

A full-page background image showing the silhouettes of two fishermen on a boat. They are positioned on a wooden structure, possibly a mast or deck, against a dramatic sunset sky filled with orange and yellow clouds. The boat's rigging and a large net are visible in the foreground, creating a complex geometric pattern of dark lines. In the distance, a city skyline is visible across the water.

# Risks & Opportunities

TEMASEK REVIEW 2008

**TEMASEK  
HOLDINGS**

Raising the giant 'cheena vala' fishing nets skilfully in Kochi, INDIA  
Reportedly introduced by Chinese explorer Zheng He during his  
epic voyages between AD1405 and 1433, this huge system of  
nets continues to deliver bountiful catch through the centuries,  
guided by generations of fishermen with their deft teamwork  
and their keen sense of the marine environment.





## Risks & Opportunities

Time and again, we have seen the risks of globalisation and the pain of financial crises searing across the regional and global landscape. Yet, globalisation and the free flow of capital, investment and trade have also brought hope and opportunities for hundreds of millions to better their lives and build a future for their children.

We continue to build our institution to weather the unpredictable cycles. The principle of managing for sustainable returns also remains a constant for us amidst these ebbs and flows of risks and opportunities.

Our success will give us the wherewithal to remain relevant to our stakeholders. Our sense of responsibility and commitment for the long term have also guided us to focus and anchor our future in a developing Asia, to grow and prosper with Asia, the same way we had grown and prospered with Singapore, turning risks into opportunities.



Lighting up the lobby elegantly at Temasek Holdings, SINGAPORE



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## Institutional Overview

**Headquartered in Singapore, Temasek Holdings is an Asia investment house with a 350-strong international team.**

Formed in the tumultuous era of high oil prices and spiralling food costs in the 1970s, the midwives at our birth were risks and opportunities.

We inherited a portfolio of some 30 state venture investments laden with emerging market risks – a shoe manufacturer, naval and port dockyards turned into commercial ship repair companies, a joint venture to produce bottled chicken consommé, a budding airline on an island state, smaller than New York City, less than half the size of London and one tenth the size of Shanghai. But Temasek was also an opportunity in 1974 for a commercially disciplined and independent investment mandate to achieve sustainable long-term returns. This freed the Singapore government to focus on the economy as a whole.

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**Our mission is to create and maximise long-term shareholder value as an active investor and shareholder of successful enterprises.**

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When Singapore policymakers decided to liberalise the provision of basic services in the early 1990s, additional state-owned assets were transferred to Temasek. Risks and opportunities again – risks of becoming irrelevant as markets opened up, and opportunities to grow beyond an island of under four million people. Today, these corporatised assets have become household names in the infrastructure of Singapore and

further afield – Singapore Telecommunications, Singapore Power and PSA International.

In the intervening years, Asia faced many challenges – some originating within Asia, others seeded by the US recessions of the 1970s and 1980s, or the oil shocks emanating from OPEC decisions. The late 1990s saw the destructive force of the Asian financial crisis ricocheting to Russia and elsewhere in the world, and setting back the Asia economic miracle. But it was Asia's deep undercurrent of transformation through better governance to bring hope and opportunities to its billions, which emboldened us to embed Temasek in the larger canvas of a fast changing and developing Asia.

Growing with our blue chip companies and our direct investment activities, Temasek now owns a net portfolio of about S\$185 billion or US\$134 billion, weighted towards Singapore and Asia. We are an active shareholder and investor in diverse industries covering banking & financial services, real estate, transportation & logistics, infrastructure, telecommunications & media, bioscience & healthcare, education, consumer & lifestyle, energy & resources, engineering as well as technology.

As an active shareholder, we encourage a culture of excellence and meritocracy, thoughtful leadership and sound governance in our portfolio companies. These form the foundation for developing people and building outstanding and lasting businesses.



As an active investor, we seek to optimise our long-term returns within our risk-reward framework. We have flexible investment horizons and have the option of taking concentrated positions or remaining in cash.

Our investments are centred on four themes:

- Transforming economies
- Growing middle class
- Deepening comparative advantages
- Emerging champions

Temasek has a corporate credit rating of AAA/Aaa by Standard & Poor's and Moody's respectively. Our investments are funded through dividends we receive from our portfolio companies, our divestment proceeds, commercial borrowings, a maiden Yankee bond issue in 2005 and occasional asset injections from our shareholder, the Minister for Finance (Incorporated).

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# 18%

## Compounded annually

Total Shareholder Return since inception

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We have a dividend policy which pays dividends to our shareholder regularly, and like other commercial companies, we pay taxes wherever we operate. Inclusive of dividends we distribute, and net of any new capital, our Total Shareholder Return is more than 18% compounded annually since inception.

Our investment, divestment and other operational decisions are made by our Board and management, independent of our

shareholder. Additionally, provisions in the Singapore Constitution grant the elected President of Singapore a veto right over certain governance matters including the appointment and removal of our Board members or CEO, and the protection of reserves built up in Temasek over the years.

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*"Temasek's investments are commercial decisions, taken independently of Government. We do not direct or influence individual investments by Temasek. The investments are the prerogative of Temasek's Board and management."*

*Tharman Shanmugaratnam, Minister for Finance  
Replying to a query in the Singapore Parliament  
14 November 2006*

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As a long-term investor, we have a stake in the lives and well-being of our fellow men. We recognise that social, environmental and governance factors can impact the larger community as well as the long-term sustainability of companies and businesses.

We actualise our commitment as a responsible corporate citizen by supporting efforts that build people and communities through education, healthcare and research; build bridges between peoples through deeper understanding and friendship; build better governance through a culture of integrity and excellence; and rebuild lives and livelihoods devastated by major natural disasters. We have committed almost S\$1 billion over the last decade to fund research institutions, scholarships and other public good beneficiaries, of which S\$500 million was endowed to the Temasek Trust in May 2007.

## Year in Summary

In a year marked by a severe credit squeeze and nervous volatility in the global financial markets, we remained focused on delivering shareholder returns. We actively rebalanced our portfolio, continued to build our institution, and expanded our engagement with communities in and outside Asia.

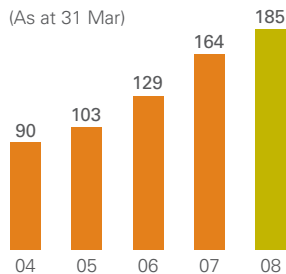
In this review:

### Portfolio Value

Our portfolio grew 13% to S\$185 billion as at 31 March 2008.

#### Portfolio Value (S\$b)

(As at 31 Mar)



# S\$185<sub>b</sub>

Portfolio up 13%

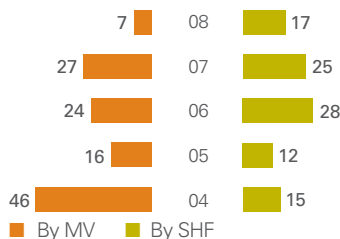
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### Shareholder Return

Since inception, our Total Shareholder Return (TSR) is 18% compounded annually by market value (MV), and 17% by shareholder funds (SHF).

#### One-year TSR (%)

(For year ended 31 Mar)



# 17%

One-year TSR  
by shareholder funds

See page [15](#)

### Beyond Asia

For the first time, our annual net investments outside Asia exceeded net investments in Asia.

For the year:

- S\$32 billion of new investments; S\$17 billion in Asia
- S\$17 billion of divestments; S\$5 billion outside Asia
- S\$10 billion net new investments outside Asia; S\$5 billion net new investments in Asia

# S\$10<sub>b</sub>

Net investments outside Asia

See page [19](#)

## Group Financial Summary

We saw healthy divestment gains plus strong operating performance by our blue chip portfolio companies.

(S\$b)

Revenue	<b>83.3</b>
Profit before exceptional items	<b>20.2</b>
Net profit attributable to equity holder	<b>18.2</b>

**S\$18b**

Group net profit

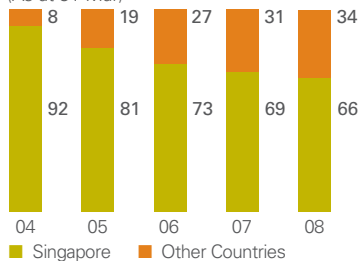
See page **28**

## International Team

Our partnership culture promotes inclusion, ownership, and opportunities to learn and grow as a multinational team.

### Staff Origin (%)

(As at 31 Mar)



**22**

Countries of origin

See page **64**

## Responsible Citizenship

We are committed to the sustainable progress and success of Asia through building people and capabilities.

- The Temasek Trust was endowed with S\$500 million in May 2007
- The Temasek Foundation, a Temasek Trust beneficiary, committed S\$16 million to fund 14 programmes across Asia in its first year

**S\$500m**

Gift to Temasek Trust

See page **76**



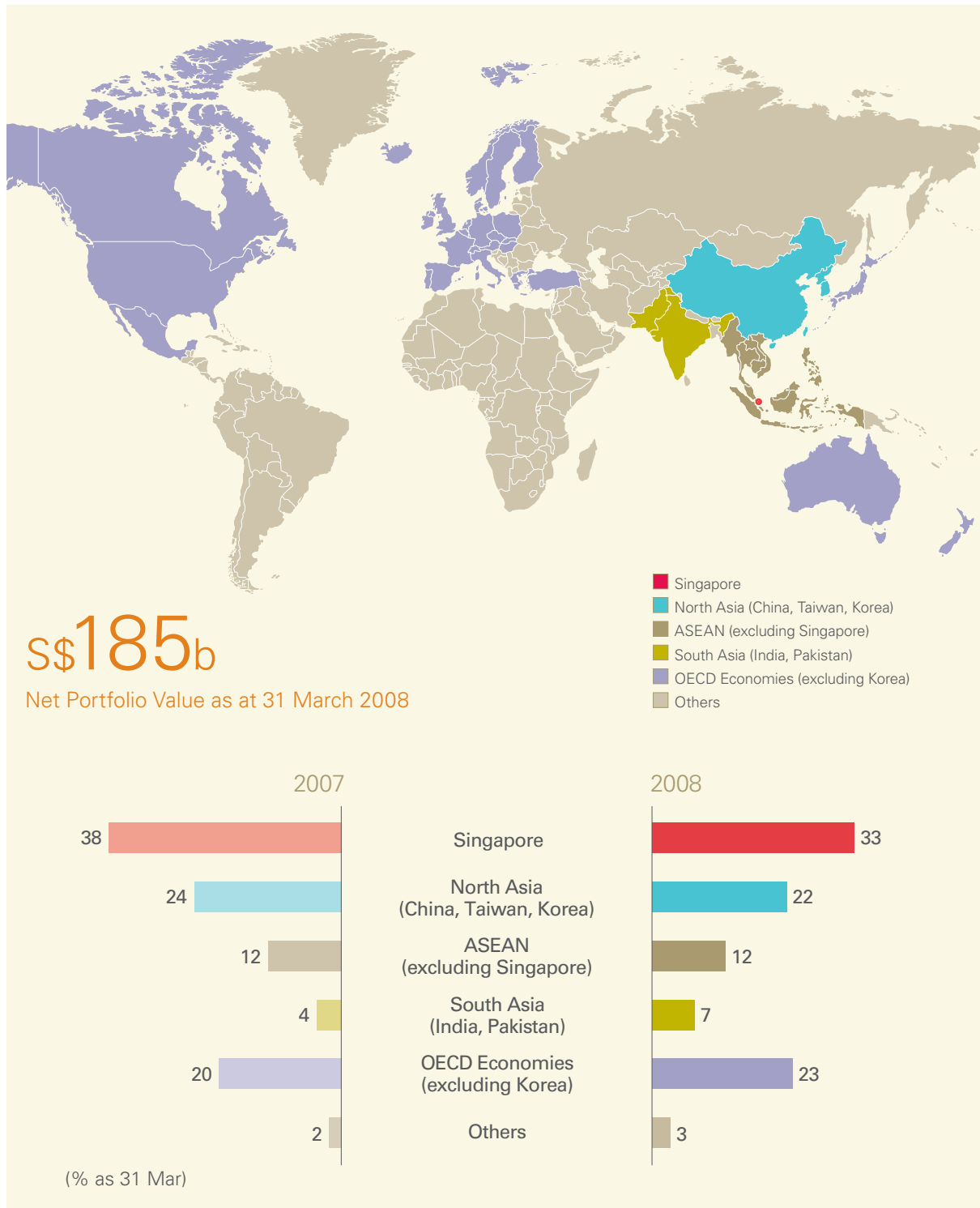
Balancing deftly on high-rise bamboo scaffolding in HONG KONG SAR



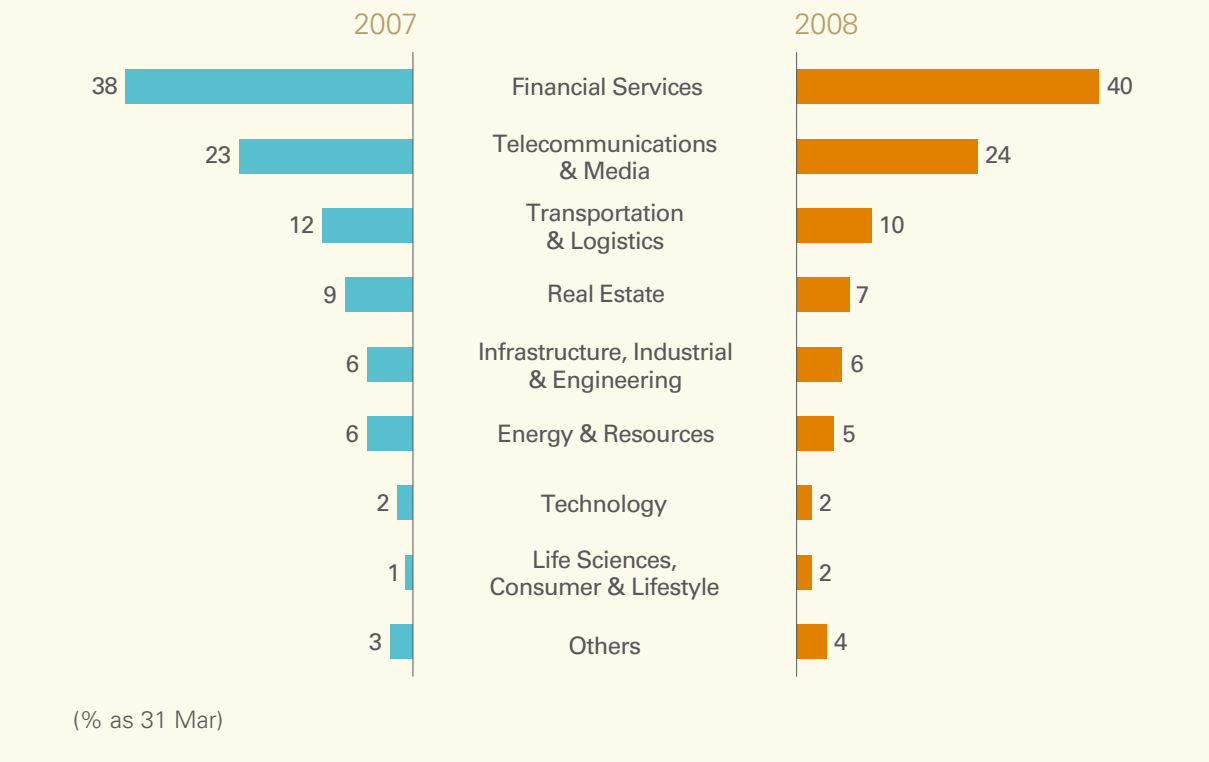
## Portfolio Highlights

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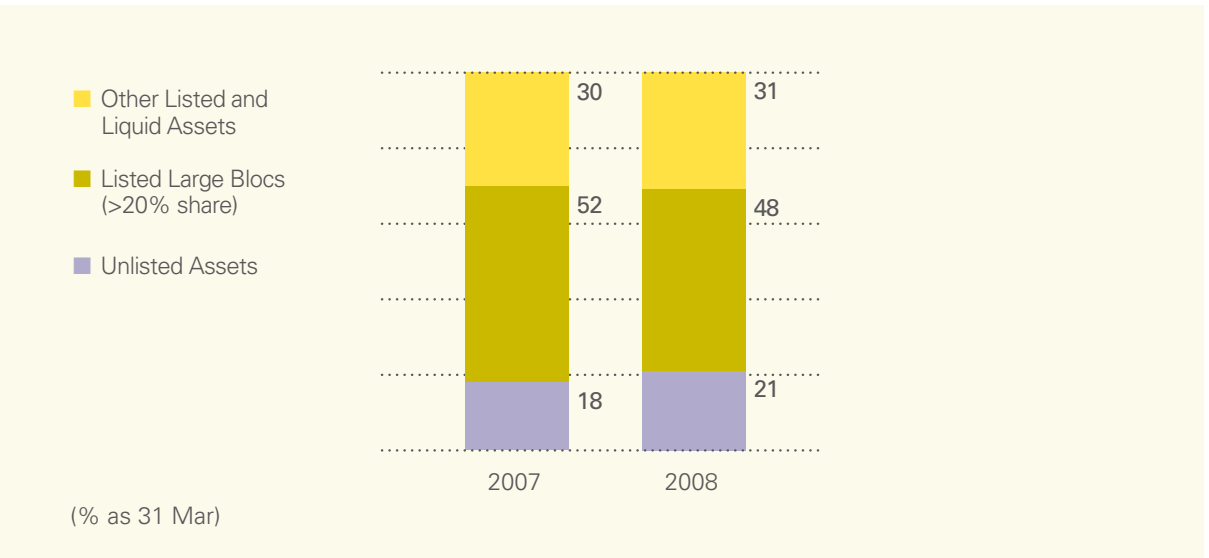
## Portfolio by Geography (%)



