CHARTING THE FUTURE

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EMA ANNUAL REPORT 2010/2011

ABOUT THE ENERGY MARKET AUTHORITY (EMA)

EMA is a statutory board under the Ministry of Trade and Industry. Our main goals are to ensure a reliable and secure energy supply, promote effective competition in the energy market, and develop a dynamic energy sector in Singapore. Through its work, we seek to forge a progressive energy landscape for sustained growth.

Implementing the blueprint for Singapore's energy future takes more than just information on the latest developments and innovations in the global energy arena. It takes foresight and careful planning, and the right people to helm it. And that's exactly what we're about. At the Energy Market Authority, we believe that nothing secures Singapore's energy needs like **Charting the Future**.

OUR VISION

SMART ENERGY, SUSTAINABLE FUTURE

“Smart Energy” describes how we seek to harness, deliver and utilise energy in an innovative and efficient way.

“Sustainable Future” highlights the need to develop robust energy solutions that endure over time.

OUR MISSION

TO FORGE A PROGRESSIVE ENERGY LANDSCAPE FOR SUSTAINED GROWTH

EMA seeks to develop, in partnership with all stakeholders, an energy landscape that is forward-looking, innovative and vibrant. The aim is to create an energy sector that contributes to sustained growth, for the benefit of all Singaporeans.

We will achieve this through:

• A SECURE ENERGY SUPPLY

We operate the power system and promote the safe use of electricity and gas to ensure that the supply of energy is reliable and secure.

• A COMPETITIVE ENERGY MARKET

We promote effective competition with a sound regulatory framework that encourages investment and prevents the exercise of market power.

• A DYNAMIC ENERGY SECTOR

We develop and promote the energy industry, facilitating the efficient use of energy, and supporting R&D efforts to secure our energy future.

• A HIGH PERFORMANCE ORGANISATION

We embrace change and seek continuous improvements in our systems, processes and people.

These four goals reflect the key areas of EMA's work, i.e. system operation, market regulation, industry development and promotion, as well as our own internal drive for organisational excellence.

CHAIRMAN'S MESSAGE

As the primary agency for energy, EMA has been working towards better and more sustainable energy solutions for the nation. The year 2010 has seen good progress towards this goal – our key projects are well under way, and we have taken significant strides to secure Singapore's energy future.

CHAIRMAN'S MESSAGE

SINGAPORE'S ENERGY FUTURE

Our electricity supply is fuelled mainly by natural gas. Securing Singapore's future gas needs is therefore a key priority for EMA. We have expanded the capacity of Singapore's liquefied natural gas (LNG) terminal, with the addition of a third LNG tank. This will also allow us to tap into the global LNG market for business opportunities, and further develop Singapore as a regional hub for LNG.

Singapore is also pushing ahead on initiatives to improve energy efficiency. We have continued to invest in R&D to develop more innovative energy solutions for Singapore. As part of our efforts, the inaugural Smart Energy Challenge was launched, with five Singapore-based projects being awarded a total of up to $10 million. Through this initiative, we hope to support ideas that could improve Singapore's energy resilience and add value to our energy industry.

A COMPETITIVE ENERGY MARKET

In 2010, significant steps were taken to achieve a more efficient and robust energy market.

EMA facilitated new plantings by generation companies to meet Singapore's growing power demand. About 3,000 MW of new generation capacity will be added over the next seven years. We also facilitated the entry of new generation companies. Going forward, EMA will continue to promote competition in different segments of the electricity market.

As Singapore's energy sector expands, it is important for the industry to continually upgrade its manpower resources to support the new developments. EMA has worked with the Singapore Workforce Development Agency (WDA) and the National Trades Union Congress' Employment and Employability Institute to roll out the Workforce Skills Qualification for Energy Utilities Workers. Some 8,000 professionals and technicians in the energy utilities industry are set to benefit from the new framework.

We have also embarked on a manpower landscape study with WDA to better understand the current and future requirements of the energy workforce. These initiatives will enable us to better address the future manpower needs of Singapore's energy industry.

A DYNAMIC ENERGY LANDSCAPE

Last year, EMA launched the Energy Efficiency National Partnership together with the National Environment Agency (NEA) and the Economic Development Board. This was an effort to promote energy efficiency among commercial and residential consumers. We also collaborated with NEA to support the Energy Challenge 2 – a four-part series broadcast on MediaCorp's Channel 8.

Other developments in our energy landscape include the electric vehicle test-bed and the Intelligent Energy System pilot. These projects are part of our efforts to enhance Singapore's profile as a regional hub for testing innovative energy solutions.

EMA successfully organised the third annual Singapore International Energy Week in 2010. Drawing many of the movers and shakers of the community, the event was attended by over 14,000 participants and 450 exhibitors from more than 60 countries.

A HIGH-PERFORMANCE ORGANISATION

EMA has worked effectively as a team to deliver good results last year.

This is reflected in the awards we have received, such as the Smart Electricity Government Award 2010 and the Smart Grid Initiative Award 2011. The two awards recognise our contributions in developing the power and electricity industries in Asia, as well as our efforts to create a conducive environment for the test-bedding of energy technologies.

APPRECIATION

Our achievements would not have been possible without the support of our stakeholders. They include our Board members, industry players and other government agencies. I thank all of them for their invaluable contributions over the past year.

On behalf of EMA, I wish to thank Professor Richard Whish, who stepped down from the EMA Board in March 2011, for his strong support during his term of appointment. We welcome Professor Euston Quah, Head, Division of Economics of the Nanyang Technological University, as a new member to the Board.

I would also like to express my appreciation to Mr Lawrence Wong, who stepped down as the Chief Executive of EMA on 1 April 2011 after two years at the helm. Under his leadership, we put in place several initiatives that have strengthened Singapore's energy sector and enhanced EMA's organisational capabilities.

I am confident that Mr Chee Hong Tat, who has been appointed Chief Executive of EMA in May 2011, will continue the good work and together with the committed team at EMA, bring the organisation to even greater heights as we forge a progressive energy landscape for sustained growth.

MS CHAN LAI FUNG
CHAIRMAN

MEMBERS OF THE BOARD

MS CHAN LAI FUNG
Permanent Secretary
(Finance) (Performance)
Ministry of Finance

MR JOHN TEO WOON KENG
Chief Financial Officer
Singapore Pools (Private) Limited

MR GAN SEOW ANN
President
Singapore Exchange Limited

MR SIMON LAM
Supervisory Board Member
Hertel Group Holdings

MR LEE KOK CHOY
Managing Director
Micron Semiconductor Asia
Private Limited
Fab7 (TECH)

MR LEE ENG BENG
Managing Director
Rajah and Tann Limited
Liability Partnership

MR TANG TUCK WENG
Senior Director
National Climate Change
Secretariat

PROFESSOR EUSTON QUAH
Head, Division of Economics
Nanyang Technological University

MR CHEE HONG TAT
Chief Executive
Energy Market Authority

SENIOR LEADERSHIP TEAM

MR CHEE HONG TAT
Chief Executive

MR YEO YEK SENG
Deputy Chief Executive
Regulation

MR KNG MENG HWEE
Deputy Chief Executive
Power System Operation

DR OW CHEE CHUNG
Assistant Chief Executive
Corporate Services

MR YAP CHIN SIANG
Senior Director
Energy Planning & Development

MR CHONG JOON KWANG
Senior Director
Finance & Administration

MR EAR CHOW FOO
Director
Corporate Development

ORGANISATIONAL STRUCTURE

MR CHEE HONG TAT
Chief Executive

Mr Yeo Yek Seng
Deputy Chief Executive
Regulation Division

- Economic Regulation & Licensing Department
- Electricity Industry Regulation Department

Mr Kng Meng Hwee
Deputy Chief Executive
Power System
Operation Division

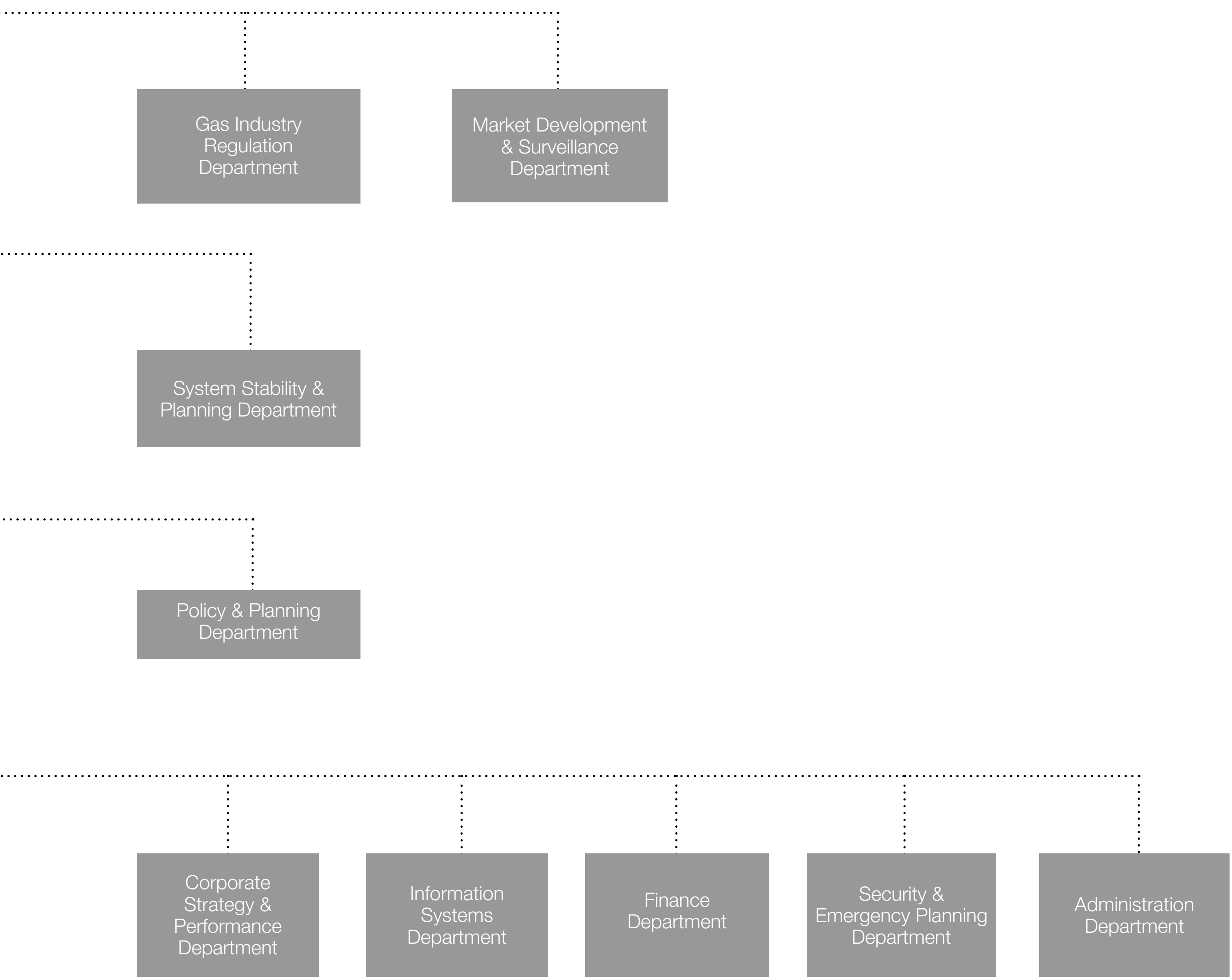
- Energy Management Systems Department
- System Control Department

Mr Yap Chin Siang
Senior Director
Energy Planning &
Development Division

- External Relations Department
- Industry Development Department

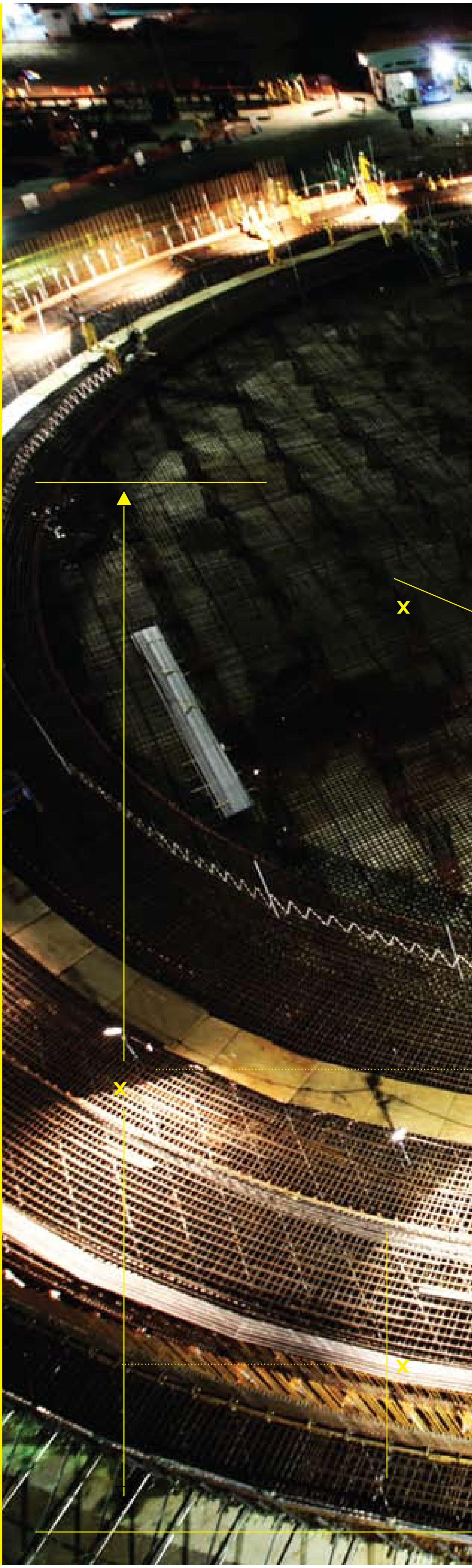
Dr Ow Chee Chung
Assistant Chief Executive
Corporate Services Group

