)
	22,726	7,916
Deferred income tax		
Origination and reversal of temporary differences	491	(5,155)
Overprovision in respect of previous years	-	(2,445)
Effect of reduction in tax rate	-	(7,125)
	491	(14,725)
	23,217	(6,809)
<i>Statement of changes in equity</i>		
Deferred income tax related to items charged directly to equity		
- Revaluation of derivatives to fair value (Note 21)	27,988	(26,152)

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

9. Income tax (credit)/expense (cont'd)

(b) Relationship between tax (credit)/expense and accounting profit

The reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2010 and 2009 are as follows:

	Company	
	2010 \$'000	2009 \$'000
Profit before tax	2,712,995	27,519
Tax calculated at a tax rate of 17%	461,209	4,678
Expenses not deductible for tax purposes	10,382	788
Income not taxable for tax purposes	(447,323)	-
Others	491	-
Effect of reduction in tax rate	-	(7,125)
Effect of partial tax exemption	(26)	(26)
Overprovision in respect of previous years	(1,516)	(5,124)
	<u>23,217</u>	<u>(6,809)</u>

(c) Deferred tax

Deferred income tax as at 31 March relates to the following:

	Consolidated balance sheet \$'000	Statement of comprehensive income \$'000	Balance sheet \$'000
2010			
<i>Deferred tax assets</i>	-	-	-
Provisions	-	-	-
Revaluation of derivatives to fair value	-	-	-
	<u>-</u>		<u>-</u>
<i>Deferred tax liabilities</i>			
Differences in depreciation	-	-	-
Others	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax credit		<u>-</u>	

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

9. Income tax (credit)/expense (cont'd)

	Statement of compre- hensive income \$'000	Balance sheet \$'000
2009		
<i>Deferred tax assets</i>		
Provisions	5,778	-
Revaluation of derivatives to fair value		20,342
		<u>20,342</u>
<i>Deferred tax liabilities</i>		
Differences in depreciation	(20,500)	(115,967)
Others	(3)	1
		<u>(115,966)</u>
Deferred income tax credit	<u>(14,725)</u>	

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

	2010 \$'000	2009 \$'000
Deferred tax liabilities	<u>-</u>	<u>95,624</u>

Senoko Power Limited**Notes to the Financial Statements - 31 March 2010**

10. Discontinued operations

On 13 January 2010, the Company disposed its entire investment in subsidiaries and generation and sale of electricity business to its immediate holding company, Senoko Energy Pte Ltd. Subsequent to the disposal, the Company is inactive.

The assets and liabilities directly associated with the disposal group are as follows-

	2010
	\$'000
Assets:	
Property, plant and equipment	1,061,597
Club membership, at cost	205
Investments in subsidiaries	@
Other financial assets	96
Derivatives	33,999
Inventories	63,472
Prepaid operating expenses	2,412
Trade and other receivables	485,107
Cash and cash equivalents	15,710
	<hr/>
	1,662,598
	<hr/>
Liabilities:	
Loans and borrowings	(221,640)
Trade and other payables	(261,733)
Derivatives	(11,785)
Deferred tax liabilities	(120,277)
	<hr/>
	(615,435)
	<hr/>
Net assets disposed	1,047,163
Consideration received	3,678,480
	<hr/>
Gain on disposal of net assets	2,631,317
	<hr/>

Notes to the Financial Statements - 31 March 2010

11. 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
<i>Cost</i>								
At 1 April 2008	75,090	136,109	1,886,880	2,771	6,985	284	22,844	2,130,963
Additions	-	-	710	-	-	-	164,343	165,053
Transfers	-	-	19,929	-	115	21	(20,065)	-
Disposals	-	-	(1,487)	-	-	-	-	(1,487)
At 31 March 2009 and 1 April 2009	75,090	136,109	1,906,032	2,771	7,100	305	167,122	2,294,529
Additions	-	-	31,838	-	637	-	109,741	142,216
Disposals	(74,268)	(136,109)	(1,937,870)	(2,771)	(7,737)	(305)	(279,863)	(2,435,923)
At 31 March 2010	822	-	-	-	-	-	-	822
<i>Accumulated depreciation and impairment loss</i>								
At 1 April 2008	32,771	99,790	1,098,997	2,310	5,696	195	-	1,239,759
Depreciation charge for the year	2,662	4,007	67,969	185	454	30	-	75,307
Disposals	-	-	(1,080)	-	-	-	-	(1,080)
At 31 March 2009 and 1 April 2009	35,433	103,797	1,165,886	2,495	6,150	225	-	1,313,986
Depreciation charge for the year	2,679	3,135	54,639	145	384	26	-	61,008
Disposals	(37,444)	(106,932)	(1,220,525)	(2,640)	(6,534)	(251)	-	(1,374,326)
At 31 March 2010	668	-	-	-	-	-	-	668
<i>Net carrying amount</i>								
At 31 March 2009	39,657	32,312	740,146	276	950	80	167,122	980,543
At 31 March 2010	154	-	-	-	-	-	-	154