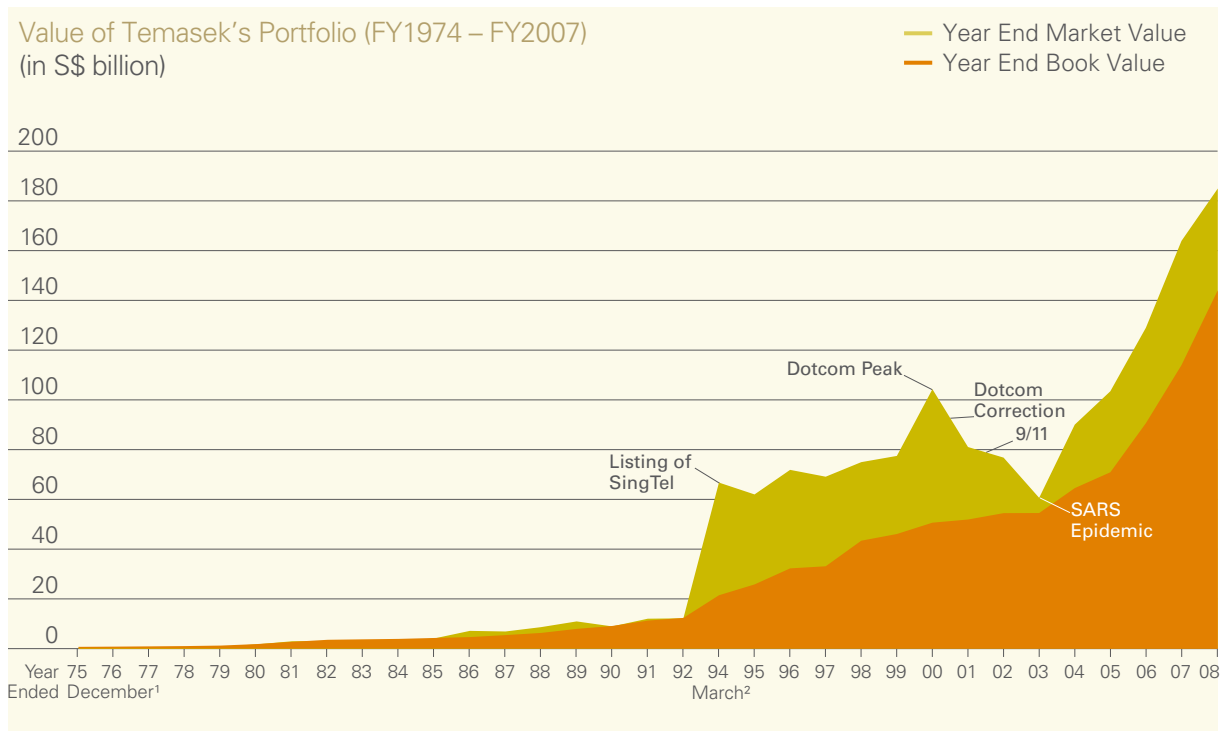
## By Sector (%)



## By Liquidity (%)



## Portfolio Value since Inception



As at 31 March 2008, our net portfolio market value was about S\$185 billion or US\$134 billion.

The changes in market value of our portfolio over the years reflect both the performance of the underlying investments and the effects of external events. For example, the listing of SingTel in 1993 contributed to the biggest single-year rise in portfolio value, while the Dotcom Correction of 2000 caused a sharp fall in the global equities market, followed by another downturn from the 9/11 attack in the US.

Starting with an initial portfolio of S\$354 million, or US\$134 million, inherited from the Singapore government in 1974, we have seen additional asset injections particularly in the early 1990s when the government decided to liberalise the provision of basic services.

The book value of our portfolio increased steadily over the years to S\$144 billion, driven by the strong earnings of our portfolio companies and returns from our investment activities.

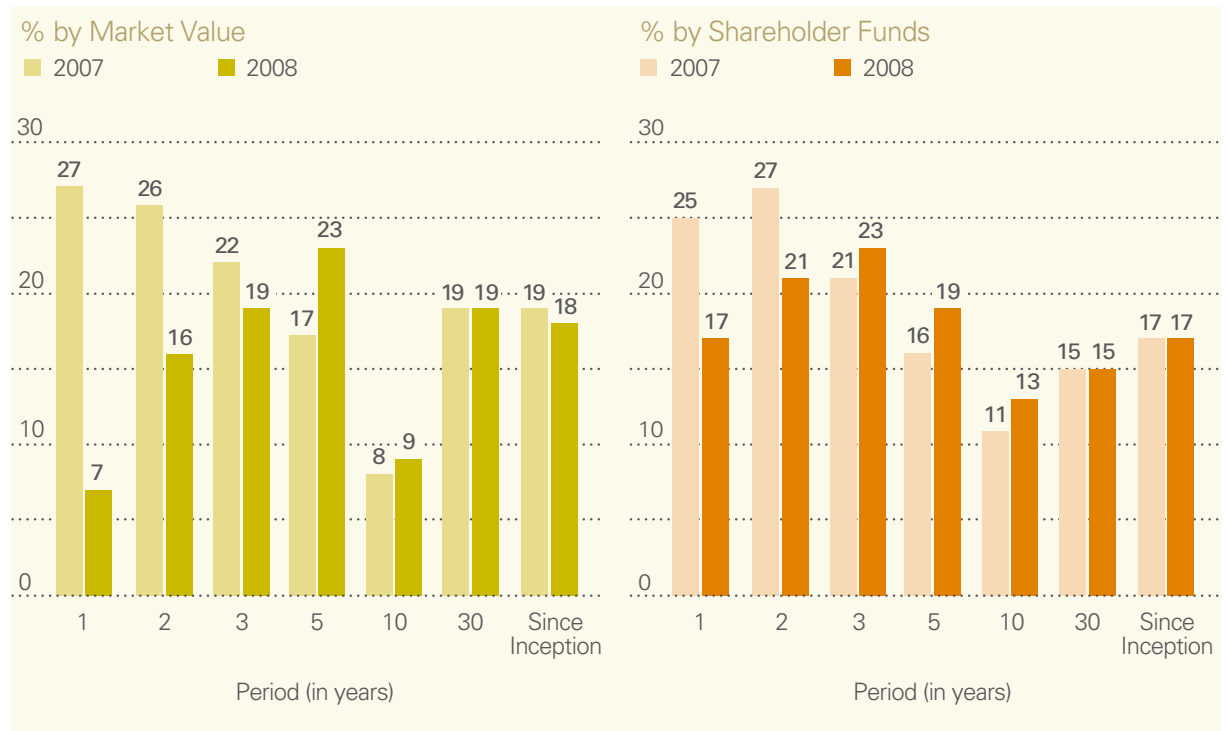
<sup>1</sup> First financial year ended in December 1975

<sup>2</sup> Financial year-end was changed from 31 December before 1993 to 31 March from 1994 onwards



## Total Shareholder Return

(For year ended 31 Mar)



We measure Total Shareholder Return (TSR) by market value and by shareholder funds.

TSR by market value is the compounded annual return over a specified period. It includes changes in the market value of our portfolio, dividends we paid, and nets off any new capital we receive. For unlisted investments, we track the movements in shareholder funds in lieu of market price changes.

Since inception, we have delivered a TSR of over 18%. Our 10-year TSR was 9%, reflecting the economic environment since the Asian financial crisis in 1997. Recent one-, two- and three-year TSR by market value were weakened by the global credit crisis last year to 7%, 16% and 19% respectively.

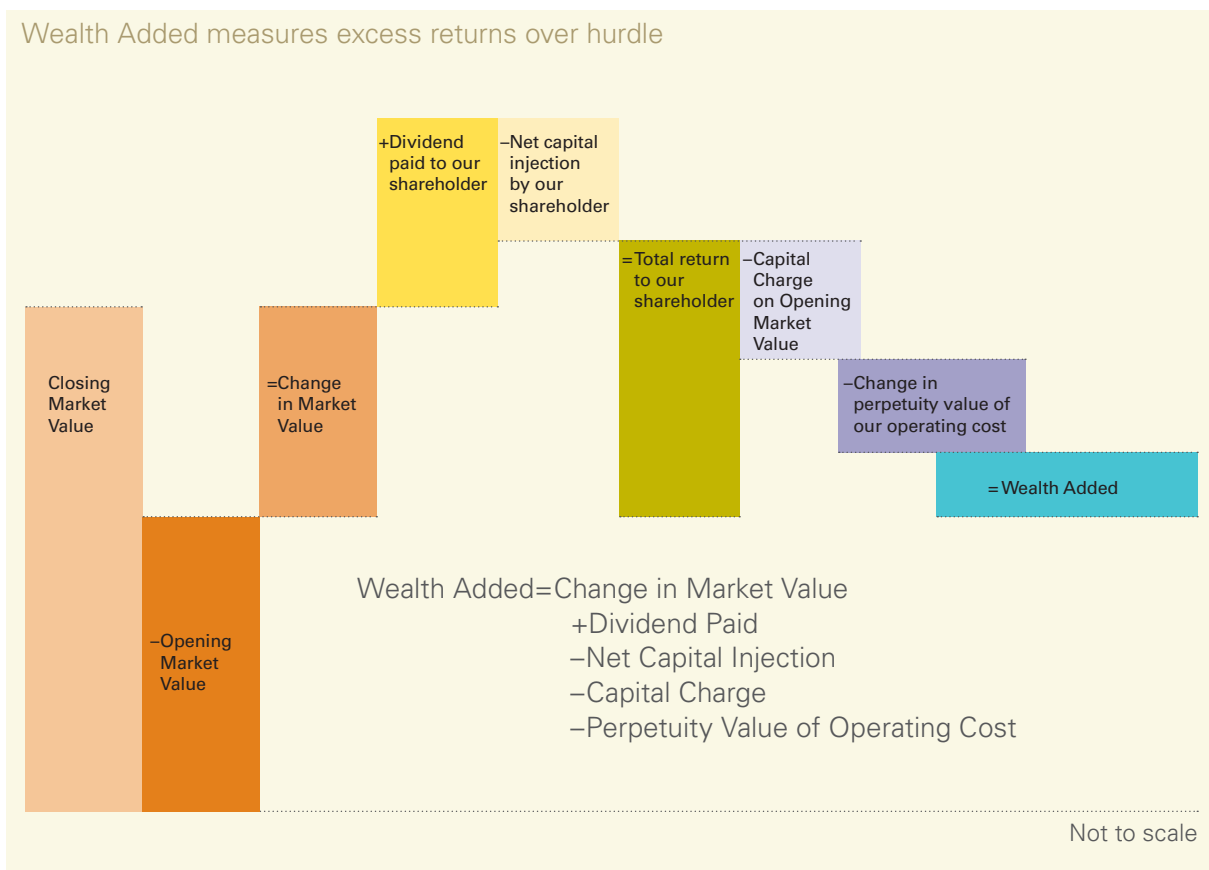
TSR by shareholder funds measures the growth compounded annually due to the underlying profitability of our portfolio companies and the returns from our investment activities.

Our TSR by shareholder funds is more than 17% since inception. Despite the various crises over the last 10 years, TSR by shareholder funds was a steady 13% over this period, made possible by the strong fundamentals of our portfolio companies coupled with robust returns from our investments in Asia.

## Alignment with Shareholder Value

As a performance indicator, Wealth Added (WA) factors in the capital employed to produce the returns and the risks associated with each investment. To achieve positive WA, we need to deliver more than the capital charge, which is the risk-adjusted hurdle applied to the capital employed.

The capital employed is the opening market value of our portfolio at the start of the year, adjusted for any net capital movements. In the case of Temasek, the changes in the recurring operating costs for managing our portfolio into perpetuity are also taken into account.

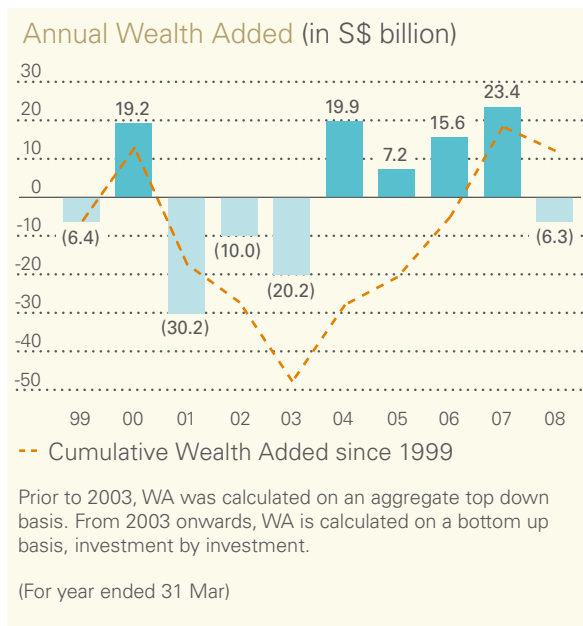


## Calculating Wealth Added

Also known as economic profit or excess return, WA is the total return to a shareholder less the capital charge.

Shareholder total return is the change in the market value of investments, or the change in book value in the case of unlisted assets, plus dividends received, adjusted for any net new capital invested.

The capital charge is the minimum risk-adjusted return that the shareholder expects.



### Illustrative Example:

Consider a listed investment with an opening market value of \$1,000, which has risen to \$1,200 at the end of the year. During the year, the shareholder received dividends of \$40, and invested \$130 of new equity at the end of the year. His risk-adjusted cost of capital is 10%.