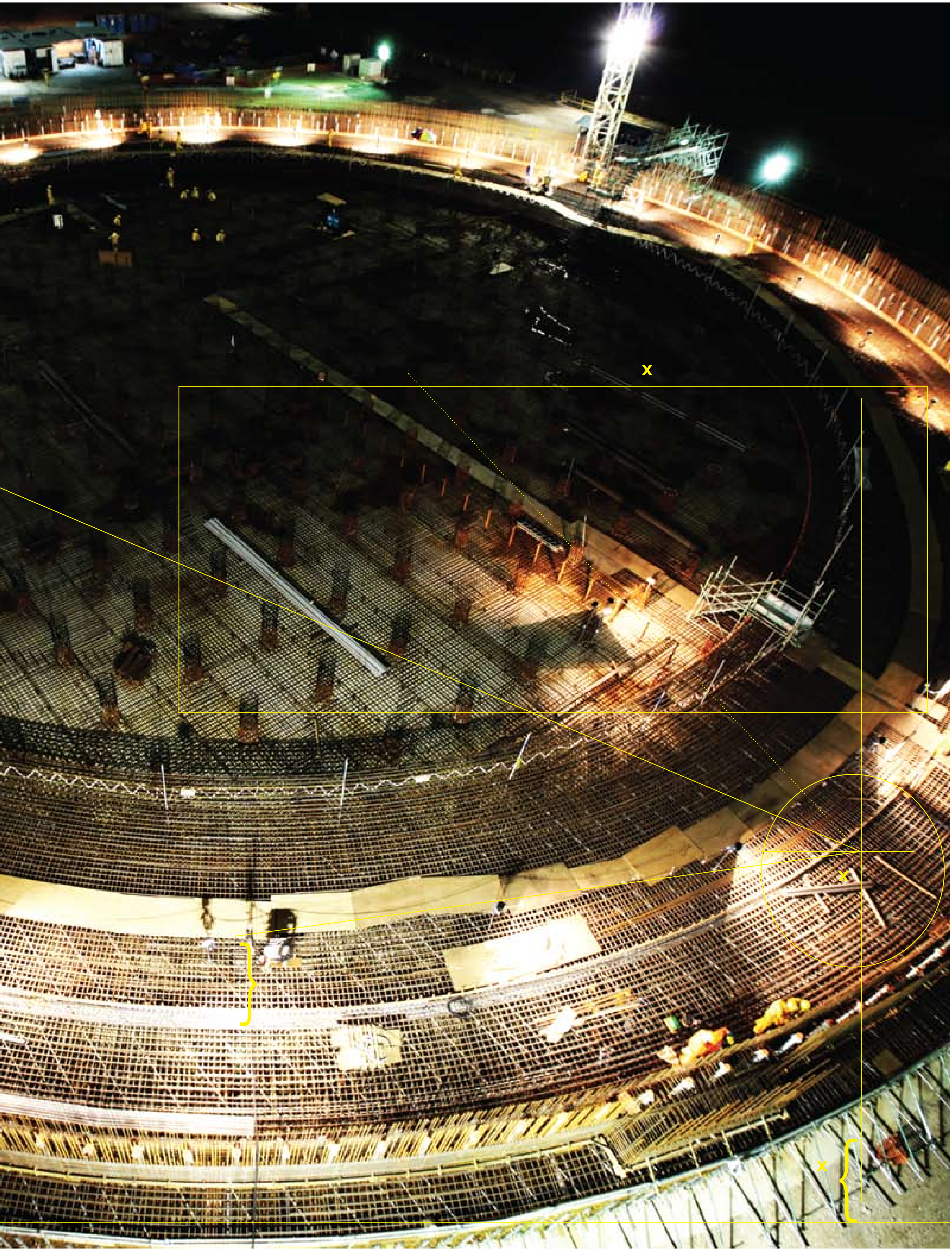
- Corporate Communications Department
- Human Resource Department
- Legal Department


Gas Industry Regulation Department
Market Development & Surveillance Department
System Stability & Planning Department
Policy & Planning Department
Corporate Strategy & Performance Department
Information Systems Department
Finance Department
Security & Emergency Planning Department
Administration Department

SECURING SINGAPORE'S ENERGY FUTURE

A secure energy future for Singapore is vital for the nation's economic progress. This is why we are always planning ahead and exploring new and sustainable solutions to meet Singapore's energy needs.

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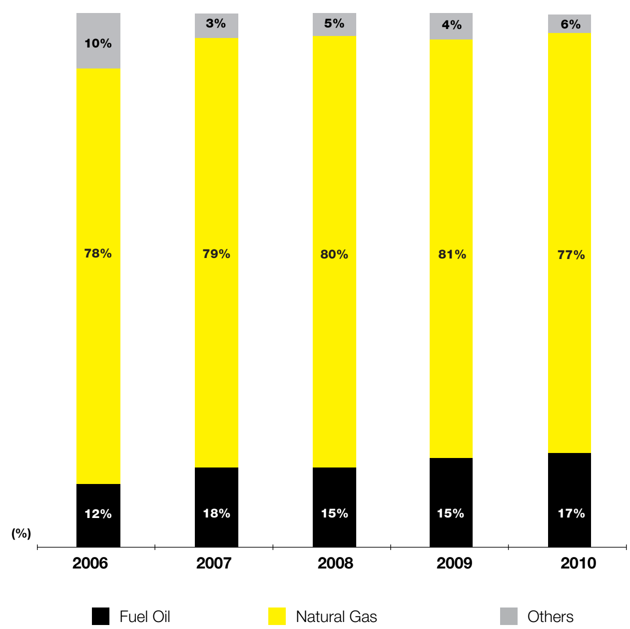
Due to our size and lack of natural resources, Singapore has more than its fair share of energy challenges.

Along with being heavily dependent on imports to meet our energy needs, Singapore has no wind, hydro or geothermal resources, or the land needed to deploy solar power on a significant scale.

This is why Singapore needs innovative, resilient and sustainable energy solutions. At EMA, it is our commitment to realise this, and transform Singapore into a hub for smart energy.

FUEL MIX ELECTRICITY FOR GENERATION



Note: Others consist of orimulsion fuel (no longer available since Oct 2006), synthetic gas, diesel and refuse incineration.

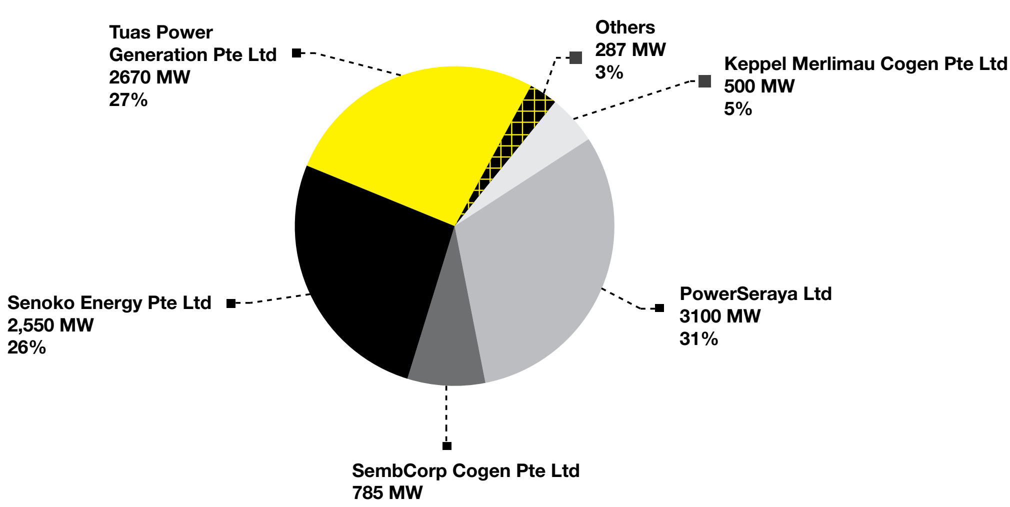
INVESTING IN ENERGY RESEARCH AND DEVELOPMENT

Focusing on projects that are close to deployment and have the potential to provide impactful and tangible results, the inaugural Smart Energy Challenge (SEC) was launched in November 2009 to seek proposals in the following three areas – Power Generation, Energy for Transport and Energy Efficiency for Industry.

Out of more than 80 proposals received, five Singapore-based consortia were eventually selected and awarded a total of up to $10 million in funding in October 2010. The projects include the development of a high-performance battery system for electric vehicles and leveraging the use of information and communications technologies to enhance the existing power grid system.

The five winning projects for the inaugural SEC will harness the developmental capabilities of our institutions and industry players to introduce innovative energy solutions to the market. Through this, we hope to encourage more Singapore-based innovations that will address the nation's energy needs, as well as capture regional and global opportunities.

LICENSED CAPACITY BY GENERATION COMPANIES IN OPERATION



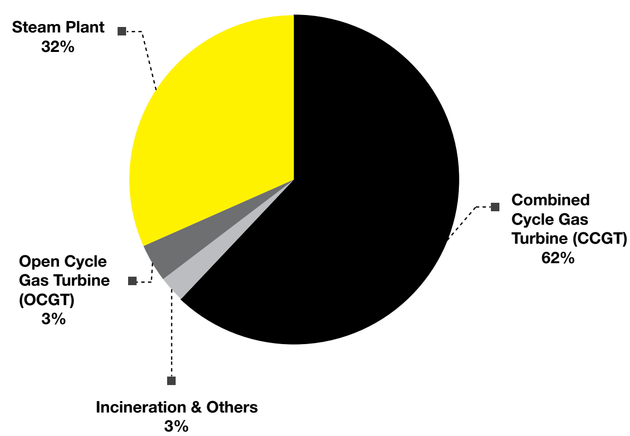
EXPANSION OF THE LIQUEFIED NATURAL GAS (LNG) TERMINAL

Today, about 80% of Singapore's electricity is generated using natural gas from Malaysia and Indonesia. Market liberalisation has led to the rapid replanting of gas-fired combined cycle gas turbines (CCGTs), which have replaced oil-fired steam plants. This has improved our price competitiveness and lowered our carbon intensity.

However, our high level of gas dependency still leaves us vulnerable to price fluctuations and supply disruptions. As such, Singapore is building its first LNG terminal, which will allow us to access LNG from diverse global sources. Besides enhancing Singapore's energy security, the $1.7 billion LNG terminal will also catalyse our potential to become a regional trading hub for LNG.

Construction began in March 2010, and the terminal is scheduled to be completed by the second quarter of 2013. In November 2010, Singapore announced the addition of a third tank to the two currently being built for the LNG terminal. With this third tank, the terminal will have the

LICENSED CAPACITY BY PLANT TYPE IN OPERATION

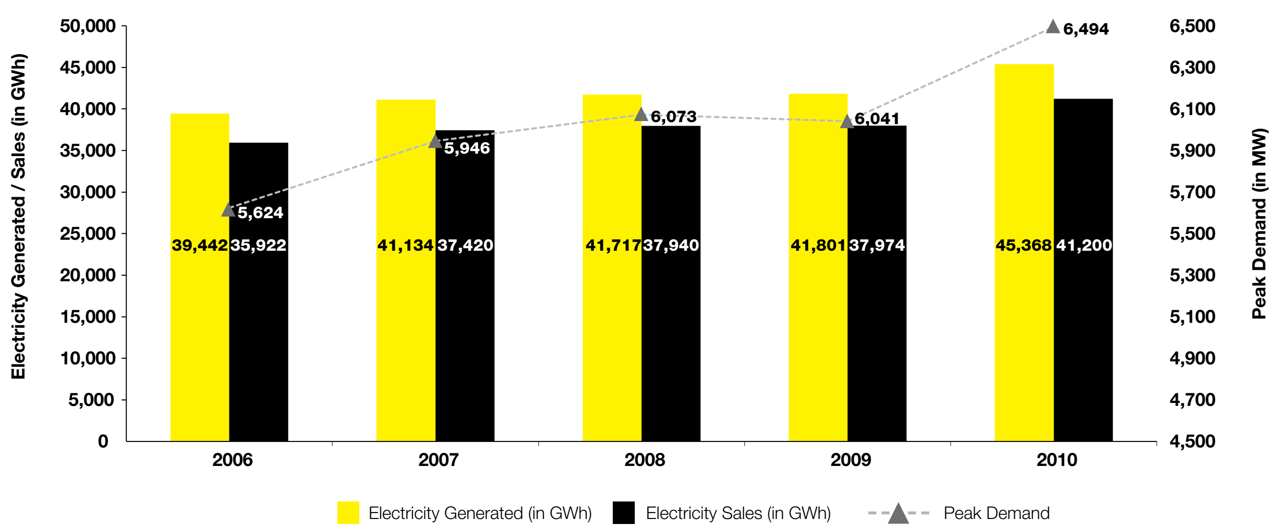


capacity to handle up to six million tonnes per annum (Mtpa) of throughput – an increase from the initial 3.5 Mtpa.

As gas demand is expected to remain strong in the future, the additional storage capacity from the third tank will provide both power generation companies and industrial users with more options to import LNG and manage their fuel requirements, thereby further enhancing Singapore's energy security.