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

11. Property, plant and equipment (cont'd)

Capitalisation of borrowing costs

The Company's plant and equipment include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of a plant. During the financial year, the borrowing costs capitalised as cost of plant and equipment amounted to approximately \$2,993,000.

On 13 January 2010, the Company disposed its entire generation and sale of electricity business to its immediate holding company. All property, plant and equipment related to the business with a net book value of \$1,061,597,000 formed part of the disposal group (Note 10).

12. Investments in subsidiaries

		2010 \$'000	2009 \$'000			
Unquoted equity shares, at cost		—	@			
Name	Country of incorporation	Principal activities	Cost		Proportion of ownership interest	
			2010 \$'000	2009 \$'000	2010 %	2009 %
<u>Held by the Company</u>						
* Senoko Energy Supply Pte Ltd	Singapore	Purchase, sale and supply of energy related products	—	@	—	100
* Senoko Services Pte. Ltd.	Singapore	Provision of training and consultancy services in relation to power generation activities	—	@	—	100
* Senoko Gas Supply Pte. Ltd.	Singapore	Provision of gas retail and transportation services	—	@	—	100
** SS Bioethanol International Pte Ltd	Singapore	Investment holding	—	@	—	100

* Audited by Ernst & Young LLP, Singapore

** SS Bioethanol International Pte. Ltd. was liquidated during the year.

@ Denotes less than \$1,000

On 13 January 2010, except for SS Bioethanol International Pte Ltd, which was liquidated, the Company disposed its entire investments in subsidiaries to its immediate holding company, Senoko Energy Pte Ltd.

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

13. Other financial assets

	2010 \$'000	2009 \$'000
<i>Current</i>		
Prepaid fuel toll charges – current portion (Note (a))	–	–
Staff loans – current portion (Note (b))	–	50
Loans receivable	–	1,533
Others	–	1,633
	<u>–</u>	<u>3,216</u>
<i>Non-current</i>		
Staff loans – non-current portion (Note (b))	–	96
	<u>–</u>	<u>96</u>
	<u>–</u>	<u>3,312</u>

	2010 \$'000	2009 \$'000
(a) <i>Prepaid fuel toll charges</i>		
<i>Cost</i>		
At 1 April	–	70,984
Reversal	–	(70,984)
At 31 March	<u>–</u>	<u>–</u>
<i>Accumulated amortisation</i>		
At 1 April	–	(11,094)
Amortisation charge	–	(1,743)
Reversal	–	12,837
At 31 March	<u>–</u>	<u>–</u>
<i>Net carrying amount</i>		
At 31 March	<u>–</u>	<u>–</u>

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

13. Other financial assets (cont'd)

	2010	2009
	\$'000	\$'000
(b) <i>Staff loans</i>		
Not later than one year	–	50
Later than one year but not later than five years	–	96
	<u>–</u>	<u>146</u>

The staff loans are denominated in Singapore Dollars, unsecured, interest-bearing and repayable in accordance with the relevant contracts. During the year, the loans were disposed to the Company's immediate holding company.

The loans receivable are denominated in US Dollars.

14. Derivatives

	2010	2009
	\$'000	\$'000
At 1 April	(71,288)	12,464
Fair value gain/(losses)		
- Included in statement of comprehensive income (Note 6 and 7)		
- Net fair value (loss)/gain on financial derivatives (Note 7)	(16)	1,422
- Interest rate swap (Note 7)	–	(1,406)
- Included in hedging reserve (Note 21)	93,518	(83,768)
Attributable to disposal group (Note 10)	(22,214)	–
At 31 March	<u>–</u>	<u>(71,288)</u>

14. Derivatives (cont'd)

Analysed as:

	Contract/Notional amount		Fair values	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
2009				
Charged to statement of comprehensive income				
- Interest rate swaps (current)	–	200,000	–	1,406
Cash-flow hedges				
- Fuel swaps	–	274,500	–	82,619
- Foreign currency forwards	541,847	56,554	21,261	948
- Interest rate swaps	–	275,383	–	7,576
Total	541,847	806,437	21,261	92,549
Less: Current portion	508,636	775,878	19,269	90,428
Non-current portion	33,211	30,559	1,992	2,121

As at 31 March 2010, the Company does not hold any derivatives as all outstanding fuel swaps, foreign currency forwards and interest rate swaps were disposed to its immediate holding company during the financial year.