Thus,

$$\text{Total return} = (\$1,200 - \$1,000) + \$40 - \$130 = \$110$$

$$\text{Capital charge} = 10\% \text{ cost of capital} \times \$1,000 = \$100$$

$$\text{Wealth Added} = \text{total return} - \text{capital charge} = \$10$$

In the following year, the capital charge is calculated on the latest opening market value of \$1,200. Assuming no net capital movements or dividends, the portfolio value must increase by a hurdle of at least another \$120 (i.e. 10% of \$1,200) to achieve positive WA, compared to a capital charge of \$100 the year before.

Thus, if the market value rises to \$1,300 at the end of the following year, with no new capital or dividends, the WA would be a negative \$20, i.e. change in market value less cost of capital charge or  $(\$1,300 - \$1,200) - (10\% \times \$1,200)$ , even though the market value has increased.



“For the first time, our net investments for the year outside Asia exceeded our net investments in Asia.”

S DHANABALAN  
Chairman

## To My Fellow Stakeholders

While we started the last financial year preparing to stay on the sidelines, it turned out to be another active year for us.

The confluence of a US housing bubble correction, the underpricing of risks by lenders and financial institutions, and the ensuing credit crisis led to the sudden demise of Bear Stearns in the US towards the end of March 2008. The shock failure of Wall Street's fifth largest broker-dealer illustrates the kind of massive adjustments needed to deal with the global credit crisis, with bold and innovative measures by the US authorities to stem a dangerous systemic failure.

For the last two years, we have been concerned over the prospects of a major correction, but did not anticipate the speed and depth of the dislocation. A total of US\$400 billion was written off by banks around the world in the space of one year since June 2007. Its epicentre in the capital of global finance, New York, also surprised us.

The fallout of the credit crisis affected markets worldwide, and will continue to dampen the global economy over the next 24 months. In addition, sharply escalated oil and food prices are beginning to test inflation expectations.

We had a busy year, with some S\$32 billion of new investments and S\$17 billion of divestments, compared to S\$16 billion and S\$5 billion respectively the previous year. On a gross basis, we made just under S\$17 billion of investments in Asian economies, and S\$15 billion outside Asia.

For the first time, our net investments for the year outside Asia exceeded our net investments in Asia, with S\$10 billion

or 68% outside Asia and a balance of S\$5 billion or 32% in Asia. In the previous five years, we made a total net investment of S\$26 billion in Asia, and only S\$1 billion into non-Asian economies.

Group net profit doubled from the year before to S\$18 billion on the back of healthy realised gains from our divestments as well as the strong operating performance of our blue chip portfolio companies.

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S\$18b

Group Net Profit doubled

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### Delivering Shareholder Returns

Our portfolio grew almost 13% as at 31 March 2008 from S\$164 billion to S\$185 billion on a marked-to-market basis, or a healthy 24% growth in US dollar terms from US\$108 billion to US\$134 billion. Shareholder equity increased by 26% to S\$144 billion over the same period.

Part of the increase in portfolio size came from a net fresh capital injection of S\$10 billion from our shareholder as part of its asset allocation rebalancing. On a cumulative basis Temasek continues to be a net contributor in dividends to our shareholder.

Excluding new capital, we delivered a modest Total Shareholder Return (TSR) of 7% by market value, including dividends, and a solid 17% by shareholder funds for the year.

Our TSR since Temasek's inception in 1974 remains a healthy 18% by market value and more than 17% by shareholder funds.

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# 7%

Total Shareholder Return  
for the year

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Economic profit or Wealth Added (WA) for the Group touched a negative S\$6 billion for the year. This measures our returns above a risk-adjusted hurdle on the market value of our assets at the start of the year and excludes new capital. With the sharp global corrections, our direct investments delivered negative WA as at 31 March 2008. Further, our long-term blue chip investments just about met their risk-adjusted cost of capital for the year, on an aggregate basis. Our five-year cumulative WA was a healthy S\$60 billion above our risk-adjusted cost of capital hurdle.

### Risks and Opportunities

The unfolding credit crisis in the US continues to wend its way across other markets, including Europe and Asia. The risks of a major systemic failure and meltdown in the US have been largely averted by swift and groundbreaking regulatory and policy responses. However, the risks of stagflation have become more apparent with the twin bogeys of high oil and food prices.

While uncertain in the short term, the environment also presented various long-term opportunities.

In December 2007, we anchored Merrill Lynch in its capital raising exercise with an investment of about US\$4.9 billion for approximately 9% of Wall Street's third largest broker-dealer. In July 2008, we invested a further US\$3.4 billion in the company, of which US\$2.5 billion was from a reset payment from Merrill and US\$900 million was new capital. With well-established franchises in wealth management and global markets, Merrill presents strong growth potential for the longer term, though near-term strains in the economy remain.

Over in the UK, we also invested £975 million (approximately S\$3 billion or US\$2 billion) in Barclays PLC and increased our stake in Standard Chartered Bank to about 19%.

These moves tie in with our strategy to invest in companies with strong comparative advantages and sound leadership.

We also took advantage of the recent market dislocations to invest in new asset classes including commodities, fixed income, credit products and distressed assets. We continue to increase our exposure globally, including to new markets such as Russia and Latin America, through funds and direct investments.

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# Negative S\$6b

Group Wealth Added for the year  
below our risk-adjusted cost of capital

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At the same time, we actively monetised and rebalanced our portfolio, as we anticipated a massive structural adjustment.

During the year, we divested our stake in China COSCO Holdings. We also entered into an agreement to divest our indirect stake in PT Bank Internasional Indonesia. However, the buyer was not able to complete the transaction as scheduled on the closing date of 31 July 2008.

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## S\$60b

Five-year cumulative Wealth Added above risk-adjusted hurdle

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In March 2008, we sold Tuas Power for S\$4.2 billion to SinoSing Power, a 100% subsidiary of leading power group China Huaneng, via a competitive international bidding process. Tuas Power generates nearly one third of the electricity needs of Singapore.

The sale of Tuas Power marked a 14-year journey from 1994 when Temasek prepared to take over the corporatised power generating and grid assets. Since then, much thought and effort have gone into a patient restructuring of the power generating sector with various independent and competing companies such as Tuas Power. We cooperated closely with the relevant Singapore government agencies to institutionalise a sustainable, robust and market-oriented regulatory framework for the electricity market. The power generation market has operated on a soundly regulated but highly competitive basis since 2003.

This successful evolution from a state-run monopoly into independent commercial operators is due in no small measure to the enlightened support of the unions involved. Their leaders and members understood the

rationale for a forward-looking framework of a competitive energy market for Singapore.

We expect to complete the sale of our remaining two power generating companies over the next 12 months. This will complete our undertaking to help establish an open, robust and competitive electricity market in Singapore.

### Outlook

Volatility remains high. The credit crisis is not over – we expect to see further contagion in the real economy in the US, Europe and also Asia over the next 24 months.

On the other hand, bold policies have averted a serious meltdown but pushed up the spectre of inflation. Growth will be muted as excesses are wrung out. There may be opportunities as imbalances are corrected.

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**The credit crisis is not over – we expect to see further contagion in the real economy in the US, Europe and also Asia over the next 24 months.**

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We are concerned with the emerging risks of stagflation. This presents huge socio-political as well as economic risks in the next three to five years. Opportunities may be limited in such a scenario.

Sustainable growth over the longer term, however, will require some difficult decisions by policymakers, regulators and political leaders. These include the removal of price controls or energy subsidies, which have created highly distortive incentives and misallocation of capital, endemic to many

## To My Fellow Stakeholders

fast-growing economies. The sooner these difficult decisions are taken, the faster and less painful will be the eventual dislocation and repositioning to a more sustainable long-term growth trajectory.

We will continue to broadly focus on Asia with its long-term trend of growth and development in the next decade or two. In addition, we are setting up offices in Mexico and Brazil to deepen and broaden our exposure to Latin America.

### Engaging the Wider Community

We continue to share our experience freely with a view to promoting dialogues on corporate governance.

We engaged in international discussions about sovereign wealth funds (SWFs). In particular, we shared extensively with lawmakers and officials in the US and the EU, our philosophy as an independent, professionally managed and commercially disciplined investment firm, with a strong ethos of integrity, good governance and performance. We supported the International Monetary Fund-led International Working Group of Sovereign Wealth Funds in the drafting of the Generally Accepted Principles and Practices for SWFs.

### We will continue to broadly focus on Asia.

Closer home, the Temasek Alumni Network was launched in January 2008, bringing together more than 300 former Board directors and staff as members.

We are also very pleased to note that the Temasek Foundation has had a fruitful and satisfying first year since its establishment in May 2007. A total of 14 programmes with clearly stated criteria and outcomes were supported across Asia. Commitments of some S\$16 million were made in line with the Foundation's mandate of building people through education, healthcare and research, building bridges among diverse peoples, and building institutions through good governance and ethics. These and other pro bono beneficiaries are supported by a donation of S\$500 million that had been endowed to the Temasek Trust last year.

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## S\$16m committed

In 14 Temasek Foundation programmes across Asia

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On our part, we remain firmly committed to supporting Asia's development by extending our friendship, sharing our experiences, and strengthening ties with our friends and partners.

### Tribute to Mr Sim Kee Boon

I would like to take this opportunity to pay a special tribute to the late Mr Sim Kee Boon.

Kee Boon was a Board member of Temasek, a position he had held since the turn of the millennium. Among his various responsibilities, he was also a board member of Fullerton Financial Holdings, a member of the Temasek Advisory Panel and a founding trustee of the Temasek Trust.



As one of the stalwarts of modern Singapore, responsible for building and pushing the boundaries of excellence, including the world-renowned Changi International Airport and the Tanah Merah Country Club, Kee Boon was also instrumental in the growth and success of the Keppel Group. Upon his retirement from active executive roles, he joined the Temasek Board where his vision, astute judgement and acumen greatly benefited Temasek. His insightful advice and wise counsel provided the compass by which we set our course, and shape our future directions.

His passing is a great loss to both Temasek and to Singapore. He will be remembered as a man of utmost integrity, and a gracious, thoughtful and incisive leader.

### Board Changes

We welcome Marcus Wallenberg as a Board member. Marcus joined us on 8 July 2008. He has a distinguished career in the global business community and has been a firm advocate of international trade and investment. His knowledge and experience will be invaluable to Temasek as we chart our course ahead.

### In Appreciation

Temasek is the embodiment of the unwavering dedication and contributions of its Board, management and staff, past and present. I extend my heartfelt thanks to them for giving so much of their time and effort towards ensuring the success of the firm.

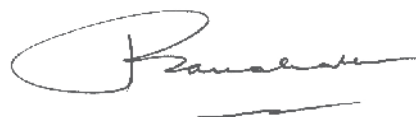
To the boards, management and staff in our portfolio companies, I commend you for your foresight, commitment, and success in building outstanding companies which continue to deliver sustainable growth and results.

You have been the foundation of Temasek's sterling performance over the decades.

I also wish to thank members of the Temasek Advisory Panel for their insights and guidance. They have enabled us to create and add value to the companies and communities we invest in.

I am also grateful to the members of the Temasek International Panel. Particularly in a time of market turbulence, their views and insights have been helpful in guiding the direction of Temasek. Some like Leon Davis and Lucio Noto have stepped down, while others have answered the call of public duty, like Dr Han Seung-Soo who became the Prime Minister of the Republic of Korea. We will miss their frank input and perspectives. We are also happy to welcome new member Lee Raymond.

Finally, I wish to express my deep appreciation to our many other stakeholders – our shareholder, bondholders, business partners and friends, advisors, unions, governments and regulators around the world, as well as interested members of the public. We look forward to your continued support so that we may, together, contribute to a richer and more vibrant global community.



**S DHANABALAN**  
Chairman  
August 2008



Immersing effortlessly in the bustling charm of tree-lined Orchard Road, SINGAPORE



## Group Financial Summary

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## Statement by Independent Auditors

We are the auditors of Temasek Holdings (Private) Limited (the Company) and its subsidiary companies (the Group). We have audited the statutory consolidated financial statements of the Group for the financial year ended 31 March 2008. We have issued an unqualified audit report dated 16 July 2008 on the audited statutory consolidated financial statements of the Group for the financial year ended 31 March 2008. The audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004, 2005, 2006 and 2007 were audited by another auditor whose auditor's reports contained unqualified opinions.

Under the Singapore Companies Act, Chapter 50 (the Act), Temasek Holdings (Private) Limited is an exempt private company and is not required to publish its audited statutory consolidated financial statements.

The Group publishes a Group Financial Summary, which is prepared and presented based on the audited statutory consolidated financial statements of the Group. The Group Financial Summary comprises Group Financial Highlights set out on pages 28 to 29, Group Income Statements for the financial years ended 31 March 2004, 2005, 2006, 2007 and 2008 set out on page 30, Group Balance Sheets as at 31 March 2004, 2005, 2006, 2007 and 2008 set out on page 31, Group Cash Flow Statements for the financial years ended 31 March 2004, 2005, 2006, 2007 and 2008 set out on page 32, and Group Statements of Changes in Equity for the financial years ended 31 March 2007 and 2008 set out on page 33.

Our responsibility is to express an opinion on whether the Group Financial Summary has been prepared from and presented consistently with the audited statutory consolidated financial statements of the Group. We conducted our examination in accordance with Singapore Standard on Auditing SSA 800

*The Independent Auditor's Report on Special Purpose Audit Engagements.* Those Standards require that we comply with ethical requirements and plan and perform the examination to obtain reasonable assurance whether the Group Financial Summary is free from material inconsistency with the audited statutory consolidated financial statements of the Group. Our work included examining, on a test basis, evidence supporting the consistency of the amounts and disclosures in the Group Financial Summary to the audited statutory consolidated financial statements of the Group.

In our opinion, the Group Financial Summary is consistent, in all material respects, with the audited statutory consolidated financial statements of the Group from which they are derived.



**KPMG**  
**Public Accountants and**  
**Certified Public Accountants**  
**Singapore**  
**16 July 2008**

## Statement by Directors

Our auditors, KPMG, have expressed an unqualified opinion on the audited statutory consolidated financial statements of Temasek Holdings (Private) Limited (the Company) and its subsidiary companies (the Group) for the financial year ended 31 March 2008. Our auditors for the prior years, PricewaterhouseCoopers, have expressed an unqualified opinion on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004, 2005, 2006 and 2007.

The Group Financial Highlights and consolidated financial information set out on pages 28 to 33 are the responsibility of the directors of the Company.

These Group Financial Highlights and consolidated financial information were prepared and presented by the Company based primarily on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004, 2005, 2006, 2007 and 2008.