In addition, the third tank is also expected to catalyse new business opportunities that will allow LNG traders to store and re-export LNG cargoes. This is in line with the Government's aspirations to develop Singapore as a hub for LNG trading in Asia, while meeting the growing needs of our domestic market.

ELECTRICITY GENERATED, SALES AND PEAK DEMAND



Note: Electricity generated reflects the gross generation in the system including electricity produced by the embedded generators.

WORKING WITH ASEAN FOR ENERGY SECURITY AND SUSTAINABILITY

Developing Singapore into an energy focal point for the region makes regional cooperation a significant issue. As individual economies face the common challenge of rising oil prices and depleting fossil fuel supplies, this has become increasingly important.

Under the Association of Southeast Asian Nations (ASEAN) framework, member countries in the region have continued to make good progress in the various agreements and dialogues to facilitate energy cooperation.

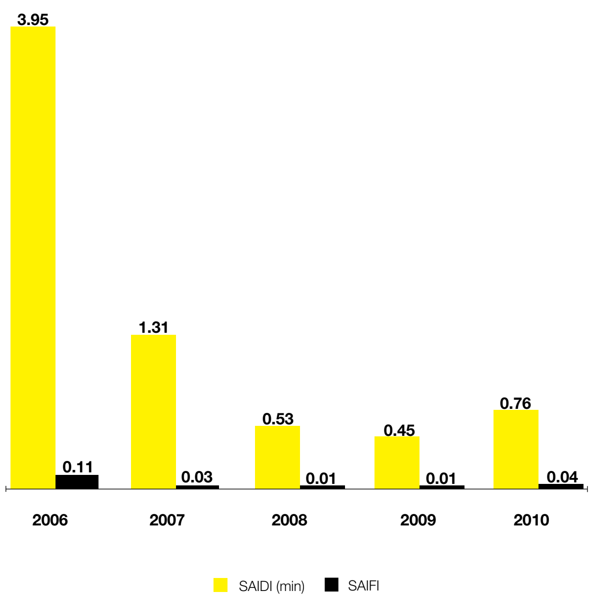
Last year, the various ministers committed to undertake a comprehensive review and enhancement of ASEAN energy cooperation for the first time, since its inception in 1990. Part of this effort involves the evaluation and improvement of ASEAN's regional energy reduction target by the member countries. It also involves deepening ASEAN's cooperation with the International Energy Agency (IEA) and the United National Environmental Programme (UNEP), to profile the region in the international energy arena.

In addition, EMA has continued to pursue its long-term vision of an integrated ASEAN energy market, underpinned by flagship initiatives such as the Trans-ASEAN Gas Pipeline (TAGP) and the ASEAN Power Grid (APG).

Endorsed by ASEAN leaders in October 2010, the 2011-2015 Master Plan on ASEAN Connectivity includes several cross-border gas pipeline and grid interconnection projects spanning the region. These will play a significant role in enhancing regional cooperation.

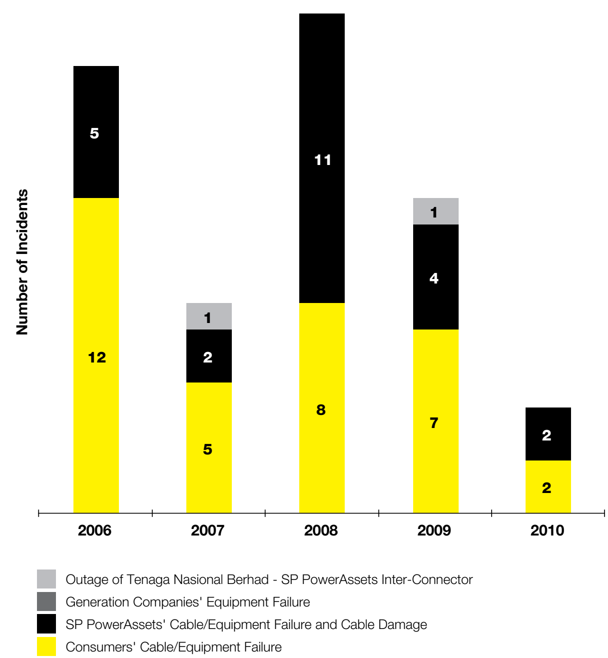
EMA is actively involved under the ASEAN energy track, and is working closely with our ASEAN counterparts towards realising these initiatives. Indeed, they will form the backbone for energy security and sustainability for ASEAN.

SYSTEM PERFORMANCE



Note: SAIDI (System Average Interruption Duration Index) measures the average interruption time per customer in minutes.
SAIFI (System Average Interruption Frequency Index) measures the average number of interruptions per customer.

VOLTAGE DIP INCIDENTS



Note: A voltage dip is a momentary reduction in electricity supply voltage. Voltage dips are generally due to failure of high voltage equipment.

ENSURING A COMPETITIVE ENERGY MARKET

At EMA, we understand that a competitive energy market is imperative for innovation and progress to take place.

Amid volatile and rising global energy prices, a key strategy for Singapore is to ensure that our energy market remains competitive, so as to promote efficient investment decisions and consumption behaviour.

This is why we continue to closely monitor the performance of our energy market and take steps to enhance market competition.

NEW GENERATION PLANTING

EMA has facilitated new plantings by the generation companies to meet growing power demand and enhance competition within the energy market. All five existing generation companies and a new entrant – GMR Energy (Singapore) Pte Ltd, formerly known as Island Power Company – have responded by investing in new CCGTs which will be fuelled by liquefied natural gas (LNG) from 2013 onwards. Altogether, we expect around 3,000 MW of additional CCGT capacity using LNG, which would maintain the competitiveness of electricity prices.

Hence, large electricity consumers now benefit from retail market competition, in terms of competitive electricity prices, improved services and innovative products. Today, around 10,000 large electricity consumers – accounting for 75% of total electricity demand – can already choose to buy their electricity from a range of retailers that offer differentiated price plans.

There is still room to inject more competition within the energy market to enable consumers to benefit from efficiency gains and cost reductions. EMA will provide a conducive environment to encourage more players to enter the market, along with promoting industry innovation through test-bedding projects and programmes.

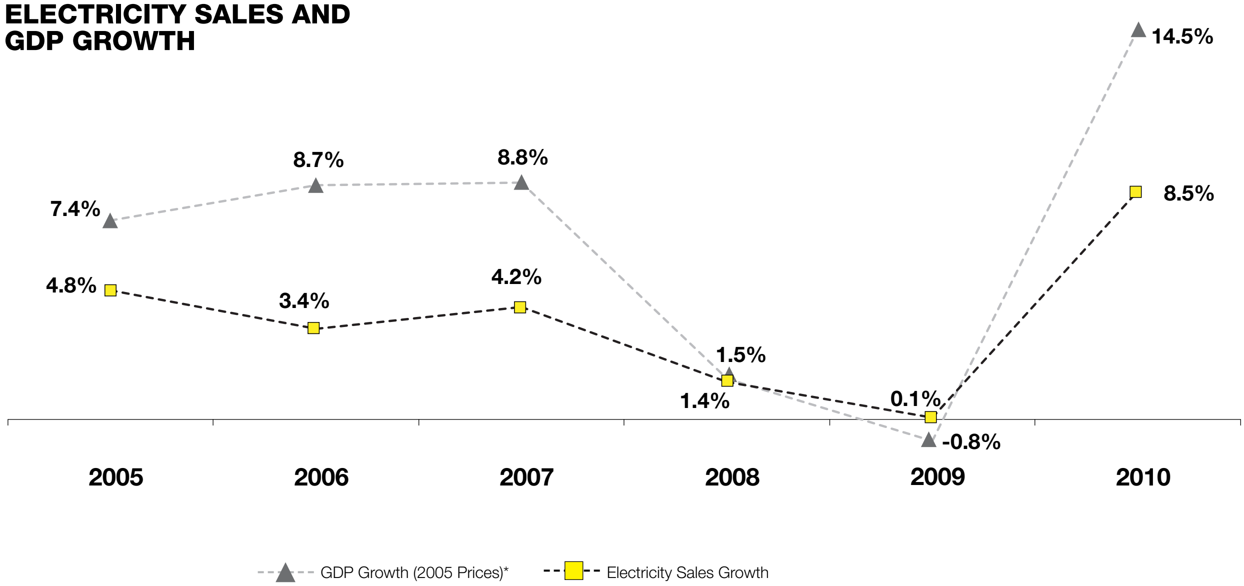
INTELLIGENT ENERGY SYSTEM

We are already seeing improvements and cost reduction in smart metering technology. Smart meters can, for example, work with automation devices to help consumers cut wasteful or unintentional usage, and potentially shift usage patterns to off-peak periods when the electricity price is lower. The information captured in smart meters can also be used to enhance the capabilities and resilience of the power grid.

In view of these potential benefits, we have embarked on a pilot Intelligent Energy System (IES) project to test and evaluate new applications and technologies around a smart grid. If successful, the IES will enable us to develop a plan to roll out the necessary metering infrastructure for households island-wide, and progressively liberalise the retail market.

The pilot will be conducted in two phases. Phase 1 (2010-2012) will focus on the design and implementation of the enabling infrastructure, while Phase 2 (2012-2013) will focus on the smart grid applications. Through a request-for-proposal called in June 2010, we have awarded the project to Accenture Pte Ltd to design and implement Phase 1.

ELECTRICITY SALES AND GDP GROWTH



* Figures retrieved from Singapore Department of Statistics' website.

INVESTING IN MANPOWER

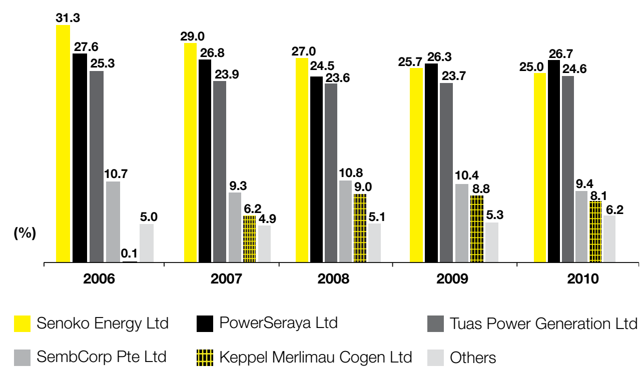
With growing electricity demand and new power plants coming up in the next few years, Singapore will need more skilled workers in the industry. Hence, to develop the energy sector's manpower capabilities, EMA has worked with the Singapore Workforce Development Authority, the Employment and Employability Institute, the Union of Power and Gas Employees and major industry players to introduce the Energy Utilities Workforce Skills Qualification initiative.

The framework, aimed at providing structured training, building new capabilities, creating new learning opportunities and structured progression pathways, will enhance the productivity and performance of the energy utilities workforce.

Currently, workers in the energy sectors are predominantly Singaporean, mature workers, who have been with their respective companies for an average of 10 years or more. Training will help equip them with nationally benchmarked skill-sets, enable them to become more productive and enhance their long-term employability.

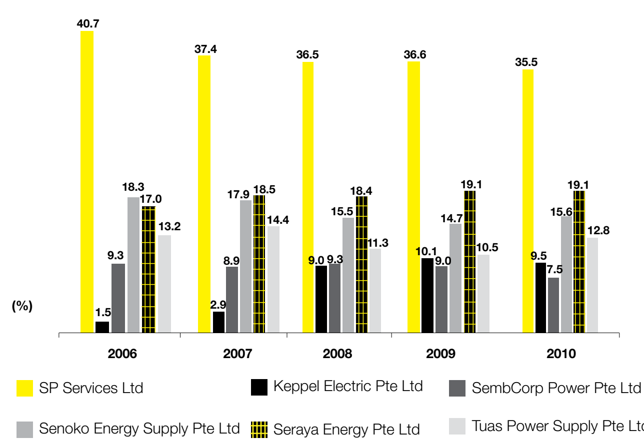
Some 8,000 professionals and technicians in the energy utilities industry are set to benefit from the new framework.

MARKET SHARE OF GENERATION COMPANIES

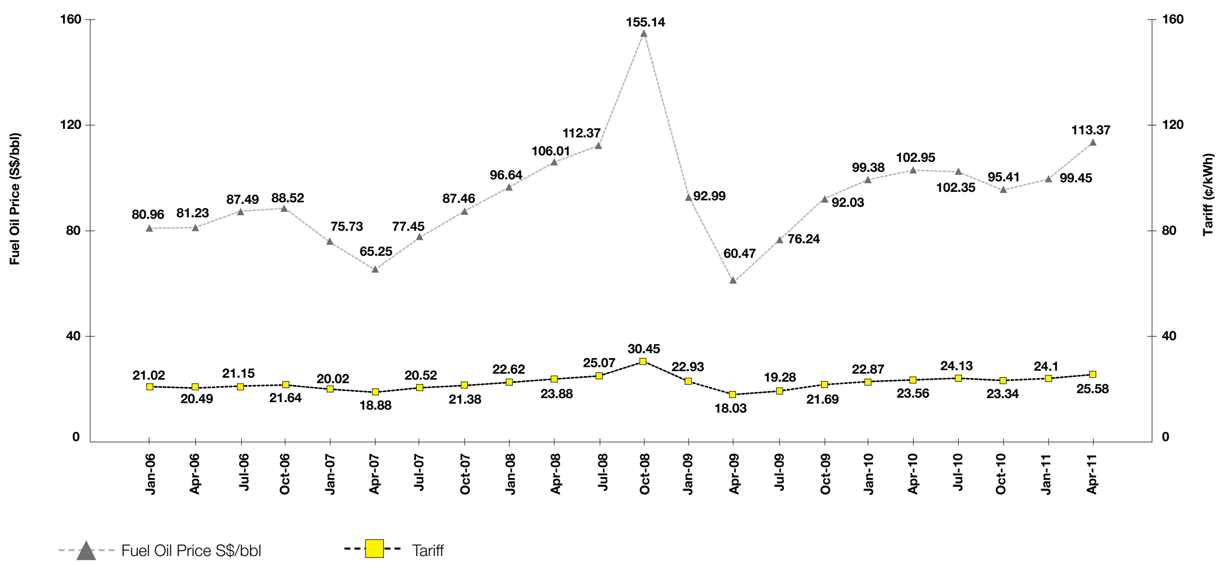


Note : Keppel Merlimau Cogen Pte Ltd started commissioning of its power plant on 30 Oct 06. It commenced commercial operation on 25 Apr 07.