As at 31 March 2009, the Company held fuel swaps, foreign currency forwards and interest rate swaps designated as hedges of expected future payments denominated in US Dollars, EURO and CHF. The Company classify its fair value measurement of financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

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

The fair value measurement of the derivatives of the Company is classified under Level 2.

The fuel swaps are used to manage the risk arising from fluctuations in fuel cost. Under the fuel swaps, the Company 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.

14. Derivatives (cont'd)

The foreign currency forwards are used to manage the risk arising from fluctuations in foreign exchange rates. Under the foreign currency forwards, the Company agrees with other parties to exchange, at the maturity date the foreign currency amounts at the agreed exchange rates. The fair value of foreign currency forwards is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The interest rate swaps are used to manage the risk arising from fluctuations in interest rates. Under the interest rate swaps, the Company agrees with other parties to exchange at the maturity date the difference between the fixed interest rates and floating interest rate of the notional amount. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments

These contracts qualify for hedge accounting and changes in the fair value are recognised in the hedging reserve within the equity.

15. Inventories

	2010	2009
	\$'000	\$'000
Fuel	–	68,992
Spare parts and accessories	–	2,588
	<u>–</u>	<u>71,580</u>

16. Trade and other receivables

	2010	2009
	\$'000	\$'000
Trade receivables	–	82,227
Amounts due from:		
- Holding company	513,844	48,005
- Subsidiaries	–	36,766
Advance from a subsidiary	–	57,741
	<u>513,844</u>	<u>224,739</u>
Trade and other receivables	513,844	224,739
Cash and cash equivalents (Note 17)	589	71,478
Other financial assets (Note 13)	–	3,312
	<u>514,433</u>	<u>299,529</u>
Total loans and receivables	514,433	299,529

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

16. Trade and other receivables (cont'd)

The carrying amounts of current trade and other receivables are reasonable approximation of fair values due to their short-term nature.

Trade and other receivables are denominated in Singapore Dollars.

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from holding company, a related company and subsidiaries

Amounts due from holding company, a related company and subsidiaries are unsecured, non-interest bearing and repayable upon demand

Advance from a subsidiary

Advance from a subsidiary is unsecured, interest-bearing and repayable upon demand. The weighted average effective interest rate is Nil (2009:1.42%) per annum.

Trade and other receivables were denominated in the Singapore Dollars.

Receivables that are past due but not impaired

	2010	2009
	\$'000	\$'000
Lesser than 30 days	-	-
30 to 60 days	-	35
	<u>-</u>	<u>35</u>

Senoko Power Limited**Notes to the Financial Statements - 31 March 2010****16. Trade and other receivables (cont'd)**Receivables that are impaired

	2010	2009
	\$'000	\$'000
Trade receivables – nominal amount	–	70
Less: Allowance for impairment	–	(70)
	<u>–</u>	<u>–</u>
 Movement in allowance account:		
At 1 April	70	–
Allowance made (Note 7)	1,387	70
Allowance written off	(1,457)	–
At 31 March	<u>–</u>	<u>70</u>

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. Collateral from these debtors are insufficient to mitigate outstanding balance owing by these debtors.

17. Cash and cash equivalents

	2010	2009
	\$'000	\$'000
Cash at bank and on hand	<u>589</u>	<u>71,478</u>
 Cash and cash equivalents were denominated in the following currencies:		
Singapore dollar	589	3,986
United States dollar	–	55,740
Euros	–	2,140
Japanese Yen	–	9,612
	<u>–</u>	<u>71,478</u>

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

18. Loans and borrowings

	Maturity	2010 \$'000	2009 \$'000
<i>Current</i>			
Bank loan	2010	–	425,000
<i>Non- Current</i>			
Repowering loan	2012	–	136,987

Bank loan

As at 31 March 2009, \$425 million had been drawn down under a Syndicated Loan Facility of \$425 million which matures in March 2010. The loan has been fully repaid in March 2010.