On behalf of the directors



**S DHANABALAN**  
Chairman  
16 July 2008



**KWA CHONG SENG**  
Deputy Chairman  
16 July 2008

## Group Financial Highlights

### GROUP INCOME STATEMENTS (IN S\$ BILLION)

For the financial year ended 31 Mar	2004	2005	2006	2007	2008
Revenue	56.5	67.5	79.8	74.6	<b>83.3</b>
Profit before exceptional items	7.4	9.4	14.9	13.6	<b>20.2</b>
Net profit attributable to equity holder	7.4	7.5	12.8	9.1	<b>18.2</b>

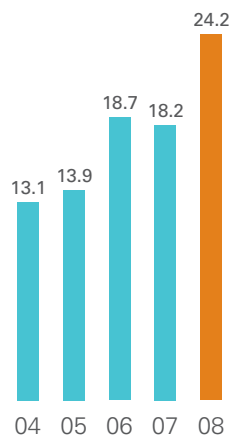
### GROUP BALANCE SHEETS (IN S\$ BILLION)

As at 31 Mar	2004	2005	2006	2007	2008
Total assets	180.8	199.1	213.7	242.4	<b>295.5</b>
Shareholder equity	64.5	70.9	90.6	114.0	<b>144.1</b>
Net debt*	21.9	26.9	16.7	23.6	<b>33.8</b>

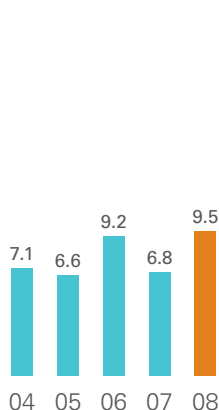
\* Total debt less cash and cash equivalents

For the financial year ended 31 Mar

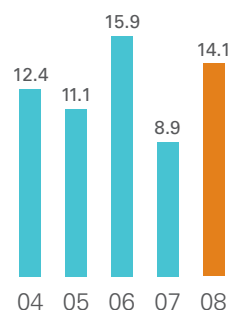
Profit Margin<sup>1</sup> (%)



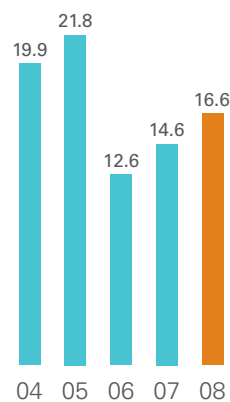
Return on Average Assets<sup>2</sup> (%)



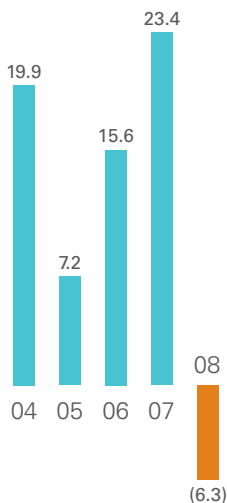
Return on Average Equity<sup>3</sup> (%)



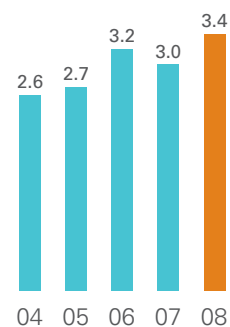
Net Debt to Capital<sup>4</sup> (%)



Wealth Added (\$ billion)



VA/ Employment Cost<sup>5</sup>



<sup>1</sup> Profit before exceptional items, expressed as a percentage of revenue

<sup>2</sup> Total profit, add back financing cost, expressed as a percentage of average total assets

<sup>3</sup> Net profit attributable to equity holder of the company expressed as a percentage of average shareholder equity

<sup>4</sup> Net debt expressed as a percentage of the sum of shareholder equity, minority interests and net debt

<sup>5</sup> Gross value added per dollar of employment cost

## Group Income Statements

IN S\$ MILLION

For the financial year ended 31 Mar	2004	2005	2006	2007	2008
Revenue	56,468	67,520	79,822	74,563	<b>83,284</b>
Cost of sales	(37,659)	(43,780)	(53,309)	(49,282)	<b>(53,290)</b>
Gross profit	18,809	23,740	26,513	25,281	<b>29,994</b>
Other operating income	1,482	3,334	7,678	8,370	<b>15,870</b>
Expenses: Selling & Distribution	(3,559)	(3,939)	(4,086)	(4,278)	<b>(5,197)</b>
Administrative	(5,722)	(7,003)	(8,040)	(8,104)	<b>(8,619)</b>
Finance	–	(2,120)	(2,415)	(2,611)	<b>(3,207)</b>
Other operating expenses	(3,633)	(4,648)	(4,758)	(5,053)	<b>(8,681)</b>
Profit before exceptional items	7,377	9,364	14,892	13,605	<b>20,160</b>
Exceptional items	2,165	404	1,666	–	–
Profit after exceptional items	9,542	9,768	16,558	13,605	<b>20,160</b>
Non-operating items	1,077	–	–	–	–
Finance income	619	–	–	–	–
Finance costs	(1,724)	–	–	–	–
Share of results of associated companies and partnerships	1,472	1,410	1,163	(830)	<b>3,187</b>
Share of results of joint ventures	787	1,037	1,263	1,566	<b>2,182</b>
Profit before income tax	11,773	12,215	18,984	14,341	<b>25,529</b>
Income tax expense	(2,050)	(1,837)	(2,518)	(1,381)	<b>(3,055)</b>
Profit from continuing operations	9,723	10,378	16,466	12,960	<b>22,474</b>
Profit from discontinued operations	–	31	67	16	–
Total profit	9,723	10,409	16,533	12,976	<b>22,474</b>
Attributable to:					
<b>Equity holder of the Company</b>	<b>7,365</b>	<b>7,521</b>	<b>12,827</b>	<b>9,112</b>	<b>18,240</b>
Minority interests	2,358	2,888	3,706	3,864	<b>4,234</b>
Total profit for the financial year	9,723	10,409	16,533	12,976	<b>22,474</b>



## Group Balance Sheets

IN S\$ MILLION

As at 31 Mar	2004	2005	2006	2007	2008
Shareholder equity	64,522	70,890	90,630	113,958	<b>144,058</b>
Minority interests	23,862	25,325	25,412	24,447	<b>25,786</b>
	<b>88,384</b>	<b>96,215</b>	<b>116,042</b>	<b>138,405</b>	<b>169,844</b>
Property, plant and equipment	61,558	69,268	65,552	65,486	<b>75,302</b>
Intangibles	13,543	14,714	14,481	14,805	<b>21,382</b>
Investments	27,339	16,976	27,137	34,965	<b>39,513</b>
Financial assets	–	13,829	27,529	52,341	<b>73,850</b>
Investment properties	8,159	7,848	1,817	3,632	<b>5,035</b>
Properties under development	370	453	518	158	<b>626</b>
Other non-current assets	6,488	8,266	9,972	10,446	<b>9,393</b>
Deferred tax assets	1,645	2,138	1,735	1,628	<b>1,849</b>
Current assets	61,695	65,614	64,987	58,979	<b>68,568</b>
Current liabilities	(45,779)	(50,901)	(52,269)	(45,350)	<b>(66,454)</b>
Net current assets	15,916	14,713	12,718	13,629	<b>2,114</b>
	<b>135,018</b>	<b>148,205</b>	<b>161,459</b>	<b>197,090</b>	<b>229,064</b>
Non-current liabilities	(46,634)	(51,990)	(45,417)	(58,685)	<b>(59,220)</b>
	<b>88,384</b>	<b>96,215</b>	<b>116,042</b>	<b>138,405</b>	<b>169,844</b>

## Group Cash Flow Statements

IN S\$ MILLION

For the financial year ended 31 Mar	2004	2005	2006	2007	2008
Operating cash flow before working capital changes	13,936	16,854	18,661	17,557	<b>21,213</b>
Change in working capital	(2,535)	(4,353)	2,577	2,508	<b>(287)</b>
Cash generated from operations	11,401	12,501	21,238	20,065	<b>20,926</b>
Income tax paid	(1,151)	(1,480)	(1,558)	(1,592)	<b>(1,942)</b>
Net cash inflow from operating activities	10,250	11,021	19,680	18,473	<b>18,984</b>
Net cash outflow from investing activities	(7,701)	(4,765)	(16,509)	(23,344)	<b>(30,431)</b>
Net cash inflow/(outflow) from financing activities	6,770	(4,793)	(238)	2,259	<b>13,277</b>
Net increase/(decrease) in cash and cash equivalents held	9,319	1,463	2,933	(2,612)	<b>1,830</b>

## Group Statements of Changes in Equity

IN S\$ MILLION

	Attributable to Equity Holder of the Company				Total
	Share Capital and Other Reserves	Revenue Reserves	Currency Translation Reserves	Minority Interests	
<b>Balance at 1 Apr 2007, as previously stated</b>	57,079	57,383	(504)	24,447	<b>138,405</b>
Effect of adopting FRS 40	(1,231)	1,037	–	32	<b>(162)</b>
<b>Balance at 1 Apr 2007, restated</b>	55,848	58,420	(504)	24,479	<b>138,243</b>
Net profit for the financial year	–	18,240	–	4,234	<b>22,474</b>
Others, net**	15,069	(2,022)	(993)	(2,927)	<b>9,127</b>
<b>Balance at 31 Mar 2008</b>	<b>70,917</b>	<b>74,638</b>	<b>(1,497)</b>	<b>25,786</b>	<b>169,844</b>
<b>Balance at 1 Apr 2006</b>	40,258	50,601	(229)	25,412	<b>116,042</b>
Net profit for the financial year	–	9,112	–	3,864	<b>12,976</b>
Others, net**	16,821	(2,330)	(275)	(4,829)	<b>9,387</b>
<b>Balance at 31 Mar 2007</b>	<b>57,079</b>	<b>57,383</b>	<b>(504)</b>	<b>24,447</b>	<b>138,405</b>

\*\* Comprise movements during the financial year including but not limited to:

- Currency translation differences;
- Share of associated companies', partnerships' and joint ventures' reserves;
- Net surplus on assets revaluation;
- Dividends paid, net of tax; and
- Issuance of ordinary shares



Launching Kong Ming lanterns of blessings thoughtfully into the peaceful night sky in Ping Si, TAIWAN



## Investments

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## Investment Approach

**Our mandate is to create and maximise long-term returns for our shareholder.**

Governed by the Singapore Companies Act, and also designated a Fifth Schedule Company under the Singapore Constitution in 1991, Temasek is an autonomously managed and professional investment house guided by an independent board.

Our investment strategy centres around four themes:

- Transforming economies
- Growing middle class
- Deepening comparative advantages
- Emerging champions

We have delivered total shareholder returns of more than 18% compounded annually since our inception 34 years ago.

To ensure sustainable returns over the long term, we will stay rooted in the commercial principles and governance which have served us well. As we continue investing for the future, we will strive to remain a trusted business partner and a responsible investor and shareholder, recognised for our integrity and reliability.

We invest for returns, manage our portfolio for value, and seek to create and maximise long-term shareholder value, balancing risks and opportunities across industries and geographies.

While we are state-owned, we are not state-directed in our investment, divestment or other business decisions. Similarly, we in turn do not participate in the day-to-day management of our portfolio companies, which are guided by their own boards to deliver sustainable shareholder value.

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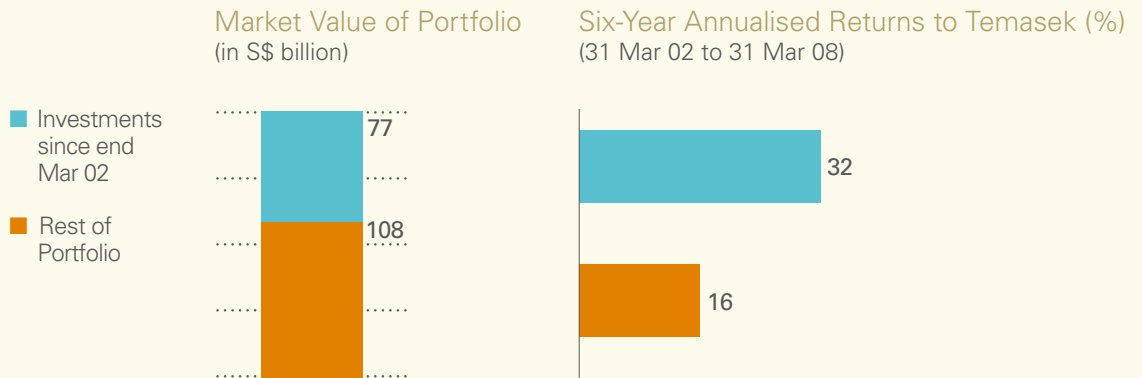
**While we are state-owned, we are not state-directed in our investment, divestment or other business decisions.**

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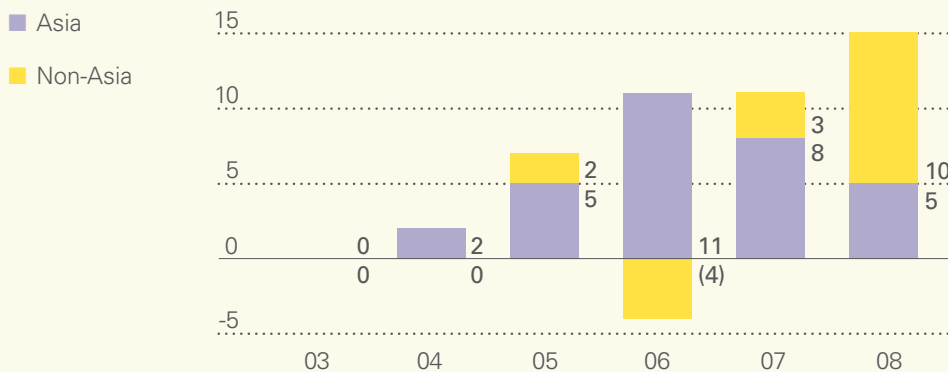
As an owner of our portfolio with a lightly geared balance sheet, we have the flexibility of taking concentrated positions with the appropriate investment horizons, or remaining in cash.

While focused primarily on Asia, we are open to opportunities elsewhere.

## Returns from Portfolio Reshaping



## Net Investment in Asia vs Non-Asia (in S\$ billion)



Net investment = Cost of investment – Divestment proceeds

(For year ended 31 Mar)

## Value Creation Framework

### Evaluating Potential Investments

- Value test
- Flexible investment stance
- Optimise leverage
- Create optionality
- Mitigate risks

### Managing Existing Portfolio

- Value test
- Sound governance
- Capable leadership
- Operational excellence
- Human capital
- Competitive strategy

### Creating and Maximising Long-Term Shareholder Value

- Value test
- Buy/sell
- Trade/swap
- Rationalise/restructure
- Co-invest
- Monitor



## Investment Highlights

### Financial Services

Banking and financial services form a significant segment of our portfolio as a broad-based proxy for economic growth, though this sector will also be broadly affected by downturns.

New investments in this sector included about US\$2 billion into Barclays PLC in July 2007 to support their capital needs for their subsequently unsuccessful bid for ABN AMRO.

Amid the credit crunch during the second half of 2007, we also anchored the December 2007 capital raising by Merrill Lynch with a US\$4.9 billion investment for about a 9% stake. A further US\$3.4 billion was invested in the company in July 2008, of which US\$2.5 billion was from a reset payment from Merrill and US\$900 million was new capital. We increased our stake in Standard Chartered Bank to about 19%, and continued to explore new opportunities further afield.



We entered into an agreement to divest our indirect stake in PT Bank Internasional Indonesia. However, the transaction was not completed as scheduled on the closing date of 31 July 2008, due to non-completion by the buyer for regulatory reasons.

### Transportation & Logistics

We saw our investments in two low-cost airlines, Tiger Airways and Orangestar Investment Holdings, turn profitable by the end of the year. This reflected the demand for air travel from the emerging middle class in Asia. However, the industry is expected to face challenges ahead with high fuel costs and slowing economies.

Separately, we divested our stake in China COSCO Holdings, an integrated shipping, ports and logistics operator.

### Infrastructure, Industrial & Engineering

During the year, we took up a cornerstone position in China Railway Construction Corporation, an infrastructure construction company focused on railways, highways, and public transportation systems. We also took a stake in Wasion, a manufacturer of electricity meters in China.

We divested our entire 54% stake in SNP Corporation, a printing company, in July 2008, for approximately S\$111 million.

### Real Estate

We remain positive on the urbanisation trends in Asia. However, buoyant capital markets early last year have resulted in frothy valuations, and slowed down our investment pace in this sector.