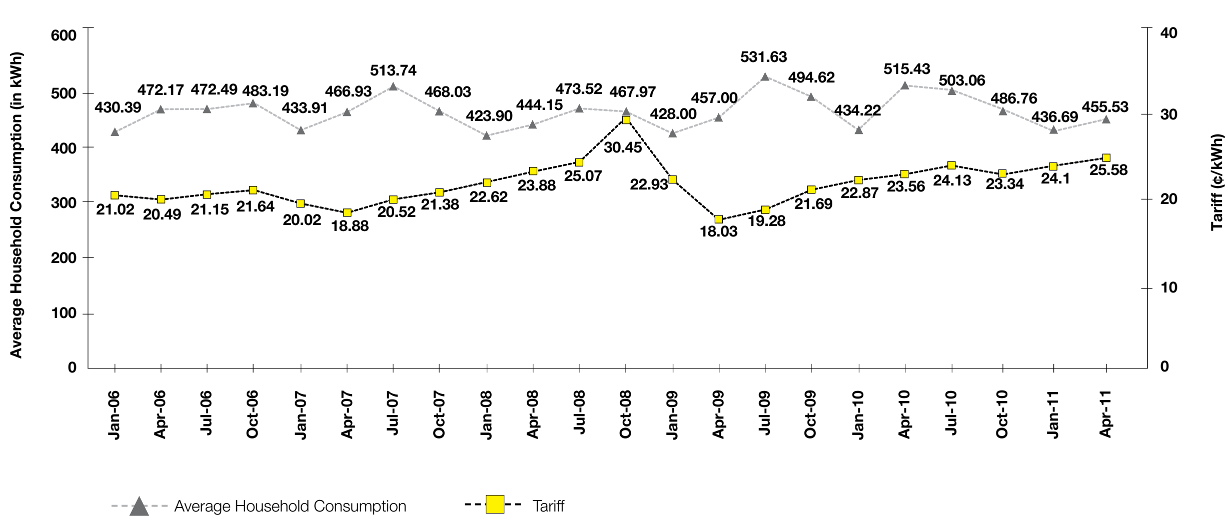
MARKET SHARE OF ELECTRICITY RETAILERS



ELECTRICITY TARIFF VS FUEL OIL PRICE



ELECTRICITY TARIFF VS AVERAGE HOUSEHOLD CONSUMPTION



FOSTERING A DYNAMIC ENERGY LANDSCAPE

Our initiatives and international partnerships are part of our goal to make Singapore a thought leader, not only in the region, but around the world.


PIER 17
electric drive

EMA has launched several initiatives to promote a dynamic energy landscape and showcase Singapore's thought leadership in the international energy arena.

These efforts have helped to spur industry innovation, increase public awareness and establish a global platform for the exchange of ideas and information.

ELECTRIC VEHICLE (EV) TEST-BEDDING

A multi-agency EV Taskforce co-chaired by EMA and the Land Transport Authority (LTA) has been set up to test-bed and provide a cost-benefit and feasibility analysis regarding the adoption of EVs in Singapore.

This project provides an open platform for industry players to test EV prototypes and vehicle-charging technologies in Singapore as well as generate more opportunities for research and innovation, leading to new products and services in the EV value chain that can potentially be exported from Singapore.

To support the EV test-bed, Robert Bosch Pte Ltd was appointed in 2010 as the EV Charging Service Provider. The company will manage all implementation aspects of the EV-charging infrastructural system on behalf of EMA.

Together with the Economic Development Board (EDB) and LTA, EMA has also successfully signed a Cooperative Agreement with Mitsubishi Motors and Cycle & Carriage to deliver up to 25 Mitsubishi i-MiEVs for EV test-bedding purposes, under the enhanced Transport Technology Innovation and Development Scheme (TIDES[1]).

The first batch of EVs and EV-charging stations was launched in June 2011. The EV test-bed will include a data collection process, to provide inputs for the cost-benefit analysis and feasibility analysis.

The EV Taskforce will also continue to engage other EV original equipment manufacturers to bring in other EV models for test-bedding. Daimler South East Asia (SEA), for example, will be bringing in 20 smart electric drive vehicles for the EV test-bed as part of their global programme of testing EVs in real-world conditions in major cities around the world. The Taskforce is also in discussion with Nissan and Renault.

[1]Jointly administered by EDB and LTA, the purpose of TIDES is to support efforts in attracting automotive companies in knowledge-based manufacturing to conduct R&D activities and test-bed their vehicles in Singapore. The new and enhanced TIDES came into effect on 1 July 2010, with a cap of 1,300 vehicles to be released in phases. Under the new TIDES, programmes with new-technology vehicles undergoing R&D and test-bedding in Singapore are granted Certificate of Entitlement (COE), Additional Registration Fee (ARF) and Road Tax exemptions for six years upon approval. Duty exemption permits can also be applied from the Customs & Excise Department.

ENERGY EFFICIENCY NATIONAL PARTNERSHIP (EENP)

Encouraging energy efficiency is another aspect of our work. The EENP, a voluntary partnership launched on 29 April 2010 by the National Environment Agency (NEA), EDB and EMA, is a platform for government agencies to assist companies in improving their energy efficiency and reducing energy wastage.

These measures will enhance the long-term business competitiveness of partner companies and reduce their carbon footprint.

Through the EENP, companies can build their capabilities in energy management and prepare themselves for 2013, when mandatory energy management practices under a proposed Energy Conservation Act come into effect.

At the launch of the EENP, 49 companies agreed to participate in the initiative as Founding Partners. These include 3M Singapore, GlaxoSmithKline, Pfizer Asia Pacific and Shell Eastern Petroleum. As of March 2011, a total of 95 companies have agreed to participate in the EENP, signalling continued support and interest from the industry.

Consisting of three main components – the EENP Learning Network, the EENP Recognition Scheme and the Energy Management Systems, the EENP framework allows for technical workshops and conferences to be held.

One such conference was the inaugural National Energy Efficiency Conference (NEEC), which was held from 24 to 25 May 2011. The conference consisted of plenary discussions and workshops, bringing together policymakers, business leaders and academics. The inaugural EENP Awards was also launched at the NEEC, to acknowledge and recognise EENP members' efforts and commitment in improving energy efficiency.

In support of the 10% Energy Challenge and to raise public awareness of energy efficiency, EMA collaborated with NEA to co-sponsor Energy Challenge 2, a four-part reality-styled television series. Telecast in early 2011, this was the second run of the Channel 8 show.

The series was a wide-reaching platform to educate local households about the importance of using energy efficiently. EMA's "Energy Tips" were highlighted in each episode, explaining how energy is generated, how the electricity tariff is calculated and how licensed electrical workers should be engaged.

THE SINGAPORE INTERNATIONAL ENERGY WEEK (SIEW) 2011

Another wide-reaching platform is the Singapore International Energy Week (SIEW). This annual event, organised by EMA, reinforces Singapore's position as an energy thought leader.

Comprising a comprehensive schedule of conferences, round-table discussions, trade exhibitions and networking sessions, SIEW brings together energy professionals and thought leaders to discuss pertinent energy issues, strategies and solutions.

Since its inaugural run in 2008, SIEW has taken off with considerable momentum, with governments and companies around the world using it as a platform to network and forge new partnerships.

SIEW 2010, which took place from 27 October to 4 November, engaged some 14,000 policymakers, industry leaders and academics on issues centred on the smart energy economy, as well as the corresponding actions needed to build a sustainable future in Asia and the rest of the world.

The participants of SIEW 2010 included Government leaders and energy experts such as Qatar's Deputy Premier Abdullah bin Hamad Al-Attiyah, Saudi Arabia's Petroleum Minister Ali Al-Naimi, Executive Director of the International Energy Agency Nobuo Tanaka and energy ministers from the Asia-Pacific region.

There was also active participation from corporate leaders from premier energy companies, including Shell, Accenture, Panasonic, the Tokyo Electric Power Company and the Renewable Energy Corporation.

SIEW aims to continue being the premier platform for key decision-makers to shift the energy agenda from discussion to action, as Asia looks set to become the world's largest consumer of energy in the future.

This year's SIEW – to be held from 31 October to 4 November – is themed "Securing Our Energy Future". The theme reflects the urgent need to rethink policies to meet growing energy demand, ensure a sustainable energy supply for the future, and tackle the longer-term challenges of climate change.

Strategic discussions at SIEW 2011 will be anchored by the Singapore Energy Lecture and the Singapore Energy Summit, a high-level strategic dialogue featuring panel discussions about "Securing Our Energy Future", "Energy for Smart Communities" and "Power Trends in Southeast Asia". These panel discussions will involve ministers, policymakers and business leaders.

Other major conferences and exhibitions taking place as part of SIEW 2011 include Carbon Forum Asia, Clean Energy Expo Asia, Downstream Asia, EMART Asia, Asia SmartGrid and PV Asia Pacific.

Collectively, these industry-based conferences and exhibitions will address the entire energy value chain – from fossil fuel to renewable energy, and from production to storage to trading.

A HIGH-PERFORMANCE ORGANISATION

Powering the organisational excellence and success of EMA is its people. This is why EMA as an organisation has received accolades from both regional and international energy communities. This recognition acknowledges the dynamic work our people do, and how they contribute to Singapore and its energy landscape.

EMA received several accolades from the global community, testament to the strong team that works tirelessly to keep Singapore's lights on.

After winning the Smart Electricity Government Award at the Annual Power & Electricity Awards in April last year, EMA bagged the Smart Grid Initiative Award in March 2011. This latest award is in recognition of EMA's leadership and initiative to adopt and deploy smart electricity.

While we work to keep the lights on for Singapore, EMA also does its part for the environment. We have adopted a multi-pronged approach targeted at promoting environmentally friendly habits – by focusing on both hardware and "software". Our efforts at using energy-efficient hardware include installing LED lighting and motion sensors in the common areas, reducing the number of light fittings and installing water-efficient taps.

Softer efforts to build and sustain our environmental awareness saving practices include the promotion of recycling efforts and visits to the Building and Construction Authority's (BCA) Zero-Energy Building and the Pulau Semakau Landfill. For our efforts, EMA obtained the Singapore Environment Council's Eco-Office label and was awarded Gold in the BCA Green Mark Scheme this year.

While our efforts are recognised externally, EMA also recognises outstanding individuals whom have made an impact within the organisation.

The EMA Service Award was launched this year to reward staff whom have displayed the EMA service values of Caring, Innovation and Teamwork. Many nominations were received as we took the opportunity to acknowledge the good service provided by colleagues. After a rigorous round of judging, six winners were presented with the EMA Service Award at EMA's annual Dinner and Dance in March 2011.

The event, which took place at the historic St James Power Station, was a chance for staff to celebrate the year's achievements. EMA also invited Bass Fliquez, a hip-hop dance group from our adopted charity, Beyond Social Services, to join our festivities that night. They showed off their moves in a rousing dance routine. Including the generous donations by our staff that night, EMA raised $10,500 for Beyond Social Services.