Repowering loan

The repowering loan is procured to fund the repowering of three 250 MW oil-fired Stage II steam plants into two 430MW gas-fired combined cycle plants. As at 31 March 2009, \$136,987,000 had been drawn down under a Syndicated Loan Facility of JPY 67 billion which matures in September 2012.

On 13 January 2010, the loan has been transferred to the Company's immediate holding company as part of the disposal of its generation and sale of electricity business.

19. Trade and other payables

	2010 \$'000	2009 \$'000
Trade payables	–	73,037
Accrued operating expenses	–	68,440
Accrued capital expenditure	–	2,057
Accrued interest payable	–	575
Amounts due to subsidiaries	–	16
Deposits received	–	148
Trade and other payables	–	144,273
Loans and borrowings (Note 18)	–	561,987
Total financial liabilities carried at amortised cost	–	706,260

The carrying amounts of current trade and other payables are reasonable approximation of fair values due to their short-term nature.

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Notes to the Financial Statements - 31 March 2010

19. Trade and other payables (cont'd)

Trade and other payables were denominated in the following currencies:

	2010	2009
	\$'000	\$'000
Singapore Dollar	-	16,890
United States Dollar	-	123,009
Others	-	4,374
	<u>-</u>	<u>144,273</u>

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-day terms.

20. Share capital

	2010	2009
	\$'000	\$'000
Issued and fully paid:		
At beginning and end of financial year		
478,000 ordinary shares	<u>478,000</u>	<u>478,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

21. Hedging reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that is determined to be effective:

	2010	2009
	\$'000	\$'000
At 1 April	(99,326)	26,460
Net gain / (loss) on fair value changes (Note 14)	93,518	(83,768)
Net (loss)/gain on matured derivatives	(4,440)	49,789
Net gain transferred to statement of comprehensive income	(17,740)	(117,959)
Tax effect on cashflow hedge (Note 9)	27,988	26,152
	<u>99,326</u>	<u>(125,786)</u>
At 31 March	<u>-</u>	<u>(99,326)</u>

Senoko Power Limited**Notes to the Financial Statements - 31 March 2010**

22. Dividends

	2010	2009
	\$'000	\$'000
Declared and paid during the financial year:		
Final interim (one-tier) dividend for 2010: 579.5 cents (2009: 4.2 cents) per share	<u>2,770,000</u>	<u>20,000</u>

23. Related party transactions

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

(a) Sales and purchase of goods and services

	2010	2009
	\$'000	\$'000
Contract for differences (CFD) gains paid/payable to a related company	93,610	11,324
Fuel offsite reserve paid to a shareholder of the immediate holding company	288	-
Management fees and service expenses paid/payable to a related company	-	53
Office rental expenses paid/payable to a related company	-	66
Purchase of electricity from a related company	-	6
Purchase of fuel from a related company	-	667,360
Purchase of services from related companies	-	5,152
Support service fees received/receivable from related companies	275	366
Office rental received/receivable from a related company	23	30
Tank leasing expenses received/receivable from a related company	1,643	-
Interest expenses received/receivable from a related company	<u>4,783</u>	<u>1,168</u>

Senoko Power Limited

Notes to the Financial Statements - 31 March 2010

23. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

Key management personnel compensation is analysed as follows:

	Company	
	2010	2009
	\$'000	\$'000
Salaries and other short-term benefits	1,594	2,579
Central Provident Fund contributions	32	57
Termination benefits	259	-
	1,885	2,636
<i>Comprise amounts paid to:</i>		
Directors of the Company	1,126	943
Other key management personnel	759	1,693
	1,885	2,636

24. Commitments

(a) *Capital commitments*

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

	2010	2009
	\$'000	\$'000
Property, plant and equipment	-	852,175

(b) *Operating lease commitments - as lessee*

The Company 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:

	2010	2009
	\$'000	\$'000
Not later than one year	-	212
Between one and five years	-	16
	-	228

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Notes to the Financial Statements - 31 March 2010

24. Commitments (cont'd)

(c) *Operating lease commitments - as lessor*

The Company 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:

	2010	2009
	\$'000	\$'000
Not later than one year	–	47
Between one and five years	–	24
	<u>–</u>	<u>71</u>

25. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Company'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 Company.