With the mortgage meltdown in the US, and the credit contraction, we have added some exposures in new asset classes in the form of real estate mortgage securities and special funds.

## Investments

### Consumer & Lifestyle

This is a relatively new sector for us, which includes areas such as childhood education and lifestyle businesses.

### Telecommunications & Media

This is the second largest exposure in our portfolio. We continued to invest in private equity opportunities during the year, such as an indirect stake in Bharti Airtel, India's leading wireless service provider.

### Energy & Resources

The continuing industrialisation and urbanisation of China and India are strong drivers for resource demand. However, high commodity prices have translated into rich valuation premiums for resource companies.

We remained cautious and invested selectively in upstream opportunities. We increased our exposure to non-conventional fuel sources through an increase in our stake in MEG Energy, one of the largest private pure-play Canadian oil sands companies. We also invested in companies engaged in oil and gas exploration activities, as well as a European clean-tech fund to bring new environmental technologies to Asia.



In October 2007, we announced our intention to divest our three power generation companies in Singapore. The sale of Tuas Power to China Huaneng Group was completed in March 2008 for S\$4.2 billion. Senoko Power is now earmarked for an international bid process which is expected to be completed before end 2008.

### Life Sciences

Demand for quality healthcare and pharmaceuticals is increasing with rising affluence in Asia.

In August 2007, we took a minority stake in Interpharma Investments Limited, the largest pharmaceutical distribution company in Asia. Through its operating arm, Zuellig Pharma, Interpharma has a pan-Asia footprint covering 13 countries stretching from Indonesia to China.

We are an investor in Invida Pharmaceutical Holdings, alongside our partners, Zuellig and Quintiles. Invida is building a specialty pharmaceutical portfolio focused on oncology, dermatology and female healthcare.

### Technology

We completed the voluntary cash tender offer for STATS ChipPac, and increased our stake from 35% to 83%. We also participated in a co-investment opportunity in Lattice Power, a China-based company with differentiated proprietary technology for manufacturing LEDs.

## A 14-year Journey



In March 2008, Temasek completed the divestment of its 100% interest in Tuas Power to China Huaneng Group.

The successful sale for S\$4.2 billion was a milestone in the liberalisation of Singapore's power industry.

In 1994, Temasek began preparations to take over the power grid and generating assets, in line with the Singapore government's landmark decision to liberalise the power industry in order to secure a competitive and sustainable electricity generating market. We took over the power generating assets, and cooperated with the regulators to restructure them into three independent and competing companies. At the same time, we liaised with these companies to put in place independent boards and managements. We also worked closely with the unions to secure their support for the rationalisation effort, while we proactively engaged the regulators on the regulatory framework.

This challenging journey was compounded by the Asian financial crisis post-1997, which impacted growth and electricity demand in Singapore.

With the regulatory framework in place and tested, and the power generation companies operating efficiently and competitively in a liberalised market, Temasek judged the conditions to be conducive for divestment and announced its intention in June 2007 to divest all of its power generation assets in Singapore.

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# S\$4.2b

Proceeds from divestment of Tuas Power

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Tuas Power was sold through a competitive international bid. The strong investor interest and successful divestment of Tuas Power are testimony to Singapore's open, transparent and investor-friendly regulatory framework.

Senoko Power is now slated to be the second power generation company to be sold. Temasek expects to complete the sale of Power Seraya and Senoko Power over the next 12 months.

This will complete Temasek's undertaking to help establish an open and competitive electricity market in Singapore.

## Investments

### China

We remain optimistic about China's longer term prospects, while we are mindful of the full valuations in the near term.

We have monetised some investments and recycled the proceeds into other opportunities such as China-centric funds and other direct investment opportunities.

### India

We continue to identify emerging champions that are excellent proxies for economic growth.



During the year, we broadened our partnership with the Bharti Group through our role as a lead investor in Bharti Infratel, a spin-off from Bharti Airtel to specialise in managing telecommunications tower assets across India. We also partnered the Tata Group and STAR to invest in Tata Sky, a satellite-based direct-to-home TV distribution company. First Flight Courier, one of India's largest courier companies, is another promising investment.

We divested some stakes including our investment in engineering and construction

company Punj Lloyd, following its successful IPO and acquisition of Sembawang Engineers & Constructors.

### Vietnam

Vietnam's economic landscape has changed markedly in recent months due to sharply rising inflation and a widening trade deficit. Our new exposures include Vinasun, a major taxi operator, Binh Chanh Construction and Investment Corporation, one of the largest real estate companies in Vietnam, and Petrovietnam Fertilizer and Chemicals Joint Stock Company, the country's largest fertiliser manufacturer.



### Russia

Russia is seeing a robust and growing consumer sector, with many emerging champions in other sectors of the economy. We continue to partner credible local players to explore opportunities.

### Latin America

We have invested in several Latin American opportunities and will continue to deepen and broaden our exposure in the region.

## Latin Pulse



Latin America is a large and growing market, fuelled by global demand for resources and supported by political leaderships committed to the modernisation of their economies. In 2007, the region attracted more than US\$100 billion of foreign direct investments, the highest since 1999<sup>1</sup>.

## Two Thirds

Brazil and Mexico's share of Latin America's GDP

Together, Brazil and Mexico account for two thirds of the region's GDP, and over half the population. Brazil is the ninth largest economy in the world in terms of purchasing power parity (PPP), with the fifth largest population<sup>2</sup>. Mexico has the 12th largest economy in PPP terms, providing one of the highest per capita incomes in Latin America, with the 11th largest population in the world<sup>2</sup>. A Goldman Sachs

review of emerging economies projects that, by 2050<sup>3</sup>, Brazil and Mexico will become the world's fifth and sixth largest economies respectively.

Brazil is attractive to foreign direct investment with a globally competitive position in agribusiness, resources and hydrocarbon reserves. It benefits from a large, growing domestic market. Its industrial sector accounts for 60% of South America's industrial production and its agricultural sector has remained robust for two decades. Brazil is a world leader in ethanol production and deep-water oil exploration and production technology.

NAFTA<sup>4</sup> and a free trade agreement with the EU have made Mexico an attractive market for industrial and commercial investments. In 2007, Mexico's exports accounted for 55% of Latin America's total exports<sup>5</sup>. Fiscal reforms are expected to boost confidence and bolster investment inflows.

Temasek's initial investments have laid the foundation for our presence and growth in Latin America. Our investments include a stake in GP Capital Partners IV, a fund run by GP Investments, a leading private equity player in Brazil. This partnership has already provided us with several co-investment opportunities.

We plan to broaden our exposure to these economies and engage the community as a long-term investor.

<sup>1</sup> Economic Commission for Latin America and the Caribbean Report, 8 May 2008  
<sup>2</sup> World Fact Book, Central Intelligence Agency

<sup>3</sup> Goldman Sachs Paper No.134 Relevant Emerging Markets  
<sup>4</sup> NAFTA: North American Free Trade Agreement  
<sup>5</sup> CEIC, 2007



Planting rice diligently on the famed terraces of Bali, INDONESIA



## Shaping the Institution

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## Institutionalising Sound Governance

Good governance in and of itself does not deliver value, but good governance can help assure the sustainability of an institution beyond the contributions of any individual or team. Hence, even as capable and honest men and women underpin the success of Temasek and its portfolio companies, we continue to search ceaselessly for better solutions in anticipation of changing needs as we shape our institution for the long term.

A robust and pragmatic governance framework provides a practical balance between accountability and responsiveness, between empowerment and organisational alignment, and between risks and returns.

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Temasek is an investment company that owns and manages its assets on a commercial basis.

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We espouse the principles of commercial discipline, built on professionalism and robust processes, and reinforced through a performance incentive system that is aligned with sustainable shareholder return.

Investment, business and commercial decisions are the responsibility of our Board and management. Neither the President nor the Singapore Government is involved in directing our investment, divestment or other business decisions.

### Relating to Our Shareholder

Temasek is an investment company that owns and manages its assets on a commercial basis.

We are an exempt private company<sup>1</sup> incorporated on 25 June 1974 to own and manage investments previously held by our shareholder, the Minister for Finance (Incorporated).

This represents a policy commitment for these investments to be managed by Temasek on a sound commercial basis, as distinct from the government's public interest role of policy-making and market regulation. This frees the government to act in the larger interests of the overall economy.

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Neither the President nor the Singapore Government is involved in directing our investment, divestment or other business decisions.

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Temasek operates under the purview of the Singapore Companies Act and all other applicable laws and regulations governing companies incorporated in Singapore. Within this regulatory framework, Temasek operates with full commercial discretion and flexibility, under the direction of our Board of Directors.

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<sup>1</sup> Under the Singapore Companies Act (Chapter 50), an exempt private company has no more than 20 shareholders and no corporate shareholder, and is exempted from filing its audited financials with the public registry



We provide annual statutory financial statements audited by an international audit firm, as well as periodic updates, to our shareholder. While not required to release financials publicly as an exempt private company, we have published our group financial summary and highlights based on the audited financial statements in our annual Temasek Review since 2004.

We annually declare dividends to our shareholder, balancing cash returns to our shareholder against re-investments to sustain future returns.

### Relating to the Elected President

In 1991, the Singapore Constitution was amended to provide for the direct election of the President of the Republic of Singapore. This constitutional amendment gives the President an independent role as an elected Head of State to safeguard Singapore's critical assets and past reserves.

Under this amendment, Temasek was designated a Fifth Schedule Company<sup>2</sup>.

In particular, the President's concurrence is required for the appointment or removal of our Board members and our CEO. Board members are eligible for re-appointment with the concurrence of the President. Each Board appointment or renewal is for a fixed term not exceeding three years.

Temasek may not act in ways which would draw on or diminish our past reserves without

the President's concurrence. Such past reserves have been built up over the years from our profits, including investment dividends and gains, and from government assets previously transferred to Temasek, before the term of the current Government. Each term of Government begins with the swearing-in of a new Government after a General Election that is held no later than five years from the date of its first sitting after the elections.

Thus, the President acts as a check on the Government under a 'two-key' concept to safeguard Temasek's past reserves.

Apart from its normal fiduciary duties, our Board is accountable to the President to ensure that every disposal of investment is transacted at a fair market value. Our Board is required to seek the approval of the President before we draw on or diminish our own past reserves<sup>3</sup>.

Our Chairman and our CEO are required to certify our Statement of Reserves and Statement of Past Reserves to the President on a half-yearly basis.

### Relating to Our Portfolio Companies

Companies in our portfolio are managed by their respective management, and guided and supervised by their respective boards. Temasek does not direct the commercial or operational decisions of its portfolio companies, but holds their respective boards accountable for the financial performance of their companies. We will exercise our shareholder rights, including voting, to protect our commercial interests.

<sup>2</sup> Other Fifth Schedule entities include Government of Singapore Investment Corporation Pte Ltd (GIC), which manages the reserves of the Singapore Government, and statutory boards involved in managing critical assets, such as the Central Provident Fund Board and the Monetary Authority of Singapore

<sup>3</sup> Temasek does not manage the foreign exchange reserves of Singapore, or the reserves of any other Fifth Schedule entity. Each Fifth Schedule entity is managed independently, and is separately accountable to the President through its own Board and CEO for the protection of its own past reserves

We promote sound corporate governance in our portfolio companies. We support the formation of high calibre, commercially experienced and diverse boards to complement management leadership. By leveraging our wide network of contacts, we can suggest qualified individuals for consideration by the respective boards.

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**Temasek does not direct the commercial or operational decisions of its portfolio companies.**

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### Relating to the Wider Community

We are also mindful of our roles and responsibilities to the wider community in respect of governance. We actively engage various stakeholders, including the boards and managements of our portfolio companies, regulators and other market participants to promote best practices, and keep abreast of governance issues and trends.

In particular, we openly share our experiences and governance practices, and in turn learn from others, so that together we can contribute to the long-term success of Asia and reduce the long-term risk premiums for our investments.

Additionally, we have endowed the Temasek Trust to support the independently-managed Temasek Foundation, one of whose mandates is to build institutions through the promotion of better governance and ethics.

We are mindful of the social, environmental and development needs of the community, which can impact the long-term sustainability of communities and businesses. In particular, we observe the international treaties to which Singapore is a signatory, and have consideration for applicable economic or investment sanctions of the United Nations.

### Temasek Board and Committees

The Temasek Board comprises a majority of non-executive independent private sector business leaders. They bring a wealth of experience from the private sector and industry to our deliberations.

The roles of Chairman and CEO are substantively different and therefore separated to provide the proper checks and better balances, and better accountability within the Board.

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**7 out of 9**

Number of independent directors on the Temasek Board

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Our Board provides overall guidance and policy directions to our management. Each year, the Board is scheduled to meet on a quarterly basis for full-day sessions, but meets more often when necessary. Due to the level of investment activities, seven Board meetings were held in FY2007<sup>4</sup>.

Our Board is assisted by the Executive Committee (EXCO), the Audit Committee (AC), and the Leadership Development & Compensation Committee (LDCC), each of which addresses specific matters as determined by the Board. Each committee is chaired by an independent, non-executive Director.

On the recommendation of the AC, our Board approves the annual audited statutory accounts prior to submission to the shareholder for adoption at an Annual General Meeting.

### Executive Committee (EXCO)

Within the financial limits delegated by our Board, the EXCO is authorised to review, consider, and approve matters relating to supervision and control, financing and funding, mergers and acquisitions, changes in our shareholding structure, dividend policy and major business decisions. The EXCO is responsible for formulating policies and guidelines to manage Temasek's capital resources effectively and efficiently.

The EXCO meets between Board meetings, or as and when required, to provide timely approval of major decisions. In FY2007, it held one meeting due to the increased number of Board meetings held and resolutions passed by circulation to consider proposals that required decisions from the Board in accordance with our financial limits policy.

### Audit Committee (AC)

The AC reviews our systems and processes to ensure the proper conduct of our company business. These include:

- Financial reporting
- Internal and external audit
- Internal controls
- Compliance with applicable laws and regulations
- Temasek Code of Ethics and Standards of Practice
- Valuation Policy and Procedures

It reviews the audited statutory accounts before submission for Board approval, and makes recommendations to the Board for the appointment or re-appointment of the auditor. The AC is authorised by the Board to seek any information that it requires from any of our staff. It may also obtain external legal or other professional advice to enable it to discharge its functions appropriately.

The AC met four times in FY2007.

### Leadership Development & Compensation Committee (LDCC)

The objective of the LDCC is to establish policies and provide guidance in the areas of leadership and succession plans for key positions and Board appointments, renewals and compensation.

Temasek supports robust Board governance processes for leadership renewal. These include the separation of roles between the Board Chairman and the CEO, as well

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<sup>4</sup> FY2007 ends on 31 March 2008

## Shaping the Institution

as an institutionalised process for CEO performance review and succession. The LDCC also reviews trends in non-executive directors' compensation in order to keep pace with industry norms for attracting top quality directors.

Performance-based compensation plans are a critical component of overall staff compensation and incentives. Properly designed, such compensation plans can help align the interests of management and staff with the interests of the company and shareholders. In principle, we support performance incentives that are derived from Wealth Added or economic profit, and have short-, medium- and long-term alignments to shareholder returns. Such incentives include performance and restricted share plans, as well as share ownership plans.

These governance issues as well as market trends and developments form the basis for Temasek's engagement with its portfolio companies at shareholder meetings and other relevant forums.

During the year, Temasek held a dialogue with the chairmen of our major portfolio companies and the members of their compensation and nomination committees, to share our perspectives on issues relating to shareholders' rights and directors' re-election; as well as the equitable and timely payment of compensation for Board members. We also invited an external consultant to speak on Board succession planning.