PERFORMANCE OF PUBLIC LICENSEES (2010)

Service dimension	Service indicator	Responsibility of	Service standard	Performance / (Target) %	
Availability of Supply	a) Minimum duration of notice of interruption of electricity or piped gas supply	SP PowerAssets Ltd	7 consecutive days	100.00	(≥95)
		PowerGas Ltd	2 working days	100.00	(≥95)
	b) Time taken to restore gas supply after an unplanned interruption in the gas distribution network	PowerGas Ltd	24 hours	100.00	(≥95)
	c) Time taken to restore supply for each power failure due to failure of, damage to, or operation of equipment or cables rated at 22kV and below	SP PowerAssets Ltd	3 hours	100.00	(=100)
		SP PowerAssets Ltd	Exceeds 2 hours but does not exceed 3 hours	0.62	(≤10)
Quality of Supply	a) Time taken to rectify voltage complaint or limit violation	SP PowerAssets Ltd	2 consecutive days	100.00	(≥95)
	b) Time taken to correct voltage complaint which requires network reinforcement	SP PowerAssets Ltd	6 months	No Complaint	(≥99)
Gas Emergency	a) Time taken to respond to reported piped gas leakages	PowerGas Ltd	1 hour	100.00	(=100)
Providing Supply	a) Time taken to process electricity supply application and to reply to applicant	SP Services Ltd	14 days	98.71	(≥85)
	b) Time taken to implement electrification scheme requiring new substations after take-over of substation (up to 22kV)	SP PowerAssets Ltd	10 weeks	99.50	(≥90)
	c) Time taken to implement service connection requiring cable installation work after premises to be supplied is ready to receive cable	SP PowerAssets Ltd	6 weeks	100.00	(≥90)
	d) Lead time taken to inspect large electrical installation (supply capacity greater than 45kVA) and turn-on electricity supply upon request	SP Services Ltd	7 days	100.00	(≥90)
	e) Lead time taken to test small electrical installation (supply capacity less than or equal to 45kVA) and turn-on electricity supply upon request	SP Services Ltd	10 days	100.00	(≥90)

Service Dimension	Service Indicator	Responsibility of	Service Standard	Performance / (Target) %	
Providing Supply (cont'd)	f) Time taken to inspect pre-tested electrical installation and turn-on electricity supply upon request after opening of account	SP Services Ltd	3 days	100.00	(≥98)
	g) Waiting time at site for appointment to turn-on or cut-off electricity or piped gas supply	SP Services Ltd	1.5 hours	100.00	(≥90)
		City Gas Pte Ltd	2 hours	99.20	(≥95)
	h) Time taken to process and approve submission of plans for application of gas supply	City Gas Pte Ltd	2 weeks	94.90	(≥90)
	i) Time taken to process an application for connection to the gas distribution network and to reply to the applicant	PowerGas Ltd	2 weeks	97.90	(≥90)
	j) Time taken to carry out piped gas service connection from the date when customer's premises is ready to receive connection and where the premises is within piped distribution network	PowerGas Ltd	6 weeks	100.00	(≥90)
Customer Contact	a) Time taken to reply to written enquiry or complaint	SP PowerAssets Ltd	7 working days	100.00	(≥95)
		City Gas Pte Ltd	7 working days	100.00	(≥95)
		PowerGas Ltd	7 working days	100.00	(≥95)
		SP Services Ltd	7 working days	99.78	(≥95)
	b) Queuing time at customer service counter (enquiries and opening/closing of accounts)	SP Services Ltd	20 minutes	99.42	(≥90)
	c) Time taken by customer service officer to pick up ringing telephone	SP Services Ltd	30 seconds	90.28	(≥90)
Metering Services	a) Time taken to attend to meter problem upon notification	SP PowerAssets Ltd	8 days	100.00	(≥95)
	Time taken to attend to metering disputes at site upon notification	SP Services Ltd	8 days	100.00	(≥95)
	b) Time taken to respond (make appointment, visit or reply) to metering problem or dispute upon notification	PowerGas Ltd	5 working days	100.00	(≥95)
	Time taken to respond (make appointment or reply) to meter reading issues upon notification	SP Services Ltd	5 working days	100.00	(≥95)
	c) Time interval between successive reading of billing meter(s)	SP Services Ltd	Once in 2 months	100.00	(≥95)

FINANCIAL HIGHLIGHTS

The Authority achieved surplus of $0.224 million while the Group's total surplus was $1.226 million for the year. This is lower than the previous year's surplus of $8.185 million and $9.912 million respectively. Total operating income for the Group was 1.1% higher at $73.025 million, while operating expenses (excluding finance expenses) increased by 15.0% to $75.319 million.

CAPITAL EXPENDITURE

Capital expenditure incurred for the Group was $7.010 million. This included $4.159 million spent by subsidiary mainly on the enhancement of computer systems, $2.378 million on enhancements to the Authority's Information Systems, $0.124 million regulatory works, $0.349 million for office renovation and other purchases of furniture and fittings, computer software and office equipment.

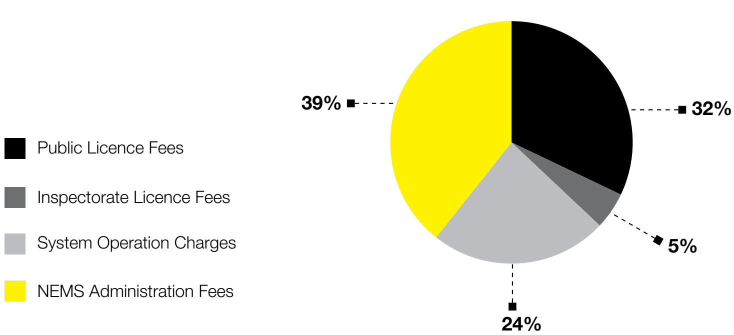
FINANCIAL RESULTS

	Group		Authority	
	FY2010/11 S$m	**FY2009/10** S$m	**FY2010/11** S$m	**FY2009/10** S$m
Operating revenue	73.025	72.199	46.572	46.046
Operating expenses	75.319	65.493	52.925	44.291
Operating surplus/(deficit)	**(2.294)**	**6.706**	**(6.353)**	**1.755**
Government grant	3.148	3.566	3.148	3.566
Non-operating revenue	1.153	2.240	3.477	4.543
Finance expenses	13	40	-	-
Surplus before contribution to GCF and income tax	**1.994**	**12.472**	**0.272**	**9.864**
Contribution to GCF/Income tax	0.768	2.560	0.048	1.679
Surplus after GCF, income tax (including non-controlling interests)	**1.226**	**9.912**	**0.224**	**8.185**

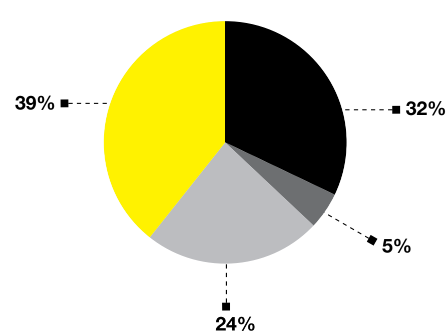
OPERATING REVENUE

Operating revenue for the year totaled $73.025 million. The breakdown is shown below:

	Group		Authority	
	FY2010/11 S$m	FY2009/10 S$m	FY2010/11 S$m	FY2009/10 S$m
Regulatory fees				
- Public licence fees	23.431	23.174	25.691	25.434
- Inspectorate licence fees	3.605	3.465	3.605	3.465
Systems operation charges	17.276	17.147	17.276	17.147
NEMS administration fees	28.713	28.413	-	-
Total operating revenue	**73.025**	**72.199**	**46.572**	**46.046**



Group FY2010/11

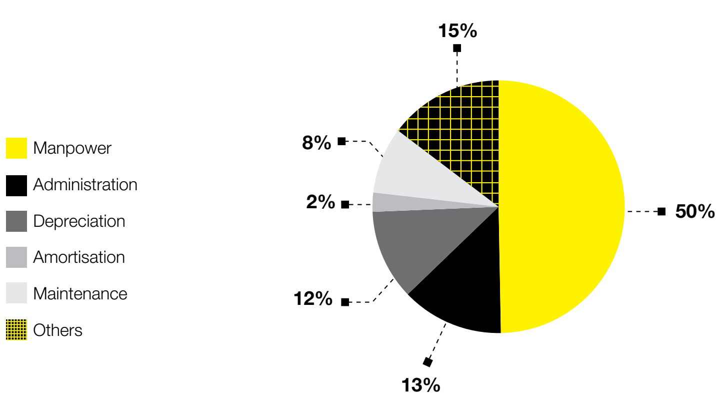


Group FY2009/10

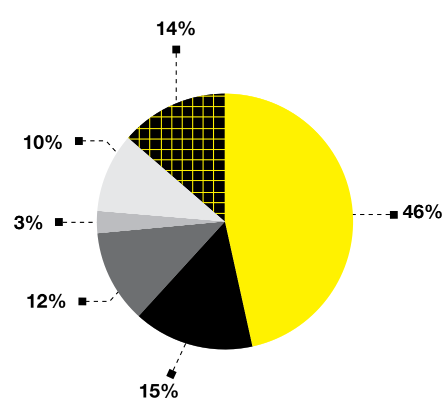
OPERATING EXPENSES

Operating expenses for the year were $75.319 million and $52.925 million for the Group and Authority respectively.

	Group		Authority	
	FY2010/11 S$m	FY2009/10 S$m	FY2010/11 S$m	FY2009/10 S$m
Manpower	37.442	30.487	29.502	22.774
Administration	9.867	9.966	6.331	6.644
Depreciation	8.702	7.700	3.181	3.017
Amortisation	1.838	1.832	0.534	0.528
Maintenance	6.405	6.571	3.156	3.279
Others	11.065	8.937	10.221	8.049
Total operating expenses	75.319	65.493	52.925	44.291



Group FY2010/11



Group FY2009/10

FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

Members of the Authority
Energy Market Authority of Singapore

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Energy Market Authority of Singapore (the Authority) and its subsidiary (the Group), which comprise the balance sheets of the Group and the Authority as at 31 March 2011, the statements of comprehensive income and statements of changes in equity of the Group and of the Authority and the statements of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 85.

Management's responsibility for the financial statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Energy Market Authority of Singapore Act, Chapter 92B (the "Act") and Statutory Board Financial Reporting Standards prescribed by the Accountant-General.

Management has acknowledged that its responsibility includes: devising and maintaining a system of internal 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 to maintain accountability of assets

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(a) the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards prescribed by the Accountant-General to give a true and fair view of the state of affairs of the Group and of the Authority as at 31 March 2011 and the results and changes in equity of the Group and of the Authority, and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Authority have been properly kept in accordance with the provisions of the Act.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investments of monies and the acquisition and disposal of assets by the Authority during the financial year have not been in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2011

Group	Note	2010/11 $'000	2009/10 $'000
Operating revenue	5	73,025	72,199
Operating expenses	5	(75,319)	(65,493)
Operating (deficit)/surplus		(2,294)	6,706
Government grant	5	3,148	3,566
Operating surplus after grant		854	10,272
Non-operating revenue	6	1,153	2,240
Finance expenses	5	(13)	(40)
Surplus before contribution to Government Consolidated Fund (GCF) and income tax		1,994	12,472
Contribution to GCF	7	(48)	(1,679)
Income tax	8	(720)	(881)
		(768)	(2,560)
Surplus for the year		1,226	9,912
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,226	9,912
Attributable to:			
The Authority		(514)	7,816
Non-controlling interests		1,740	2,096
		1,226	9,912

The financial statements as set out on pages 49 to 85 have been authorised for issue by the Authority.

MS CHAN LAI FUNG
CHAIRMAN

CHEE HONG TAT
CHIEF EXECUTIVE

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2011

Authority	**Note**	**2010/11 General Funds $'000**	**2010/11 Specific Funds $'000**	**2010/11 Total $'000**	**2009/10 General Funds $'000**	**2009/10 Specific Funds $'000**	**2009/10 Total $'000**
Operating revenue	5	46,572	-	46,572	46,046	-	46,046
Operating expenses	5	(52,756)	(169)	(52,925)	(44,291)	-	(44,291)
Operating (deficit)/surplus		(6,184)	(169)	(6,353)	1,755	-	1,755
Government grant	5	3,148	-	3,148	3,566	-	3,566
Operating (deficit)/surplus after grant		(3,036)	(169)	(3,205)	5,321	-	5,321
Non-operating revenue	6	3,477	-	3,477	4,543	-	4,543
Surplus/(deficit) before contribution to Government Consolidated Fund (GCF)		441	(169)	272	9,864	-	9,864
Contribution to GCF		(48)	-	(48)	(1,679)	-	(1,679)
Surplus/(deficit) for the year		393	(169)	224	8,185	-	8,185
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		393	(169)	224	8,185	-	8,185

BALANCE SHEETS

AS AT 31 MARCH 2011

		Group		Authority	
	Note	**2010/11 $'000**	**2009/10 $'000**	**2010/11 $'000**	**2009/10 $'000**
Capital account	9	84,892	84,892	84,892	84,892
Specific Funds	4,18	29,831	30,000	29,831	30,000
Accumulated Surplus		54,456	57,690	52,206	54,702
		169,179	172,582	166,929	169,594
Non-controlling interests		4,563	5,273	-	-
Total equity		173,742	177,855	166,929	169,594
Represented by:					
Non-current assets					
Fixed assets	10	17,445	19,285	8,835	9,290
Intangible assets	11	4,140	5,854	1,859	2,269
Investment in subsidiary	12	-	-	2,550	2,550
Other non-current assets	13	35	51	-	-
Loan receivable	24	286,667	210,000	286,667	210,000
Interest receivable	25	10,959	1,484	10,959	1,484
		319,246	236,674	310,870	225,593
Current assets					
Other receivables and prepayments	14	40,532	41,110	38,113	38,894
Cash and receivables under NEMS	26	188,576	185,300	-	-
Cash and cash equivalents	15	128,132	132,738	124,592	127,312
		357,240	359,148	162,705	166,206
Current liabilities					
Other payables	16	(13,542)	(14,198)	(8,972)	(8,382)
Payables under NEMS	26	(188,576)	(185,300)	-	-
Payable to EVS Fund	17	-	(660)	-	(660)
Provision for contribution to Government Consolidated Fund		(48)	(1,679)	(48)	(1,679)
Income tax payable		(1,158)	(1,118)	-	-
		(203,324)	(202,955)	(9,020)	(10,721)
Net current assets		153,916	156,193	153,685	155,485
Non-current liabilities					
Deferred tax liabilities	19	(1,794)	(2,212)	-	-
Bank loan	20	-	(1,316)	-	-
Loan payable	24	(286,667)	(210,000)	(286,667)	(210,000)
Interest payable	25	(10,959)	(1,484)	(10,959)	(1,484)
		(299,420)	(215,012)	(297,626)	(211,484)
		173,742	177,855	166,929	169,594