On 13 January 2010, the Company disposed its entire generation and sale of electricity business to its immediate holding company. All assets and liabilities in relation to the business form part of the disposal group. The Company has been inactive since then.

(i) *Foreign currency risk*

The Company 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 Company hedges the foreign currency exposure of its capital and major operating expenses.

The currency exposure is as follows:

	SGD	USD	CHF	EUROS	YEN	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 March 2010							
Financial assets							
Cash and cash equivalents (Note 17)	589	–	–	–	–	–	589
Trade and other receivables (Note 16)	513,844	–	–	–	–	–	513,844
Currency exposure	<u>514,433</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>514,433</u>

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Notes to the Financial Statements - 31 March 2010

25. Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

	SGD \$'000	USD \$'000	CHF \$'000	EUROS \$'000	YEN \$'000	Others \$'000	Total \$'000
At 31 March 2009							
Financial assets							
Cash and cash equivalents (Note 17)	3,986	55,740	–	2,140	9,612	–	71,478
Trade and other receivables (Note 16)	224,739	–	–	–	–	–	224,739
Other financial assets (Note 13)	1,779	1,533	–	–	–	–	3,312
	230,504	57,273	–	2,140	9,612	–	299,529
Financial liabilities							
Borrowings (Note 18)	425,000	–	–	–	136,987	–	561,987
Trade and other payables (Note 19)	16,890	123,009	3,815	332	227	–	144,273
	441,890	123,009	3,815	332	137,214	–	706,260
Net financial (liabilities)/assets							
Firm commitments and highly probable forecast transactions in foreign currencies	(176,765)	(345,931)	(33,704)	(56,554)	(513,721)	–	(1,126,675)
Currency forwards	–	502,982	38,865	56,554	–	–	598,401
Currency exposure	(388,151)	91,315	1,346	1,808	(641,323)	–	(935,005)

25. Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

If the foreign currencies change against SGD by 3% with the other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2010		2009	
	Profit after tax \$'000	Equity \$'000	Profit after tax \$'000	Equity \$'000
USD against SGD				
- strengthened	—	—	(1,675)	12,524
- weakened	—	—	1,675	(12,524)
Yen against SGD				
- strengthened	—	—	(3,212)	—
- weakened	—	—	3,212	—

(ii) Price risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Company is exposed to price fluctuations arising from the purchase of fuel stocks. The Company manages such risk using fuel oil swaps where the price of the fuel is indexed to a benchmark fuel price index, for example Singapore High Sulphur Fuel Oil ("HSFO") 180 CST.

As balance sheet date, the Company has disposed its generation and sale of electricity business to its immediate holding company and is not exposed to any market price risk.

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 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 floating rates are linked to prices listed on Platt.

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Notes to the Financial Statements - 31 March 2010

25. Financial risk management objectives and policies (cont'd)

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

	Notional quantity 2010 MT	Notional amount 2010 \$'000	Notional quantity 2009 MT	Notional amount 2009 \$'000
Outstanding fuel swap contracts	—	—	465,900	274,500

If the fuel price change by 13% with the other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2010 \$'000	2009 \$'000
Equity		
- increased by	—	20,704
- decreased by	—	(20,704)

(iii) *Interest rate risks*

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company managed its exposure on interest in interest bearing assets and liabilities by entering into fixed rate interest arrangements, where applicable.

At balance sheet date, the Company has repaid its bank loan and transferred the repowering loan to its immediate holding company. The Company is not exposed to any interest rate risk.

(iv) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company 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 Company has policies that limit the amount of credit exposure to any one financial institution.

(a) 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. Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Company.

25. Financial risk management objectives and policies (cont'd)

(b) Financial assets that are past due and / or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(v) *Liquidity risk*

Liquidity risk is the risk that the Company or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company adopts prudent liquidity risk management by maintaining sufficient cash and funding through its immediate holding company.

26. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide appropriate returns to shareholders and benefits to other stakeholders through pricing its products and services commensurate with the level of risks it is exposed to. The capital structure of the Company comprises of advance from immediate holding company and equity attributable to equity holders of the Company, comprising of issued capital and retained earnings as disclosed in the statement of changes in equity.

27. Comparatives

On 13 January 2010, the Company disposed its entire investments in subsidiaries and accordingly the financial statements are presented for the Company. The holding company prepares consolidated financial statements for the year ended 31 December 2010, which are available for public use.

28. Authorisation of financial statements

The financial statements for the year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 26 July 2010.