The LDCC reviews and approves performance-based incentive plans for our management as well as the salary and compensation of our CEO and Executive Directors. Fees and any other incentives for the non-executive directors on our Board are subject to approval by our shareholder at an Annual or Extraordinary General Meeting.

The LDCC met four times in FY2007.

### Board and Committee Decisions

Board and Committee decisions may be made at a meeting or obtained via circulation. Board members may participate in meetings via telephone or video-conference. Decisions at our Board and Committee meetings are based on a simple majority of the votes. In case of a tied vote, the Chairman has a second or casting vote. Where a Board resolution is obtained via circulation, the resolution becomes effective upon approval by at least two-thirds of the directors.

In the event that Board members have interests that may conflict with specific Temasek interests, they are recused from the relevant Board or Board Committee deliberations and decisions.

Our Board holds Executive Sessions as part of the full-day Board scheduled meetings, without the presence of our management, to discuss and decide on confidential senior staff matters. These include the review of CEO performance and succession as well as the review of our senior leadership team.

## Temasek Management

The responsibility of our management is to create and maximise sustainable returns for our shareholder.

Robust systems and processes are in place to ensure we comply with the rules and regulations of the jurisdictions where we have investments or operations. We continue to update or refine these as we expand into new markets or incorporate new technology platforms or capabilities.

Our management also participates in dialogues with regulators and other market

participants on governance and other regulatory issues to help promote fair and practical market oversight.

During the year, we testified at a Congressional hearing in the US on sovereign wealth funds. We also worked with the International Monetary Fund to share our views on governance and practical guidelines for such funds. These form part of our contribution to support a fair as well as open investment environment, which we believe to be in the best interests of the global community.

### Board Committee Membership

	Board	EXCO	AC	LDCC
S Dhanabalan	Chairman	Chairman		Chairman
Kwa Chong Seng	Deputy Chairman	Deputy Chairman		Member
Kua Hong Pak	Member		Chairman	
Koh Boon Hwee	Member	Member		
Sim Kee Boon <sup>1</sup>	Member			Member
Goh Yew Lin	Member		Member	Member
Teo Ming Kian	Member	Member		
Marcus Wallenberg <sup>2</sup>	Member			
Simon Claude Israel	Executive Director	Member		
Ho Ching	Executive Director & CEO	Member		Member

<sup>1</sup> The late Mr Sim Kee Boon was a Board Member until 9 November 2007

<sup>2</sup> Mr Marcus Wallenberg joined the Board with effect from 8 July 2008

## Board of Directors



1



2



3



4

1 S Dhanabalan  
Chairman

Chairman of Temasek since September 1996. Chairman of DBS Group Holdings Ltd from 1999 to 2005 and Chairman of Singapore Airlines Ltd from 1996 to 1998. Began career in the Singapore Civil Service in 1960. Entered politics in 1976. Held a number of cabinet positions from 1978 to 1994.

3 Ho Ching  
Executive Director & CEO

Joined Temasek as a Director in January 2002, becoming its Executive Director in May 2002. Executive Director & CEO since January 2004. Began career with the Ministry of Defence and held various positions in the Defence Science Organisation and the Defence Materiel Organisation. President and CEO of the Singapore Technologies Group from April 1997 to December 2001. Conferred the Public Administration Medal (Silver) in 1985 and the Public Service Star in 1996.

2 Kwa Chong Seng  
Deputy Chairman

Deputy Chairman and Director of Temasek since September 1997. Presently Chairman and Managing Director of ExxonMobil Asia Pacific Pte Ltd, a board director of DBS Group Holdings Ltd and a member of the Public Service Commission. Previously Chairman of MediaCorp Pte Ltd. Began career with Esso Singapore in 1969. Conferred the Public Service Star in 2005.

4 Kua Hong Pak  
Director

Director of Temasek since November 1996. Presently Managing Director and Group CEO of ComfortDelGro Corporation Ltd and Deputy Chairman of SBS Transit Ltd and VICOM Ltd. A board director of PSA International Pte Ltd, PSA Corporation Ltd, StarHub Ltd, Ringier Print (HK) Ltd and Cabcharge Australia Limited. Conferred the Public Service Star in 1996 and re-appointed a Justice of the Peace in 2005.

## Shaping the Institution



5



6



7



8



9



#### 5 Koh Boon Hwee

##### Director

Director of Temasek since November 1996. Presently Chairman of DBS Group Holdings Ltd, Executive Chairman and CEO of Sunningdale Tech Ltd, and Executive Director of MediaRing Limited. Previously Chairman of Singapore Airlines Ltd, SIA Engineering Co. Ltd and Singapore Telecommunications Ltd, Executive Chairman of the Wuthelam Group and Managing Director of Hewlett Packard Singapore. Conferred the Meritorious Service Medal in 1995 and the Public Service Star in 1991.

#### 7 Simon Israel

##### Executive Director

Joined Temasek as a Director in August 2005, becoming its Executive Director in July 2006 after 10 years with the Danone Group as Chairman Asia Pacific and as a member of the Danone Group's Executive Committee. Prior to the Danone Group, had a 22-year career with Sara Lee Corporation across the Asia Pacific region. Current Chairman of the Singapore Tourism Board and Asia Pacific Breweries Ltd. Conferred Knight in the Legion of Honour by the French Government in 2007.

#### 9 Marcus Wallenberg

##### Director

Appointed a Director of Temasek on 8 July 2008. Chairman of Skandinaviska Enskilda Banken (SEB), SAAB AB and AB Electrolux and Deputy Chairman of L M Ericsson. Also a board director of AstraZeneca, Stora Enso, Foundation Asset Management, and the Knut and Alice Wallenberg Foundation. A recent Chairman of the International Chamber of Commerce and previously President and CEO of Investor AB.

#### 6 Goh Yew Lin

##### Director

Director of Temasek since August 2005. Presently Managing Director of GK Goh Holdings Ltd, and an independent director of CIMB-GK Pte Ltd, Boyer Allan Management Ltd and various funds managed by Boyer Allan. Actively involved in the securities industry in Southeast Asia for 25 years until 2005. Current Chairman of the Yong Siew Toh Conservatory of Music, Deputy Chairman of the Singapore Symphonia Company Limited, and a board member of the National University of Singapore.

#### 8 Teo Ming Kian

##### Director

Director of Temasek since October 2006. Presently Permanent Secretary of the Ministry of Finance and Permanent Secretary of National Research and Development in the Prime Minister's Office. Current Chairman of MND Holdings Pte Ltd, Accounting and Corporate Regulatory Authority and Inland Revenue Authority of Singapore. Executive Chairman of the Singapore Economic Development Board from February 2001 to October 2006. Conferred the Public Administration Medal (Gold) in 1993.

## Managing Risks

Maintaining focus and taking long-term concentrated risk positions against the backdrop of a transforming economy have been key to our success, initially as a Singapore-centric investor and shareholder, and now as an owner of an Asia-focused portfolio of emerging blue-chip players of the future.

Balancing these concentrated risks against the overall long-term potential return of our investments is integral to our business. This need will become more acute as the global economy undergoes major shifts over the next decade.

We continue to refine and enhance our risk management framework as we build up capabilities to invest in different markets and different products and asset classes. In particular, we have added rigour and timeliness in our Risk Management Information System to improve our decision-making and responsiveness in a volatile market with significant stagflation risks in the coming years.

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Through a risk-sharing compensation framework, Temasek staff share the upside and downside over the medium and long term.

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### Risk Management Framework

Our Board and CEO are ultimately responsible for the oversight and management of strategic, financial and operational risks. In day-to-day operations, they are supported by the senior management team and Risk Management Unit (RMU) which provides on-the-ground vigilance and responsiveness. Together, they determine

the objectives and policies of our risk management framework, and promote a culture of risk awareness and a sense of balance in risk taking.

This culture of balanced risk-taking is reinforced through a risk-sharing compensation framework, where Temasek staff share the upside and downside over the medium and long term.

#### Risk Management Categories

##### Strategic Risks covering

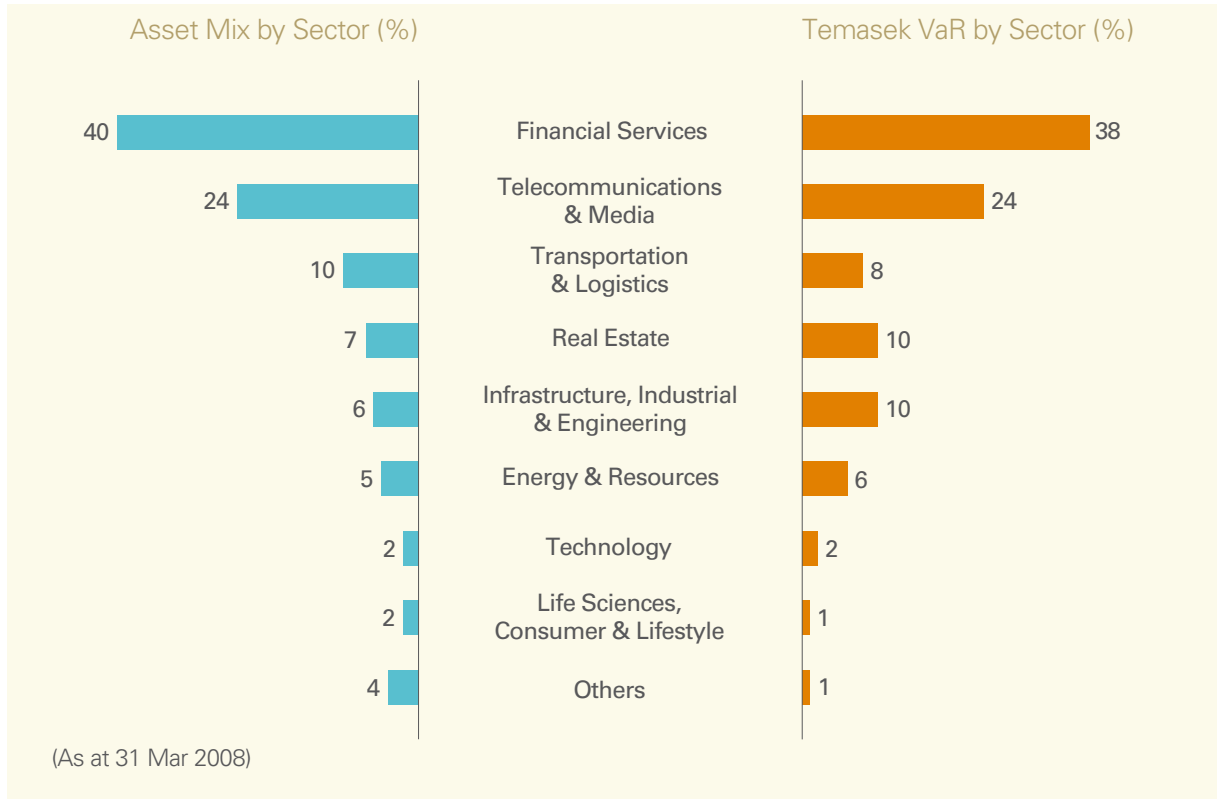
- Aggregate Risk Profile of Temasek
- Funding Liquidity
- Political
- Structural Foreign Exchange
- Industry

##### Financial Risks covering

- Investment
- Market
- Credit

##### Operational Risks covering

- People
- Process
- Systems
- Legal & Regulatory
- Reputation
- Business Disruption



### Strategic Risks

Our underlying exposure to Singapore decreased from S\$62 billion to S\$60 billion, constituting a smaller 33% of our growing portfolio, compared to 38% the year before. Rest of Asia (excluding Singapore and Japan) grew from 40% of our portfolio to 41%, with OECD exposures making up 23%, up from 20% the previous year.

Overall, nearly 74% of our exposure is to Asia, with our exposure to AA/AAA-rated and OECD economies at about 62%. About 79% of our portfolio comprises listed or liquid assets.

# 62%

underlying portfolio exposure to AA/AAA-rated and OECD economies

Some 64% of our portfolio value is in the financial services and telecommunications & media sectors. Both are beneficiaries of the economic transformation in Asia with its growing middle-class demands. The single largest investment accounts for less than 19% of our portfolio value, down from 26% five years ago.

### Financial Risks

To give a sense of our market risk, we use a Value-at-Risk (VaR) statistical model that estimates the potential loss on a portfolio for a given confidence level. Our VaR for a 12-month period at an 84% confidence level is derived using a Monte Carlo simulation based on three years of price data.

**Our VaR rose by S\$16 billion while our portfolio value increased by S\$21 billion.**

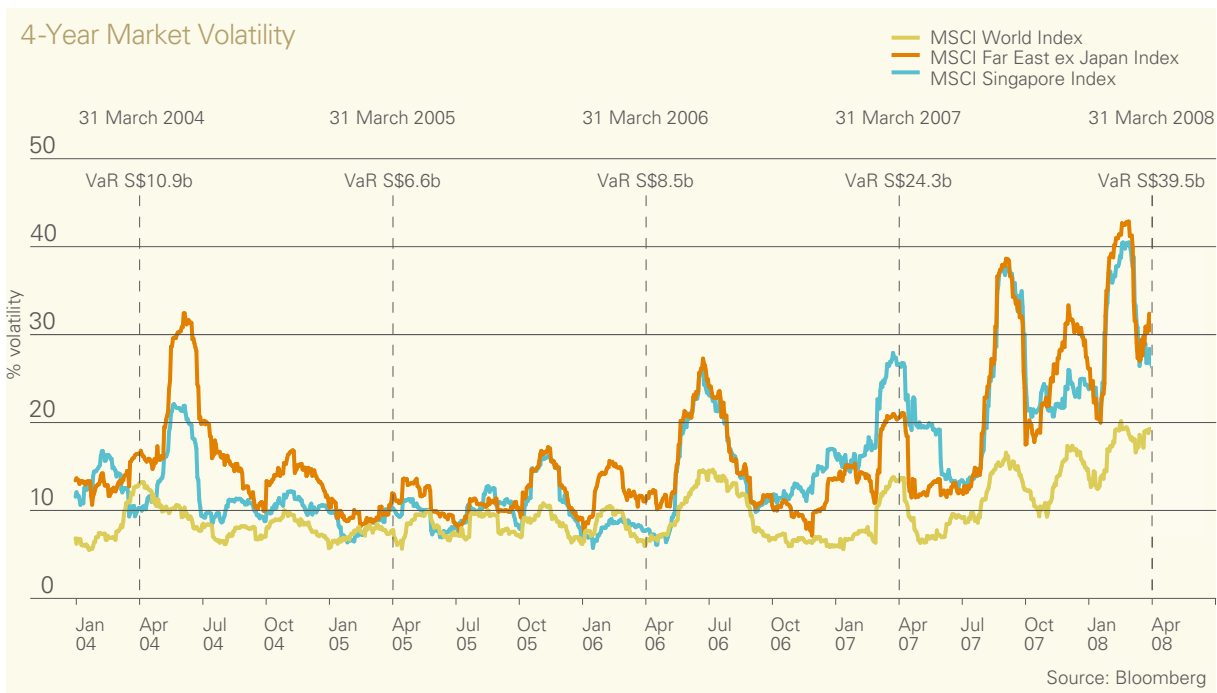
As at 31 March 2008, our VaR was about S\$40 billion. This implies a 16% probability of incurring marked-to-market losses in excess of S\$40 billion, on a portfolio of S\$185 billion, in the following 12 months. This is an increase

in VaR of almost 67%, up from S\$24 billion the year before, reflecting the severe stress in the global financial markets.