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2011

Group	Attributable to Authority					
	Capital account $'000	Specific Funds $'000	Accumulated Surplus $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2009	84,892	30,000	52,598	167,490	5,627	173,117
Total comprehensive income for the year						
Profit for the year	-	-	7,816	7,816	2,096	9,912
Total comprehensive income for the year	-	-	7,816	7,816	2,096	9,912
Contributions by and distributions to owners of the Company						
Dividend paid to the Government	-	-	(2,724)	(2,724)	-	(2,724)
Dividends paid to non-controlling interests	-	-	-	-	(2,450)	(2,450)
Total transactions with owners of the Company	-	-	(2,724)	(2,724)	(2,450)	(5,174)
At 31 March 2010	84,892	30,000	57,690	172,582	5,273	177,855
At 1 April 2010	84,892	30,000	57,690	172,582	5,273	177,855
Total comprehensive income for the year						
(Loss)/profit for the year	-	(169)	(345)	(514)	1,740	1,226
Total comprehensive income for the year	-	(169)	(345)	(514)	1,740	1,226
Contributions by and distributions to owners of the Company						
Dividend paid to the Government	-	-	(2,889)	(2,889)	-	(2,889)
Dividends paid to non-controlling interest	-	-	-	-	(2,450)	(2,450)
Total transactions with owners of the Company	-	-	(2,889)	(2,889)	(2,450)	(5,339)
At 31 March 2011	84,892	29,831	54,456	169,179	4,563	173,742

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2011

Authority	**Capital account**	**Specific Funds**	**Accumulated Surplus**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April 2009	84,892	30,000	49,241	164,133
Total comprehensive income for the year				
Profit for the year	-	-	8,185	8,185
Total comprehensive income for the year	-	-	8,185	8,185
Contributions by and distributions to owners of the Company				
Dividend paid to the Government	-	-	(2,724)	(2,724)
Total transactions with owners of the Company	-	-	(2,724)	(2,724)
At 31 March 2010	84,892	30,000	54,702	169,594
At 1 April 2010	84,892	30,000	54,702	169,594
Total comprehensive income for the year				
(Loss)/profit for the year	-	(169)	393	224
Total comprehensive income for the year	-	(169)	393	224
Contributions by and distributions to owners of the Company				
Dividend paid to the Government	-	-	(2,889)	(2,889)
Total transactions with owners of the Company	-	-	(2,889)	(2,889)
At 31 March 2011	84,892	29,831	52,206	166,929

CONSOLIDATED STATEMENT OF CASH FLOW

YEAR ENDED 31 MARCH 2011

	Note	Group	
		2010/11	**2009/10**
		$'000	**$'000**
Cash flows from operating activities			
Surplus before contribution to Government Consolidated Fund and income tax		1,994	12,472
Adjustments for:			
Depreciation of fixed assets		8,702	7,700
Amortisation of intangible assets		1,838	1,832
(Gain)/loss on disposal of fixed assets		(13)	24
Grants from the Government		(3,148)	(3,566)
Interest income		(587)	(899)
Interest expense		13	40
Operating surplus before working capital changes		8,799	17,603
Changes in working capital:			
Other receivables		308	(866)
NEMS receivables		(3,276)	(492)
NEMS payables		3,276	492
Other payables		368	(48)
Cash generated from operations		9,475	16,689
Tax paid by subsidiary		(1,098)	(971)
Payment to Government Consolidated Fund		(1,679)	(2,415)
Net cash flows from operating activities		6,698	13,303
Cash flows from investing activities			
Purchase of fixed assets		(6,698)	(7,267)
Expenditure on intangible assets		(254)	(211)
Proceeds from disposal of fixed assets		37	5
Interest income received from bank deposits		581	1,171
Net cash used in investing activities		(6,334)	(6,302)
Cash flows from financing activities			
Payment of dividend to the Government		(2,889)	(2,724)
Grants received from the Government		3,411	3,267
Dividends paid by subsidiary to non-controlling interest		(2,450)	(2,450)
Interest paid on bank borrowings		(13)	(40)
Repayment of bank borrowings		(2,369)	(1,052)
Net cash used in financing activities		(4,310)	(2,999)
Net (decrease)/increase in cash and cash equivalents		(3,946)	4,002
Cash and cash equivalents at 1 April		132,078	128,076
Cash and cash equivalents at 31 March	15	128,132	132,078

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1 DOMICILE AND ACTIVITIES

Energy Market Authority of Singapore (the "Authority") is a statutory board established in the Republic of Singapore under the Energy Market Authority of Singapore Act (Chapter 92B) and has its registered office at 991G Alexandra Road, #01-29, Singapore 119975.

The principal activities of the Authority are to create and regulate a competitive market framework for the electricity and gas industries as well as district cooling in designated areas. It also undertakes the system operation function of the electricity industry and energy development of Singapore.

The principal activity of the subsidiary, Energy Market Company Pte Ltd ("EMC") is that of administration and operation of the National Electricity Market of Singapore ("NEMS").

EMC was issued with a Market Operator's licence (Licence No. EMA/MC/001) by the Energy Market Authority of Singapore on 16 September 2002 to administer and operate, for an initial period of 10 years from 1 January 2003, the launch date of NEMS. The NEMS is governed by the Singapore Electricity Market Rules.

The consolidated financial statements relate to the Authority and its subsidiary (together referred to as the "Group").

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the applicable requirements of the EMA Act and Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at fair value.

2.3 Functional currency

The financial statements are presented in Singapore dollars (S$), which is the Authority's functional currency. All financial information presented in Singapore dollar has been rounded to the nearest thousand (S$'000), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with SB-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 in an ongoing basis. Revision concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) 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:

Useful lives of intangible assets

The cost of intangibles assets is amortised on a straight-line basis over their useful lives which are estimated by the management to be 5 to 10 years. This is based on the estimated economic useful lives and market licence period. The carrying amount of the Group's intangible assets as at 31 March 2011 was $4,140,000 (FY2009/10: $5,854,000). Changes in the market rules and operating environment could impact the economic useful life of these assets. Therefore, future amortisation charges could be revised.

Useful lives of fixed assets

The cost of fixed assets is depreciated on a straight-line basis over the assets' useful lives, which are estimated by the management to be within 3 to 10 years. These are common life expectancies applied in the relevant industry. The carrying amount of the Group's fixed assets as 31 March 2011 was $17,445,000 (FY2009/10: $19,285,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(b) Key judgement made in applying accounting policies

The following is a judgement made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Income taxes

Significant judgement is involved in determining the 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 subsidiary 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 amounts of the subsidiary's income tax payable and deferred tax liabilities at 31 March 2011 were $ 1,158,000 (FY2009/10: $1,118,000) and $ 1,794,000 (FY2009/10: $2,212,000) respectively.

2.5 Adoption of new accounting standards

From 1 April 2010, the Group had adopted SB-FRS 103 Business Combinations (2009) in accounting for business combinations.

The adoption of this new accounting standards has no material impact to the Group's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations adopted in accordance with SB-FRS 103 Business Combinations (2009) are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(ii) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) **Accounting for subsidiary**

Investment in subsidiary is stated in the Authority's balance sheet at cost less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.3 Fixed assets

On 1 April 2001, with the establishment of the Energy Market Authority, the fixed assets of the former Regulation Department of the Public Utilities Board were vested in the Authority at net book values.

All fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and any 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.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods 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 fixed assets.

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An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the income and expenditure statement in the year the asset is derecognised.

Depreciation

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the fixed assets as follows:

	Years
Computer systems	3 - 5
Microcomputer and software	3
Vehicles	10
Office setup/ Furniture and fittings	3
Office/ Work equipment	3

Fixed assets costing less than S$2,000 are fully depreciated in the year of purchase by the Authority.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of them.

No depreciation is provided on capital project-in-progress until the related fixed asset is ready for use. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

3.4 Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Deferred development costs

Development costs incurred by the Authority which relate to the restructuring of the utilities industry in Singapore and development costs incurred by the subsidiary relating to the design and testing of the settlement system for the NEMS are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

The Authority amortises the deferred development costs upon completion of the consultancy work and implementation of the regulatory framework in the utilities industry on a straight-line basis over their estimated economic useful lives of 5 years.

The subsidiary amortises the deferred development costs from the date of the launch of the NEMS on a straight-line basis over the market licence period of 10 years.

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YEAR ENDED 31 MARCH 2011

3.5 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income and expenditure.

The recoverable amount of an asset or cash-generating unit 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Financial instruments

Non-derivative financial assets

Non-derivative financial assets comprise loans and receivables, cash and receivables under NEMS and cash and cash equivalents.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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Loans and receivables, and cash and receivables under NEMS are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Non-derivative financial liabilities

Non-derivative financial liabilities comprise bank loans, payables under NEMS and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Subordinated liabilities are recognised on the date that they originated.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, cash with Accountant-General's Department (AGD), and fixed deposits with banks. Cash with AGD refers to cash that are managed by AGD under CLM as set out in the Accountant-General's Circular No.4/2009 Centralised Liquidity Management (CLM) for Statutory Boards and Ministries.

3.7 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables 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 amount of the loss is recognised in the income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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. Any subsequent reversal of an impairment loss is recognised in the income and expenditure, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

3.8 Provisions

Provisions are recognised when the Group 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.

3.9 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the income and expenditure on a straight-line basis over the lease term.

3.10 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3.11 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured. In particular:

(a) licence fees from public licensees are recognised as income on an accrual basis;

(b) interest income is recognised on an accrual basis, using the effective interest method; and

(c) subsidiary's NEMS administration fees is recognised when service is rendered.

NOTES TO THE FINANCIAL STATEMENTS

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3.12 Government grant

Government grant is recognised at its fair value where there is reasonable assurance that the grant will be received and all conditions attached will be complied with. When the grant relates to an expense item, it is recognised in the income and expenditure over the periods necessary to match it on a systematic basis to the costs which it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit and loss over the expected useful live of the relevant asset in equal annual instalments.

3.13 Employee benefits

Defined contributions scheme

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

Employee leave entitlement

Employees' entitlement to annual leave is recognised when it accrues to the employees. A provision is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the balance sheet date.

3.14 EVS Fund

The EVS Fund is set up to account for money held in trust for external parties. Income and expenditure of these funds are taken directly to the liabilities and the assets relating to these funds are shown in the Balance Sheet.

3.15 Income taxes

Income tax expense is provided by the subsidiary. It comprises current and deferred tax as follows:-

(a) Current tax

Current tax assets and liabilities for the current and prior periods 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 income and expenditure.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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

- Where the deferred tax 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 accounting profit nor taxable profit or loss;
- In respect of temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences can carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets 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 income tax asset to be utilised. Unrecognised deferred income 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 income and expenditure.

3.16 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

4 SPECIFIC FUNDS

Under the specific funds, there are two funds, namely:-

(a) The market development fund (“MDF”), which is set up to provide financing for market development initiatives that would enhance value in the electricity market. It will be used to dispense grants to help companies develop and test-bed innovative ideas for the industry. All successful grants will be dispensed directly from the MDF.

(b) The energy research development fund (“ERDF”), which is set up to initiate research and development into creating capabilities which may include infrastructure, policies and market signals etc, that would enable the use of emerging technologies as they become commercially viable.

The above funds are reviewed periodically and additional contributions or refunds will be made to or from the funds as and when appropriate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

5 SURPLUS BEFORE CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND (GCF) AND INCOME TAX

	Note	Group		Authority	
		2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Operating revenue					
Regulatory fees					
- public licence fees		23,431	23,174	25,691	25,434
- other licence fees		3,605	3,465	3,605	3,465
Systems operation charges		17,276	17,147	17,276	17,147
NEMS administration fees		28,713	28,413	-	-
		73,025	72,199	46,572	46,046
Operating expenses					
Manpower	5.1	(37,442)	(30,487)	(29,502)	(22,774)
Administration	5.2	(9,867)	(9,966)	(6,331)	(6,644)
Depreciation of fixed assets		(8,702)	(7,700)	(3,181)	(3,017)
Amortisation of intangible assets		(1,838)	(1,832)	(534)	(528)
Maintenance		(6,405)	(6,571)	(3,156)	(3,279)
Others		(11,065)	(8,937)	(10,221)	(8,049)
		(75,319)	(65,493)	(52,925)	(44,291)
Operating (deficit)/surplus		(2,294)	6,706	(6,353)	1,755
Government grant		3,148	3,566	3,148	3,566
Surplus/(deficit) after government grant		854	10,272	(3,205)	5,321
Non-operating revenue	6	1,153	2,240	3,477	4,543
Finance expenses	5.3	(13)	(40)	-	-
Surplus before contribution to GCF and income tax		1,994	12,472	272	9,864

5.1 Manpower expenses include the following:

	Group		Authority	
	2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Salaries and related expenses	32,379	26,608	25,509	19,673
CPF contributions	2,740	1,977	2,216	1,674

5.2 Administration expenses include the following:

	Group		Authority	
	2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Operating lease expenses	5,245	5,512	3,541	3,967

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YEAR ENDED 31 MARCH 2011

5.3 Finance expenses

	Group		Authority	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense on bank loan taken by subsidiary company	13	40	-	-

6 NON-OPERATING REVENUE

	Group		Authority	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	$'000	**$'000**	**$'000**	**$'000**
Interest earned on bank deposits	587	899	585	896
Dividend income from subsidiary company	-	-	2,550	2,550
Gain/(loss) on disposal of fixed assets	13	(24)	2	3
Penalty charges/fines	226	964	226	964
Subscription fees for market data	20	22	-	-
Others	307	379	114	130
	1,153	2,240	3,477	4,543

7 CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND (GCF)

In lieu of income tax, the Authority is required to make contribution to the GCF in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act. This contribution is based on 17% (FY2009/10: 17%) of the surplus of the Authority for the year.