Over the last financial year, our VaR rose by S\$16 billion while our portfolio value increased by S\$21 billion. Ten companies contributed about 60% of the increase in VaR, half from the banking sector, and the other half being some of our major long-term portfolio companies such as Singapore Telecommunications (SingTel).

Overall, the diversified VaR of the top 10 companies contributed over 67% of our total diversified VaR. These include SingTel, China Construction Bank, CapitalLand, DBS Group and Singapore Airlines.

Apart from tracking VaR, RMU also conducts monthly stress tests and scenario analyses



to gauge the effect of low probability but high impact events. Monthly, it also reviews our overall risk position and provides additional analyses of specific event, industry or country risks.

### Operational Risks

We continued our efforts to improve the efficiency and effectiveness of our workflows and processes, such as enhancing controls over derivative trades, and sharpening the divestment execution.

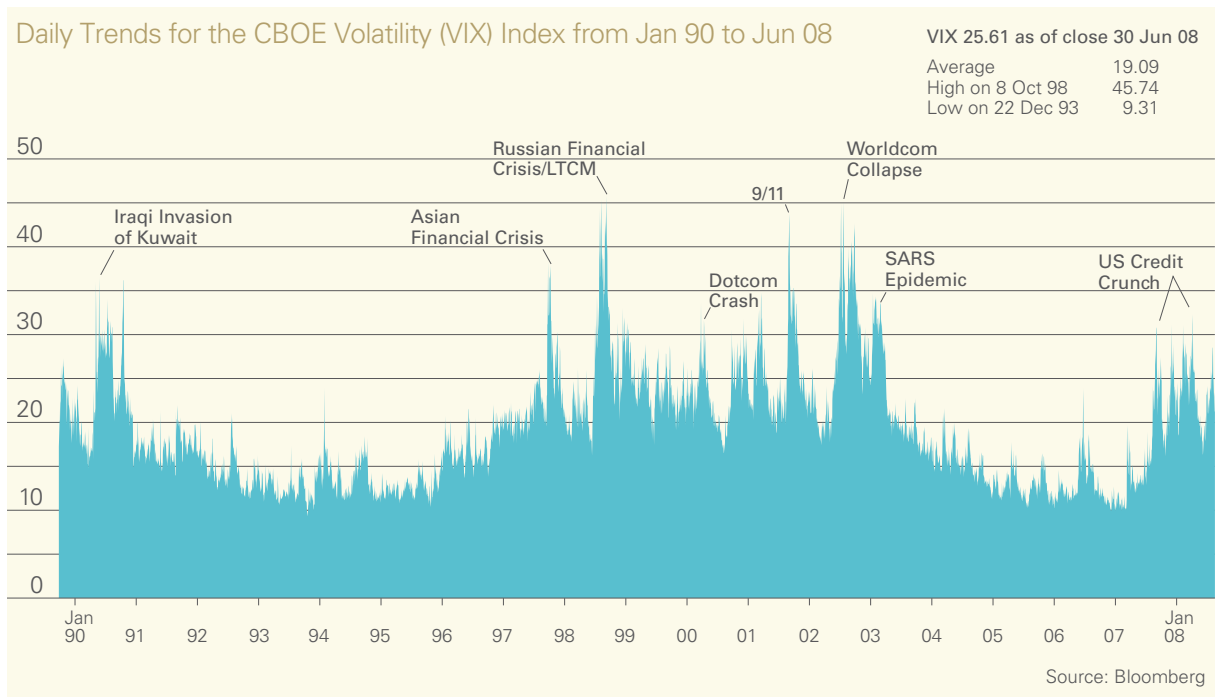
Other examples include the review of our business continuity plan to incorporate current best practices, and to improve our capability to support our staff when they encounter emergencies abroad on company business. We have also reviewed our IT needs, and will roll out our strategic IT architecture and platforms over the next couple of years to

support greater operational efficiency based on structured and transparent decision making, and to anticipate future needs.

16% probability of over S\$40 billion marked-to-market losses on portfolio value of S\$185 billion over the 12 months to 31 March 2009.

### Investment Risk Management Process

During the past year, we also strengthened our processes on due diligence, investments and divestments. Our in-house training aims to inculcate a proactive and owner mentality approach to risk management, to meet the needs of a growing team and expanding geographies. This will help nurture a culture of discipline to mitigate investment risks.



### Legal & Regulations

Our Legal & Regulations Unit is organised around the core functions of transactional and advisory support, regulatory compliance and internal compliance.

Our legal and regulatory team plays an integral role in the management of legal and regulatory risks in investments and other business activities. Key policies, processes and systems have been instituted, and are regularly reviewed and updated. These include a legal risk management framework to define and institutionalise acceptable legal risk parameters, and a legal process policy to provide effective and consistent management of legal risks in transactions. In addition, under our derivatives transaction policy, such transactions can only be made on behalf of the company by personnel who are authorised by a Board resolution.

Regulatory compliance is overseen by a dedicated team of regulatory compliance counsel and officers, supported by a robust securities tracking system for Singapore and other relevant jurisdictions. These are continually reviewed and updated for changes in laws, and enhanced by leveraging on technology for the automation of the Singapore and Hong Kong securities tracking system and the regulatory filings database.

Apart from complying with the regulations of the various jurisdictions, Temasek will also take into consideration, where applicable, other relevant prevailing internationally agreed restrictions such as the sanctions by the UN Security Council.

Our internal compliance function covers the letter and spirit of Temasek's internal code of conduct and standards of good practice as well as all relevant rules and laws. Best practice policies and processes for our staff include our Staff Code of Ethics and Standards of Practice, Personal Account Dealing Policy and Whistle Blowing Policy.

These legal and regulatory knowledge and experiences are institutionalised and shared regularly via a dedicated knowledge management platform and other initiatives. This deepens the organisational knowledge base, enhances execution capabilities, and helps to deliver optimal service support.

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Our internal compliance function covers the letter and spirit of Temasek's internal code of conduct and standards of good practice as well as all relevant rules and laws.

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### Internal Audit

Internal Audit (IA) conducts periodic reviews on key processes and responds to requests from Board or management to undertake special reviews. This ensures end-to-end processes in Temasek are robust and well controlled, and gaps addressed expeditiously.

Increasingly, IA also acts as a source of corporate knowledge to other units in the company and to other companies within the group. At the request of the Boards of several smaller, unlisted portfolio companies, IA has provided consulting services to help augment their external audit processes.

## Leadership Team

Nine nationalities are represented in Temasek's leadership team with the youngest in their mid-30s. They bring a diversity of backgrounds and experiences to Temasek.

### Alan THOMPSON

Managing Director  
Investment,  
Latin America

### CHAN Heng Wing

Managing Director  
Chief Representative,  
China

### CHAN Wai Ching

Managing Director  
Organisation  
& Leadership

### Charles ONG

Senior Managing Director  
Chief Strategist

### CHEO Hock Kuan

Senior Managing Director  
Corporate Development  
& Special Projects

### CHUA Su Li

Company Secretary

### David HENG

Managing Director  
Investment

### GAN Chee Yen

Senior Managing Director  
Co-Chief Investment  
Officer

### GOH Yong Siang

Managing Director  
International & Strategic  
Relations

### HIEW Yoon Khong

Senior Managing Director  
Special Projects

### Jeffrey CHUA

Managing Director  
Investment

### LAO Tzu Ming

Managing Director  
Risk Management

### Lena CHIA

Managing Director  
Legal & Regulations

### LEONG Wai Leng

Senior Managing Director  
Corporate Development  
& Chief Financial Officer

### Lorenzo Gonzalez BOSCO

Managing Director  
Investment, Mexico

### Manish KEJRIWAL

Senior Managing Director  
Investment, International  
& India

### Margaret LUI

Managing Director  
Investment

### Mathew WELCH

Managing Director  
Investment

### Michael DEE

Senior Managing Director  
International

### Myrna THOMAS

Managing Director  
Corporate Affairs

### Nagi HAMIYEH

Managing Director  
Investment

### NG Lai Cheng

Company Secretary

### NG Quek Peng

Managing Director  
Portfolio Management

### NG Yat Chung

Managing Director  
Corporate Development,  
Portfolio Management  
& Systems

### ONG Beng Teck

Managing Director  
Investment

### Padmanabh SINHA

Managing Director  
Investment, India

### PAK Hoe Soon

Managing Director  
Investment

### R SHYAMSUNDER

Managing Director  
Investment

### Robert CHONG

Managing Director  
Human Resources

### TAN Suan Swee

Managing Director  
Investment

### TOW Heng Tan

Senior Managing Director  
Chief Investment Officer

### Vijay PAREKH

Senior Managing Director  
Special Projects

### Willie CHAN

Managing Director  
Learning,  
Chief Executive Officer  
Temasek Management  
Services

### WONG Kim Yin

Managing Director  
Investment

### YAP Chwee Mein

Managing Director  
Investment & China

## Compensation Framework

**We continue to build a one-team culture to deliver sustainable long-term performance. A well-balanced compensation framework puts the institution before the individual, emphasises long term over short term, and aligns employee and shareholder interests.**

Apart from competitive base salaries, family-friendly benefits and performance target bonuses, we align rewards and risks with our staff through our Wealth Added (WA) incentives.

### Wealth Added Incentives

When Temasek achieves positive WA or excess returns above the risk-adjusted hurdles, particularly from our direct investment activities, a portion of the attributable WA is set aside as a staff WA incentive pool following the close of the financial year and the approval of the audited statutory accounts. Similarly, another portion is set aside for our contribution to the community.

One part of the WA incentive pool funds our Wealth Added Bonus plan. This cash incentive plan includes deferred payments that are subject to the future performance of the company. Distribution of this incentive is in accordance to the contributions made by the individuals. The individually earned bonus is credited to the notional WA bonus bank of the participating staff. The junior staff will get a larger cash payout from their bonus bank, while key management staff will have half or more of their earned WA bonus deferred to future years. Of the deferred portion, half will be retained in the bonus bank for future years, and half allocated in the form of Restricted Staff Co-investment Plan (R-Scope) units, which grow or decline with the total shareholder returns achieved, as they vest over the ensuing three years.

Another part of the WA incentive pool funds the Temasek Staff Co-investment Plan (T-Scope). These T-Scope units will grow or decline with Temasek's returns over 12 years. If Temasek exceeds the specified hurdles over a performance period of three to five years, the T-Scope units will start to vest equally over five years thereafter. Otherwise, the T-Scope units will lapse. Upon vesting, staff may choose to re-invest their units with Temasek for up to 12 years from the commencement year.

The balance of the WA incentive pool has been retained over the past years for a long-term plan that is under consideration.

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**Key management staff will have half or more of their earned WA bonus deferred to future years.**

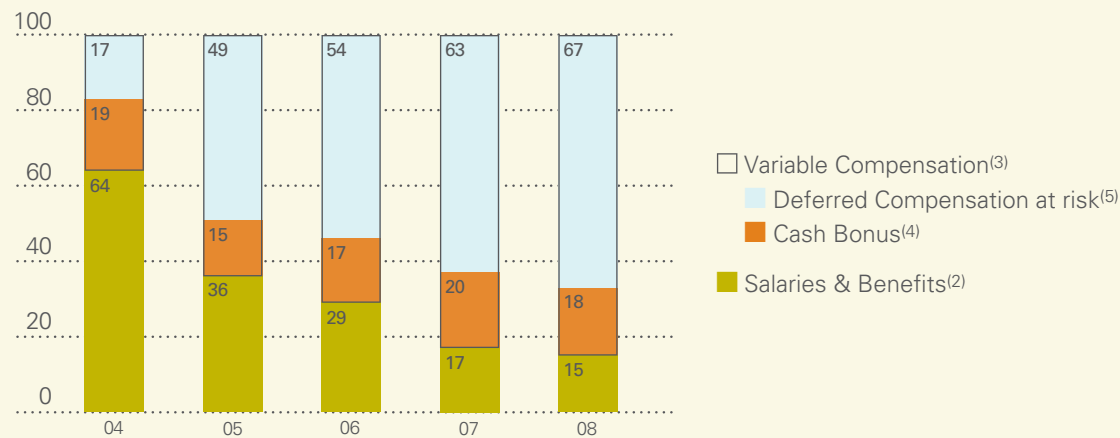
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In the event of a negative WA for the year, a corresponding negative share will be deducted from the individual WA bonus bank before further payouts are made. No new T-Scope units for the year will be awarded.

Thus, the wealth added we create for Temasek determines the size of the incentive pie for our staff, while the sustainability of wealth creation shapes the medium to long-term rewards and risks for our staff in the form of deferred bonuses, R-Scope and T-Scope units.



### Key Management Compensation<sup>(1)</sup> (%)



(% as at 31 Mar)

Notes:

- (1) Key Management Compensation covers compensation for Executive Directors, Senior Managing Directors, Managing Directors and management Directors
- (2) Salary & Benefits for the year include annual wages and allowances, employer contributions to pension plans and benefits
- (3) Variable Compensation includes cash bonuses and deferred compensation earned for WA and performance targets achieved in the prior year
- (4) Cash Bonuses include:
  - a. Performance target bonus for the prior year ended
  - b. Paid out portion of the wealth added bonus earned for the prior year ended, which may be a negative deduction for a negative wealth added performance
  - c. Paid out portion of the wealth added bonus earned in previous years which had been held back and distributed during the year in tandem with investment lock-up periods
  - d. Sign-on and guaranteed bonuses, if any
- (5) Deferred Compensation at risk, with vesting over three to nine years, includes:
  - a. Deferred portion of the wealth added bonus earned for the prior year ended, including deductions for negative wealth added performance
  - b. Deferred portion of the wealth added bonus earned in previous years, which had been held back and distributed during the year ended in tandem with investment lock-up periods
  - c. Deferred portion of guaranteed wealth added bonuses, if any
  - d. R-Scope and T-Scope units at a nominal value of S\$1 each at the year of commencement

### Performance Target Bonus

This capped annual incentive plan rewards our staff for achieving individual and common institutional targets, including development goals for self, family, institution and the community.

### Reward-Risk Framework in Practice

Over the past few years, with the positive WA we generated, we have shared our successes with our staff in the form of cash bonuses and deferred compensation.

Variable compensation for the year ended March 2008 is for positive WA of S\$23.4 billion and performance targets achieved for prior year ended March 2007. With the negative WA of S\$6.3 billion for year ending March 2008, there will be corresponding deductions from the individual WA bonus banks. No T-scope units commencing year 2008 will be awarded either.

This framework of sharing rewards and risks, especially for key management, re-affirms the principle of alignment with sustainable value creation.

## The Temasek Experience

We believe in fostering an environment that is inclusive and promotes ownership, while offering opportunities for our people to realise their full potential. Our people benefit from a balanced Temasek experience – one that enriches our professional and personal lives, including those of our families, and makes an impact on our community.

### Inclusion

We have a diverse and inclusive team, with some 350 staff coming from 22 different countries across the world – Australia, China, India, Japan, Korea, Lebanon, Mexico, Namibia, Pakistan, Singapore, Thailand, the US and Vietnam to name a few.

More than 40% of our senior management team comes from outside Singapore. About two thirds of our people are below the age of 40, and more than half have prior experience in the financial services industry. Close to half of our professional staff are female.

This diversity also underscores the need for robust conversations and healthy debates to foster a one-team culture, even as this provides a rich blend of cultural orientation, industry knowledge and market experiences.

Our commitment to inclusion led us to embrace family members of our staff, as we continued to foster a pro-family culture through various programmes and a suite of flexible family benefits. Facilities are open in our offices for the children of staff to come in to wait for their parents or do their homework. Last year, 19 babies were added to our extended Temasek family, with 8 fathers and 10 mothers among our staff taking paternity and maternity leave respectively.