8 INCOME TAX

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
Current income tax		
Current income taxation	1,158	1,118
Overprovision in respect of prior year	(20)	(25)
	1,138	1,093
Deferred tax expense		
Origination and reversal of temporary differences	(418)	(212)
Income tax expense	720	881

NOTES TO THE FINANCIAL STATEMENTS

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The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 March 2011 and 2010 is as follows:

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
Profit of subsidiary before tax	4,272	5,158
Tax at statutory tax rate of 17%	726	877
Adjustments:		
Non-deductible expenses	7	24
Income not subject to taxation	(2)	-
Effect of tax exemptions	(26)	(26)
Others	15	6
Income tax expense	720	881

9 CAPITAL ACCOUNT

The capital account comprises the accumulated reserves transferred from the Public Utilities Board to the Authority for its establishment and for the financing of fixed and development assets acquisitions and injection of $1,000 by the Government on 23 February 2009.

Capital management

The Authority's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

10 FIXED ASSETS

10.1 Group

	As at 1 April 2010 $'000	Additions $000	Disposals $'000	Reclassifi-cations $'000	As at 31 March 2011 $'000
At cost					
Computer systems	63,702	4,288	(1,305)	3,595	70,280
Microcomputer and software	1,133	67	(46)	-	1,154
Vehicles	176	-	-	-	176
Office setup/ Furniture & fittings	6,046	7	(1)	64	6,116
Office/ Work equipment	599	101	(53)	-	647
Project-in-progress	1,800	2,423	-	(3,659)	564
	73,456	6,886	(1,405)	-	78,937
Accumulated depreciation					
Computer systems	50,275	6,956	(1,281)	-	55,950
Microcomputer and software	999	99	(46)	-	1,052
Vehicles	74	18	-	-	92
Office setup/ Furniture & fittings	2,342	1,541	(1)	-	3,882
Office/ Work equipment	481	88	(53)	-	516
	54,171	8,702	(1,381)	-	61,492

	As at 1 April 2009 $'000	Additions $'000	Disposals $'000	Reclassifi-cations $'000	As at 31 March 2010 $'000
At cost					
Computer systems	66,151	4,296	(6,745)	-	63,702
Microcomputer and software	1,078	105	(50)	-	1,133
Vehicles	176	-	-	-	176
Office setup/ Furniture & fittings	3,131	229	(1,066)	3,752	6,046
Office/ Work equipment	880	35	(316)	-	599
Project-in-progress	2,327	3,225	-	(3,752)	1,800
	73,743	7,890	(8,177)	-	73,456
Accumulated depreciation					
Computer systems	50,919	6,074	(6,718)	-	50,275
Microcomputer and software	945	104	(50)	-	999
Vehicles	56	18	-	-	74
Office setup/ Furniture & fittings	1,999	1,407	(1,064)	-	2,342
Office/ Work equipment	700	97	(316)	-	481
	54,619	7,700	(8,148)	-	54,171

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	2010/11 $'000	2009/10 $'000
Net book value		
Computer systems	14,330	13,427
Microcomputer and software	102	134
Vehicles	84	102
Office setup/Furniture and fittings	2,234	3,704
Office/Work equipment	131	118
Project-in-progress	564	1,800
	17,445	19,285

10.2 Authority

	As at 1 April 2010 $'000	Additions $'000	Disposals $'000	Reclassifi-cations $'000	As at 31 March 2011 $'000
At cost					
Computer systems	30,395	198	(23)	3,595	34,165
Microcomputer and software	1,133	67	(46)	-	1,154
Vehicles	176	-	-	-	176
Office setup/ Furniture & fittings	4,241	7	(1)	64	4,311
Office/ Work equipment	440	32	(51)	-	421
Project-in-progress	1,800	2,423	-	(3,659)	564
	38,185	2,727	(121)	-	40,791
Accumulated depreciation					
Computer systems	26,323	2,010	(23)	-	28,310
Microcomputer and software	999	99	(46)	-	1,052
Vehicles	74	18	-	-	92
Office setup/ Furniture & fittings	1,140	995	(1)	-	2,134
Office/ Work equipment	359	60	(51)	-	368
	28,895	3,182	(121)	-	31,956

	As at 1 April 2009 $'000	Additions $'000	Disposals $'000	Reclassifi-cations $'000	As at 31 March 2010 $'000
At cost					
Computer systems	31,126	224	(955)	-	30,395
Microcomputer and software	1,078	105	(50)	-	1,133
Vehicles	176	-	-	-	176
Office setup/ Furniture & fittings	349	141	(1)	3,752	4,241
Office/ Work equipment	426	14	-	-	440
Project-in-progress	2,327	3,225	-	(3,752)	1,800
	35,482	3,709	(1,006)	-	38,185

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	As at 1 April 2009 $'000	Additions $'000	Disposals $'000	Reclassifi-cations $'000	As at 31 March 2010 $'000
Accumulated depreciation					
Computer systems	25,286	1,992	(955)	-	26,323
Microcomputer and software	945	104	(50)	-	999
Vehicles	56	18	-	-	74
Office setup/ Furniture & fittings	300	841	(1)	-	1,140
Office/ Work equipment	297	62	-	-	359
	26,884	3,017	(1,006)	-	28,895

	2010/11 $'000	2009/10 $'000
Net book value		
Computer systems	5,855	4,072
Microcomputer and software	102	134
Vehicles	84	102
Office setup/ Furniture & fittings	2,177	3,101
Office/ Work equipment	53	81
Project-in-progress	564	1,800
	8,835	9,290

11 INTANGIBLE ASSETS

11.1 Group

	As at 1 April 2010 $'000	Additions $'000	Reclassifi-cations $'000	As at 31 March 2011 $'000
At cost				
Development of the electricity market	32,391	-	-	32,391
Development of the gas market	7,832	-	376	8,208
District cooling project	480	-	-	480
Project-in-progress				
Development of the gas market	908	124	(376)	656
	41,611	124	-	41,735
Accumulated amortisation				
Development of the electricity market	28,323	1,546	-	29,869
Development of the gas market	6,954	292	-	7,246
District cooling project	480	-	-	480
	35,757	1,838	-	37,595

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	As at 1 April 2009 $'000	Additions $'000	Reclassifi-cations $'000	As at 31 March 2010 $'000
At cost				
Development of the electricity market	32,391	-	-	32,391
Development of the gas market	7,832	-	-	7,832
District cooling project	480	-	-	480
Project-in-progress				
Development of the gas market	623	285	-	908
	41,326	285	-	41,611
Accumulated amortisation				
Development of the electricity market	26,777	1,546	-	28,323
Development of the gas market	6,668	286	-	6,954
District cooling project	480	-	-	480
	33,925	1,832	-	35,757

	2010/11 $'000	2009/10 $'000
Net book value		
Development of the electricity market	2,522	4,068
Development of the gas market	962	878
District cooling project	-	-
Project-in-progress		
Development of the gas market	656	908
	4,140	5,854

11.2 Authority

	As at 1 April 2010 $'000	Additions $'000	Reclassifi-cations $'000	As at 31 March 2011 $'000
At cost				
Development of the electricity market	19,355	-	-	19,355
Development of the gas market	7,832	-	376	8,208
District cooling project	480	-	-	480
Project-in-progress				
Development of the gas market	908	124	(376)	656
	28,575	124	-	28,699
Accumulated amortisation				
Development of the electricity market	18,872	242	-	19,114
Development of the gas market	6,954	292	-	7,246
District cooling project	480	-	-	480
	26,306	534	-	26,840

NOTES TO THE FINANCIAL STATEMENTS

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	As at 1 April 2009 $'000	Additions $'000	Reclassifications $'000	As at 31 March 2010 $'000
At cost				
Development of the electricity market	19,355	-	-	19,355
Development of the gas market	7,832	-	-	7,832
District cooling project	480	-	-	480
Project-in-progress				
Development of the gas market	623	285	-	908
	28,290	285	-	28,575
Accumulated amortisation				
Development of the electricity market	18,630	242	-	18,872
Development of the gas market	6,668	286	-	6,954
District cooling project	480	-	-	480
	25,778	528	-	26,306

	2010/11 $'000	2009/10 $'000
Net book value		
Development of the electricity market	241	483
Development of the gas market	962	878
District cooling project	-	-
Project-in-progress		
Development of the gas market	656	908
	1,859	2,269

12 INVESTMENT IN SUBSIDIARY

Details of the Authority's subsidiary are as follows:

Name of subsidiary	Cost		Equity interest	
	2010/11 $'000	2009/10 $'000	2010/11	2009/10
Energy Market Company Pte Ltd*	2,550	2,550	51%	51%

*Audited by another firm of Certified Public Accountants.

13 OTHER NON-CURRENT ASSETS

	Group		Authority	
	2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Prepayment for maintenance of computer system after 1 year	35	51	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

14 OTHER RECEIVABLES AND PREPAYMENTS

		Group		Authority	
	Note	2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Payment on behalf of the Government	14.1	35,000	35,000	35,000	35,000
Accrued interest income		180	174	180	174
Amount due from NEMS market participants		2,593	2,386	1,044	1,035
Amount due from subsidiary		-	-	34	-
Amount due from related company		166	987	166	987
Grant receivable from government		275	538	275	538
Other receivables		408	174	358	106
Deposits		1,252	1,246	823	817
Current portion of loans and receivables		39,874	40,505	37,880	38,657
Prepayments		658	605	233	237
		40,532	41,110	38,113	38,894

14.1 The payment on behalf of government relates to monies paid by the Authority to SembGas for the transfer of the Assets in accordance with Regulation 4 and 6 of the Gas (Transfer of Property, etc) Regulation 2008. At 31 March 2010, reimbursement for this payment was to be received in fiscal year 2010/2011 from parties to be decided by the government. This decision has yet to be made. The Authority expects this decision to be made in the fiscal year 2011/2012 and the reimbursement to be made thereafter.

14.2 The ageing of other receivables as at the reporting date is:

Group	Gross 2010/11 $'000	Impairment losses 2010/11 $'000	Gross 2009/10 $'000	Impairment losses 2009/10 $'000
No credit terms	36,252	-	36,246	-
Not past due	3,622	-	4,259	-
	39,874	-	40,505	-
Authority				
No credit terms	35,823	-	35,817	-
Not past due	2,057	-	2,840	-
	37,880	-	38,657	-

The Group believes that no impairment allowance is necessary in respect of the receivables with no credit terms and not past due as these receivables are mainly arising from debtors that have a good record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

15 CASH AND CASH EQUIVALENTS

		Group		Authority	
	Note	2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Cash with AGD	15.1	115,081	4,231	115,081	4,231
Fixed deposits		1,000	122,401	-	120,900
Cash and bank balances		12,051	6,106	9,511	2,181
Cash and cash equivalents per balance sheets		128,132	132,738	124,592	127,312
Less:					
Cash balances pertaining to EVS fund	17	-	(660)		
Cash and cash equivalents per cash flow statements		128,132	132,078		

15.1 Cash with the Accountant-General's Department (AGD) refers to cash that are managed by AGD under CLM as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

15.2 The interest rate of Cash with AGD, defined as the ratio of the interest earned to the average cash balance ranges from 0.44% to 0.67% per annum.

16 OTHER PAYABLES

		Group		Authority	
	Note	2010/11 $'000	2009/10 $'000	2010/11 $'000	2009/10 $'000
Other creditors and accruals		10,464	8,591	5,894	5,774
Accrued capital expenditure		793	735	793	735
Accrual for employee benefits		2,285	3,819	2,285	1,873
Bank loan	20	-	1,053	-	-
		13,542	14,198	8,972	8,382

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

17 PAYABLE TO EVS FUND

On 22 March 2006, a tripartite agreement was signed amongst the Government of Singapore (acting through the Enterprise Challenge Unit of the Prime Minister's Office), SP Services Ltd ("SPS") and the Authority. The agreement sets forth the terms and conditions for conducting the Electricity Vending System ("EVS") pilot project. The EVS fund comprises monies contributed by the Government and SPS for purposes of the EVS pilot project. The Authority administers the EVS fund on behalf of all parties to the agreement, in accordance with the terms of the agreement. Any unused funds will be returned to the Government of Singapore and SPS respectively after the end of the funding period or earlier termination of the agreement, as the case may be. The project has been completed on 30 Sep 2010. All the unused funds have been returned to the Government of Singapore and SPS.

	Note	Group and Authority 2010/11 $'000	Group and Authority 2009/10 $'000
As at 1 April		660	1,831
Disbursements during the year		(621)	(1,171)
Funds returned		(39)	-
As at 31 March		-	660
Represented by:			
Cash at bank	15	-	660

18 SPECIFIC FUNDS

The specific funds comprise the Market Development Fund ("MDF") and the Energy Research Development Fund ("ERDF") as follows:

	Authority 2010/11 MDF $'000	2010/11 ERDF $'000	2010/11 Total $'000	2009/10 MDF $'000	2009/10 ERDF $'000	2009/10 Total $'000
As at 1 April	5,000	25,000	30,0000	5,000	25,000	30,000
Disbursements during the year	-	(169)	(169)	-	-	-
As at 31 March	5,000	24,831	29,831	5,000	25,000	30,000

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

19 DEFERRED TAX LIABILITIES

The deferred tax liabilities relate solely to the subsidiary which is a private limited company incorporated in the Republic of Singapore and is liable to pay income tax under the Singapore Income Tax Act as detailed below:

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
Balance at beginning of financial year	2,212	2,424
Reversal of temporary differences during the financial year	(418)	(212)
Balance at end of financial year	1,794	2,212

Deferred tax liabilities at end of the financial year relate to the following:

Deferred tax liabilities		
Fixed assets	1,834	2,255
Deferred tax assets		
Provisions	(40)	(43)
Net deferred tax liabilities	1,794	2,212

20 BANK LOAN

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
Bank loan – payable within one year (Note 16)	-	1,053
Bank loan – payable after one year	-	1,316
Total bank loan	-	2,369

(a) Bank Loan

On 23 April 2007, our subsidiary, EMC undertook a term loan for up to an amount of $5,000,000. This amount was fully drawn down. The loan interest expenses are being computed using a floating rate at the bank's Swap Rate plus a margin of 0.45%. The effective interest rate ranged from 0.72% to 1.00% (2010: 0.72% to 0.85%) per annum.

The loan was unsecured and repayable every three months in 19 equal instalments with the first instalment on 25 October 2007 and the final instalment on 26 April 2012. Our subsidiary, EMC decided that it was not cost effective to maintain the original repayment schedule and fully repaid the loan on 26 January 2011 without incurring any fund-breaking cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(b) Credit Facilities

On 3 March 2009, our subsidiary, EMC arranged for an uncommitted short-term bank facility of $30,000,000, to act as a contingency for ensuring liquidity for the NEMS settlements should the global economic uncertainty prevailing then in 2009 affect the continuing operation of the NEMS settlement clearing bank. With the recovery of the general economy, this facility became redundant and was cancelled on 29 September 2010.

21 OUTSTANDING CAPITAL COMMITMENTS

The Group has procurement commitments for fixed assets and intangible assets incidental to its ordinary course of business. The outstanding capital commitments as at 31 March 2011 for the Group and the Authority amounted to $1,439,000 (FY2009/10: $1,659,000) and $1,059,000 (FY2009/10: $1,405,000) respectively.

22 OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases for its office and office equipment. These leases have remaining non-cancellable terms of between one and five years.

Future minimum rentals under non-cancellable leases are as follows:

	Group		**Authority**	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	$'000	**$'000**	**$'000**	**$'000**
Payable:				
Within 1 year	5,119	5,390	3,644	3,654
After 1 year but within 5 years	6,145	8,505	4,772	8,399
	11,264	13,895	8,416	12,053

Future payments under non-cancellable agreements for professional and technical support services which have remaining non-cancellable terms of between one and five years, are as follows:

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
Payable:		
Within 1 year	2,054	2,741
After 1 year but within 5 years	537	1,308
	2,591	4,049

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

23 RELATED PARTY DISCLOSURES

(a) Sale and purchase of services

Other than those related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group		Authority	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiary				
Public licence fees	-	-	2,260	2,260
Rent	-	-	53	53
Others	-	-	(23)	(16)

(b) Key management personnel compensation

	Note	Group		Authority	
		2010/11	**2009/10**	**2010/11**	**2009/10**
		$'000	**$'000**	**$'000**	**$'000**
Directors' fees / Authority members' allowance		344	341	79	76
Salaries, bonuses and allowances	23.1	5,165	3,759	2,867	1,735
CPF contributions		128	104	69	53
		5,637	4,204	3,015	1,864

23.1 The increase is due mainly to the inclusion of a newly appointed key management staff, and to higher bonuses paid in tandem with better market conditions in the current financial year.

24 LOAN RECEIVABLE AND LOAN PAYABLE

On 17 December 2009, the Authority signed an agreement with The Government of the Republic of Singapore (henceforth "the Government") for a loan facility not exceeding $1 billion in respect of the Singapore LNG Terminal Project. The Authority has, on the same day, signed a back-to-back agreement with Singapore LNG Corporation Pte. Ltd. to extend the same loan to the company for funding the costs associated with the engineering, procurement and construction (henceforth "EPC") of the Singapore LNG Terminal which is to be undertaken by Singapore LNG Corporation Pte Ltd. The loan is unsecured and carries a fixed interest rate that approximated prevailing market rates at the time of issue.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(a) Loan receivable from SLNGCorp

	Group and Authority	
	2010/11	**2009/10**
	$'000	**$'000**
As at 1 April	210,000	-
Loan drawdown during the year	76,667	210,000
As at 31 March	286,667	210,000

(b) Loan payable to the Government

	Group and Authority	
	2010/11	**2009/10**
	$'000	**$'000**
As at 1 April	210,000	-
Loan drawdown during the year	76,667	210,000
As at 31 March	286,667	210,000

25 INTEREST RECEIVABLE AND INTEREST PAYABLE

(a) Interest receivable from SLNGCorp

	Group and Authority	
	2010/11	**2009/10**
	$'000	**$'000**
As at 1 April	1,484	-
Interest charged during the year	9,475	1,484
As at 31 March	10,959	1,484

(b) Interest payable to the Government

	Group and Authority	
	2010/11	2009/10
	$'000	$'000
As at 1 April	1,484	-
Interest charged during the year	9,475	1,484
As at 31 March	10,959	1,484

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

26 CASH, RECEIVABLES AND PAYABLES UNDER NEMS

At 31 March 2011, our subsidiary, EMC has outstanding receivables and payables in respect of sale of electricity to market participants and purchase of electricity and ancillary services from market participants in the NEMS as follows:

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
(a) Cash and receivables under NEMS		
Cash at bank	14,110	13,215
Receivables from market participants (retailers)	174,466	172,085
Total assets	188,576	185,300

	Group	
	2010/11	**2009/10**
	$'000	**$'000**
(b) Payables under NEMS		
Payables to market participants (generators)	(182,959)	(181,002)
Net Goods and Services Tax payable	-	(42)
Amounts due to ancillary service providers	(985)	(1,270)
Amount due to market participants for:		
- Over-recovery of administration charges	(209)	(242)
- Security deposit	(2,874)	(1,361)
Amount due to subsidiary for administration charges	(1,549)	(1,383)
Total liabilities	(188,576)	(185,300)

(a) Cash at bank

The cash at bank under the NEMS represents cash balances held in various bank accounts opened by the subsidiary solely for the operation of the NEMS. The manner in which these bank accounts can be operated are defined in the Market Rules. The bank balances are not available to the subsidiary for payments of its administrative and operating costs.

(b) Cash, receivables and payables under NEMS – Adjustments to balances arising from post-transaction changes in metering data or dispute over final settlement statements

Our subsidiary, EMC acts as a principal in the NEMS. In the NEMS, the Market Support Services Licensee ("MSSL") is responsible for the provision and accuracy of the metering data, which is used in calculation of settlements. From time to time, the subsidiary may be advised by the MSSL of the changes to the metering data and the quantities of electricity traded. This will result in adjustments to the settlement amounts due to or due from the market participants. These adjustments may take place up to 250 business days after the meter adjustments.

Under the Market Rules, the market participants may dispute final settlement statements. Any adjustments to be made after the issue of a final settlement statement shall be made in the preliminary settlement statement issued immediately following the resolution of disputes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risks. The Group has established processes to monitor and manage these risks in a timely manner.

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-earning financial instruments was:

	Group		Authority	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	$'000	**$'000**	**$'000**	**$'000**
Variable rate instruments				
Cash with AGD	115,081	4,231	115,081	4,231
Fixed deposits	1,000	122,401	-	120,900
Cash and bank balances	12,051	6,106	9,511	2,181

Surplus cash are placed with AGD (under CLM as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries) as well as in fixed deposits with reputable banks. Cash are generally placed in deposits with short-term maturities so as to provide the Group with the flexibility to meet working capital and capital investment needs.

The Group's debt includes bank borrowings by subsidiary. The subsidiary seeks to minimise its interest exposure through options of utilizing either a floating rate or a fixed rate agreed between the subsidiary and bank, where appropriate.

Cash flow sensitivity analysis for variable rate instruments

The interest rates for Cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements. A 20 basis points change in interest rates for Cash with AGD would not have a material impact on the net surplus/deficit for the year.

Credit risk

As disclosed in Note 26, the subsidiary is required under the NEMS Market Rules to ensure that market participants maintain certain levels of prudential security. In addition, the subsidiary is entitled to recover any default receivables from all market participants under the Market Rules. Consequently, the Group's exposure to credit risk arising from the market participants is minimal.

The carrying amount of other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Management believes that minimal credit risks exist with respect to these financial institutions.

There is no significant concentration of credit risk within the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and secured uncommitted short term funding facilities from bank. The table below summaries the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted cash flows.

Group	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**2 - 5 years $'000**	**After 5 years $'000**
2010/11					
Interest receivable	10,959	10,959	-	10,959	-
Interest payable	(10,959)	(10,959)	-	(10,959)	-
Other payables	(13,542)	(13,542)	(13,542)	-	-
Loan receivable from SLNGCorp	286,667	286,667	-	182,000	104,667
Loan payable to the Government	(286,667)	(286,667)	-	(182,000)	(104,667)
	(13,542)	(13,542)	(13,542)	-	-

	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**2 - 5 years $'000**	**After 5 years $'000**
2009/10					
Bank loans	(2,369)	(2,369)	(1,053)	(1,316)	-
Interest receivable	1,484	1,484	-	1,484	-
Interest payable	(1,484)	(1,484)	-	(1,484)	-
Other payables	(13,145)	(13,145)	(13,145)	-	-
Loan receivable from SLNGCorp	210,000	210,000	-	40,000	170,000
Loan payable to the Government	(210,000)	(210,000)	-	(40,000)	(170,000)
Payables to EVS Funds	(660)	(660)	(660)	-	-
	(16,174)	(16,174)	(14,858)	(1,316)	-

Authority	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**2 - 5 years $'000**	**After 5 years $'000**
2010/11					
Interest receivable	10,959	10,959	-	10,959	-
Interest payable	(10,959)	(10,959)	-	(10,959)	-
Other payables	(8,972)	(8,972)	(8,972)	-	-
Loan receivable from SLNGCorp	286,667	286,667	-	182,000	104,667
Loan payable to the Government	(286,667)	(286,667)	-	(182,000)	(104,667)
	(8,972)	(8,972)	(8,972)	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 - 5 years $'000	After 5 years $'000
2009/10					
Interest receivable	1,484	1,484	-	1,484	-
Interest payable	(1,484)	(1,484)	-	(1,484)	-
Other payables	(8,382)	(8,382)	(8,382)	-	-
Loan receivable from SLNGCorp	210,000	210,000	-	40,000	170,000
Loan payable to the Government	(210,000)	(210,000)	-	(40,000)	(170,000)
Payable to EVS Funds	(660)	(660)	(660)	-	-
	(9,042)	(9,042)	(9,042)	-	-

28 FINANCIAL INSTRUMENTS

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fixed rate interest-bearing loan due to the Government

Fair value is calculated based on quoted offer price or discounted expected future principal and interest cash flows using market interest rates.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and receivables under NEMS, trade and other receivables, receivable from a related party, cash and cash equivalents, payables under NEMS, other payables, payables to related parties, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Others

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables and prepayments, cash and cash equivalents, and other payables) approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair values in the statements of financial position at 31 March are represented in the following table:

Group	Financial liabilities $'000	Loans and receivables $'000	Total carrying amount $'000	Fair Value $'000
2010/11				
Cash and receivables under NEMS	-	188,576	188,576	188,576
Cash and cash equivalents	-	128,132	128,132	128,132
Other receivables	-	50,833	50,833	50,833
Unsecured fixed rate loan due from SLNGCorp	-	286,667	286,667	286,872
Payables under NEMS	(188,576)	-	(188,576)	(188,576)
Other payables	(24,501)	-	(24,501)	(24,501)
Unsecured fixed rate loan due to Government	(286,667)	-	(286,667)	(286,872)
	(499,744)	654,208	154,464	154,464

	Financial liabilities $'000	Loans and receivables $'000	Total carrying amount $'000	Fair Value $'000
2009/10				
Cash and receivables under NEMS	-	185,300	185,300	185,300
Cash and cash equivalents	-	132,738	132,738	132,738
Other receivables	-	41,989	41,989	41,989
Unsecured fixed rate loan due from SLNGCorp	-	210,000	210,000	203,190
Payable to EVS fund	(660)	-	(660)	(660)
Payables under NEMS	(185,300)	-	(185,300)	(185,300)
Other payables	(15,682)	-	(15,682)	(15,682)
Bank loan	(1,316)	-	(1,316)	(1,316)
Unsecured fixed rate loan due to Government	(210,000)	-	(210,000)	(203,190)
	(412,958)	570,027	157,069	157,069

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	Financial liabilities $'000	Loans and receivables $'000	Total carrying amount $'000	Fair Value $'000
Authority				
2010/11				
Cash and cash equivalents	-	124,592	124,592	124,592
Other receivables	-	48,839	48,839	48,839
Unsecured fixed rate loan due from SLNGCorp	-	286,667	286,667	286,872
Other payables	(19,931)	-	(19,931)	(19,931)
Unsecured fixed rate loan due to Government	(286,667)	-	(286,667)	(286,872)
	(306,598)	460,098	153,500	153,500

	Financial liabilities $'000	Loans and receivables $'000	Total carrying amount $'000	Fair Value $'000
2009/10				
Cash and cash equivalents	-	127,312	127,312	127,312
Other receivables	-	40,141	40,141	40,141
Unsecured fixed rate loan due from SLNGCorp	-	210,000	210,000	203,190
Payable to EVS fund	(660)	-	(660)	(660)
Other payables	(9,866)	-	(9,866)	(9,866)
Unsecured fixed rate loan due to Government	(210,000)	-	(210,000)	(203,190)
	(220,526)	377,453	156,927	156,927

Discount rates used for determining fair value

A rate of 4.1% (2010: 4.42%) per annum has been used to discount the estimated cash flows on the unsecured fixed rate loan due to the Government and is determined based on the 6-year swap rate at reporting date plus an adequate credit spread. (2010: The discount rate was based on the government yield curve at the reporting date plus an adequate credit spread).

29 Authorisation of financial statements

The financial statements of the Authority for the year ended 31 March 2011 were authorised for issue by the Authority on 14 June 2011.

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