We also remain actively connected to our former colleagues through the Temasek Alumni Network, which was launched in January 2008. This gives us a formal platform to keep our links alive to a wider network of friends and partners.

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“We have the resources and quality people of an established Wall Street firm, the hunger and drive of a start-up, and the flexibility and patience of a long-term investor – allowing me the freedom to innovate, to stretch my imagination and to grow.”



Lillian Kiang, HONG KONG  
Associate Director, Investment Group  
MBA, Harvard Business School

### Ownership

We advocate ownership in everything we do, both in our career and personal development. We explore our boundaries, expand our ideas, exercise our initiative and effect our aspirations as individuals and as one team.

"I like the flat organisation and informal culture at Temasek. This flexibility is also reflected in the firm's investment style which allows us to put money behind young, emerging, first-generation companies as well as well established, blue chip corporate groups."

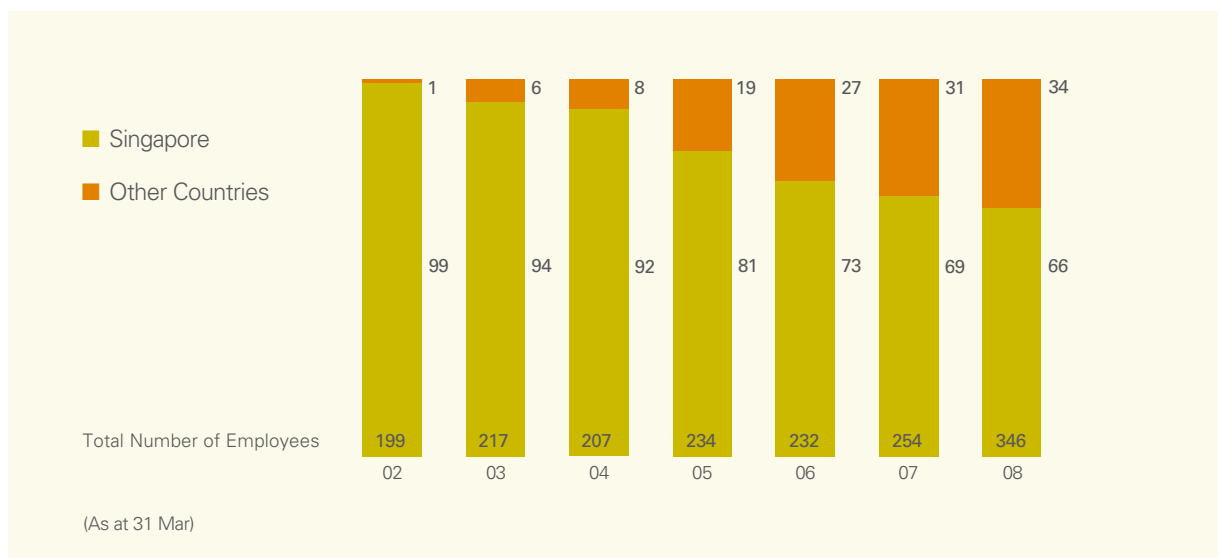


Padmanabh Sinha, INDIA  
 Managing Director, Investment Group  
 MBA, Indian Institute of Management, Kolkata

This sense of ownership is part of our corporate heartbeat – be it in our investment activities, the development of our training programmes, or company-wide process improvements. This year, for example, our young associates redesigned our "Temasek Associates Programme" to enhance the learning experience of our new hires. Our secretaries organise their own learning programme through field trips every year, which include adventure learning components.

Our senior management team also plays a part, together with staff from all levels, to coach and guide our less experienced colleagues through our mentoring scheme.

## Staff by Country of Origin (%)



### Opportunities

There are numerous opportunities to learn, to create, to contribute, to relax and to make a difference.

Opportunities for learning range across asset classes, diverse industries and geographies, as well as multinational cultures. We work in cross-functional teams with participation from all levels, be it in organisational initiatives to streamline our IT solutions or to conduct in-depth reviews of our portfolio industries and companies. These initiatives enable our young talent to work with experienced leaders to broaden their exposure, deepen their knowledge, make decisions and build confidence.

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"We are constantly exposed to things above and beyond what we know, challenging us to learn and adapt very quickly. My stint in Shanghai broadened my perspective on the complexities of the business world."



Emma Ooi, MALAYSIA  
Senior Associate, Investment Group  
Bachelor in Applied Science (Materials Science),  
National University of Singapore

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Our diverse investments take us from the financial centre of New York to the remote grasslands of Mongolia, and from mines in Africa to wind farms in the Mojave Desert in the US.

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"I led a team of colleagues on a climb up Mount Kinabalu, Southeast Asia's highest peak. Many in the group had no prior climbing experience but together, ordinary folks succeeded on an extraordinary expedition. That sums up the spirit in Temasek."



Gregory Lanham, USA  
Director, Investment Group  
Bachelor of Science (Petroleum Engineering),  
University of Oklahoma

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Beyond work, "We take fun seriously!" – the befitting motto of our Recreation Club, which actively creates moments to engage and to share among our people, even as they regularly join hands with the *Temasek Cares!* staff volunteer group to participate in charitable causes. We supported the charity *Bull Run™* to raise funds for children's causes. We also continue to support charity groups selected by our staff, such as the Singapore Leprosy Association and the Spastic Children's Association of Singapore, with matching donations from the company. We raised a total of S\$600,000 to provide for the education of the children of two police coast guards who died in the line of duty.

April 2008 saw a team of 25 experienced mountaineers and neophytes, working together in an extraordinary effort to climb the highest mountain in Southeast Asia, Mount Kinabalu, raising a total of S\$200,000 for charity.

## Living Our Values

We strive to achieve excellence and deliver results in a professional and responsible way through MERIIT. These corporate values are the foundation of our culture and guide our day-to-day interaction with each another.



### Teamwork

We are a community with diverse strengths working together to achieve a common goal.



### Innovation

We constantly look for ways to do things better by providing an environment where we can learn from our failures as well as our successes.



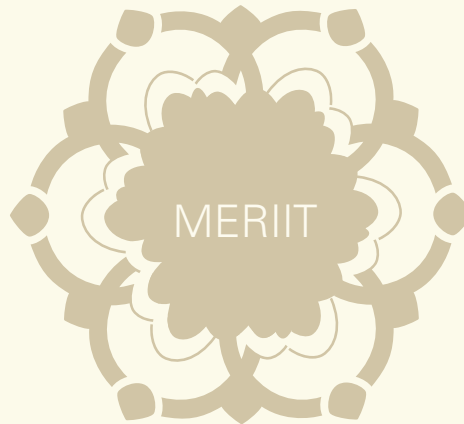
### Meritocracy

We recognise and reward people based on their contributions and achievements.



### Excellence

We are passionate about delivering results, and are committed to continually improve and succeed in everything we do.



### Respect for People

We believe that people are our most valuable assets, and we value the unique contributions of every person.



### Integrity

We apply the highest ethical, moral and professional standards in our conduct, both as individuals and as an organisation.



Revelling joyfully in the sunset surf on Ipanema beach in Rio de Janeiro, BRAZIL



## Engaging the World

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Temasek Advisory Panel	73

## Dialogue and Engagement

**As a long-term investor and owner of blue chip companies, Temasek has a stake in the long-term success of Asia and the stability of the global economy.**

We actively seek to engage and promote mutual understanding, encourage dialogue and enable the sharing of knowledge and experiences among friends, business partners, regulators and fellow stakeholders in Asia and beyond. These engagements, which include both informal networking opportunities and organised forums, give us opportunities to learn and adapt to a changing world. They also help us play our part to shape a world of better governance, and promote peace, prosperity and progress for the wider community by developing deeper capabilities.

### Encouraging Dialogues

Our 350 staff had an active year, hosting over 100 delegations from more than 35 countries, including Brazil, China, France, Indonesia, Japan, Kuwait, Russia, South Africa, the United Arab Emirates, the US and Vietnam.

We also discussed trends in foreign investments with members of the European Commission, the International Monetary Fund, the World Bank and OECD agencies. In addition, we shared our own learning journey in corporate governance, risk management and investment processes with state-owned institutions from China, Norway and Vietnam, among others.

### Sharing Experiences

Our Temasek International Panel, comprising distinguished business and political leaders from around the world, held its fourth meeting during the year. The discussions focused on opportunities in the global economy,

the globalisation of financial markets, sovereign wealth funds and Russia's investment landscape.

In conjunction, we held the third Annual Temasek Forum in November 2007, with the theme *Beyond Asia: Emerging Markets, New Frontiers*. Close to 500 board directors and senior management from Temasek, our portfolio companies, partners and friends attended.

The fourth Asia Banking CEO Roundtable, held in Singapore and co-hosted with DBS Bank, brought together 22 Chairmen and CEOs of major banks in the region to focus on the issue of *Managing Crisis*.

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**"All the delegates found the sharing of experience very useful. The debate highlighted the importance of bank boards really understanding the risks in their business and taking firm action when a crisis looms."**



**Andrew Buxton, BRITAIN**  
**Former Chairman, Barclays Bank**

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“A very well-organised conference, with plenty of opportunities to socially interact during the dinners and lunches. The roundtable idea for exchanging information and opinions by leaders from different parts of Asia with an able Chairman worked very well for discussing the serious financial situation that the world faces today.”



Dato' Thomas Lee, MALAYSIA  
Chairman, Alliance Bank

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### Sharing Knowledge

Recognising the importance of developing talent and shared learning, we sponsored the third *Leaders!* Programme in August 2007 for our promising executives and high potential leaders in Temasek, our portfolio companies and regional partners. This two-week programme included an in-depth look at leadership issues as well as an on-the-ground study of the business, social, legal and economic environment in Shanghai, China. Representatives from state-owned enterprises in China, Kazakhstan and Vietnam were also invited to participate.

The Business Leadership Centre also organised several forums and training programmes to facilitate the exchange and sharing of best practices. We hosted more than 180 participants from China's State-owned Assets Supervision and Administration Commission

(SASAC) over five forums in 2007. Each delegation spent a week in Singapore focusing on corporate governance, and interacting with board members and senior leaders of our portfolio companies.

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“Short-term success of an enterprise can be attributed to hard work and sound management; long-term healthy growth has to be built on sound corporate governance. Through a series of dialogues with Temasek and its portfolio companies, we have found the answer to sustainable success and we thank them for their sharing.”



Liu Dongsheng, CHINA  
Director-General, Bureau of Enterprise Reform,  
State-owned Assets Supervision and  
Administration Commission (SASAC)

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Sixteen other forums were also held during the year, covering a broad range of topics – from hedge funds and distressed assets, to talent management and corporate social responsibility – featuring Nobel Laureates, renowned academics and distinguished business leaders.

## Temasek International Panel

Global leaders on the Temasek International Panel have generously shared their views on various issues in the rapidly changing global business environment. We deeply appreciate their insights and international perspectives.



1. David Bonderman  
Founding Partner  
Texas Pacific Group

2. Leon A. Davis\*  
Former Chairman  
Westpac Banking  
Corporation

3. Dr Han Seung-Soo\*\*  
Senior Adviser  
Kim & Chang

4. Minoru Makihara  
Senior Corporate Adviser  
Mitsubishi Corporation

5. William McDonough  
Vice Chairman and Special  
Adviser to the Chairman  
Merrill Lynch & Co., Inc

6. Lucio A. Noto\*\*\*  
Managing Partner  
Midstream Partners, LLC

7. Lee R. Raymond\*\*\*\*  
Former Chairman and CEO  
Exxon Mobil Corporation

8. Sir Richard B. Sykes  
Rector  
Imperial College London

9. Ratan N. Tata  
Chairman  
Tata Sons Limited

10. Narayanan Vaghul  
Chairman  
ICICI Bank Limited

11. Professor Xu Kuangdi  
President  
Chinese Academy  
of Engineering

12. Masamoto Yashiro  
Chairman  
Shinsei Bank

\* Retired with effect from 1 May 2008

\*\* Retired with effect from 1 February 2008

\*\*\* Retired with effect from 1 January 2008

\*\*\*\* Appointed with effect from 1 June 2008

## Temasek Advisory Panel

We are grateful for the strengths and support of our friends on the Temasek Advisory Panel. They contribute to Temasek's growth in multiple ways including sharing knowledge and perspectives. In their respective individual capacities, some of them also sit on the boards of our portfolio companies, providing them with the benefit of their experience and wisdom.



1. Cheng Wai Keung  
Chairman  
Neptune Orient Lines

2. Jennie Chua  
Chief Executive Officer  
The Ascott Group

3. Fock Siew Wah  
Group Chairman  
PSA International

4. Koh Boon Hwee  
Chairman  
DBS Group Holdings

5. Stephen Lee  
Chairman  
Singapore Airlines

6. Ng Kee Choe  
Chairman  
Singapore Power

7. Peter Seah  
Chairman  
Sembcorp Industries

8. Ernest Wong  
Chairman  
Invida Pharmaceutical  
Holdings

9. Xie Qihua  
Chairwoman  
Metallurgical Council of  
China Council for the  
Promotion of International  
Trade (Former Chairman,  
Baosteel Group  
Corporation)

10. Yeo Cheow Tong\*  
Director  
KillyInvest Pte Ltd

11. Sim Kee Boon\*\*  
Board Director  
Fullerton Financial  
Holdings

\* Retiring with effect from 1 September 2008

\*\* The late Mr Sim Kee Boon was a member of the panel until 9 November 2007



Sharing lessons and lasting friendships at St Teresa's School in Rawalpindi, PAKISTAN



## Extending Pathways

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## Making New Paths

**Our success is rooted in our communities. As individuals and as an institution, we benefited from the contributions of those before us. We are here today because they have opened doors of learning and carved out new paths of possibilities.**

In turn, we seek to enrich the community by widening portals of knowledge and extending pathways of opportunities, be it the 1997 endowment to sponsor exchange programmes, the funding of scholarship and research endowments in 2001, or the time, money and effort for the recovery and reconstruction programmes post the 2004 tsunami.

At the heart of the institution is our commitment to make a difference, whether as individual donors or volunteers, or as a team patiently exploring ways to develop a sustainable framework to support the community.

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**“Traveller, there is no path;  
you make the path by walking.”**

**Antonio Machado, Spanish poet and playwright  
1875-1939**

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*Temasek Cares!* is a volunteer group initiated by our staff. It has adopted the Singapore Leprosy Association and the Spastic Children’s Association of Singapore. Our volunteers work directly with these charities to support their needy charges. Other ad hoc efforts include a charity auction to support the young children of two police coast guards who died in the line of duty, and structuring the proceeds into annuities to meet their education and living expenses from childhood to adulthood.

As an institution, we began searching for a more sustainable framework for community sponsorship in 2003, in the uncertain depths of the SARS epidemic.

We broke new ground by earmarking a share of our positive Wealth Added (WA) to fund community initiatives, similar to how we have set aside a share to fund our staff bonuses and performance incentives. It took several more years of meticulous planning and the accumulation of funds in parallel, before we launched two new non-profit philanthropic organisations in May 2007 – the Temasek Trust to manage donated funds; and the Temasek Foundation to focus on identifying or creating community support and development programmes for Asia. These organisations complement the other more Singapore-centric pro bono entities that we continue to support.

We also remain committed as a member of the global citizenry to help shape a shared future of hope and opportunities for our fellowmen. As the Chinese adage goes: 饮水思源 (yǐn shuǐ sī yuán) – remember the source when you drink the water.

### **Temasek Trust**

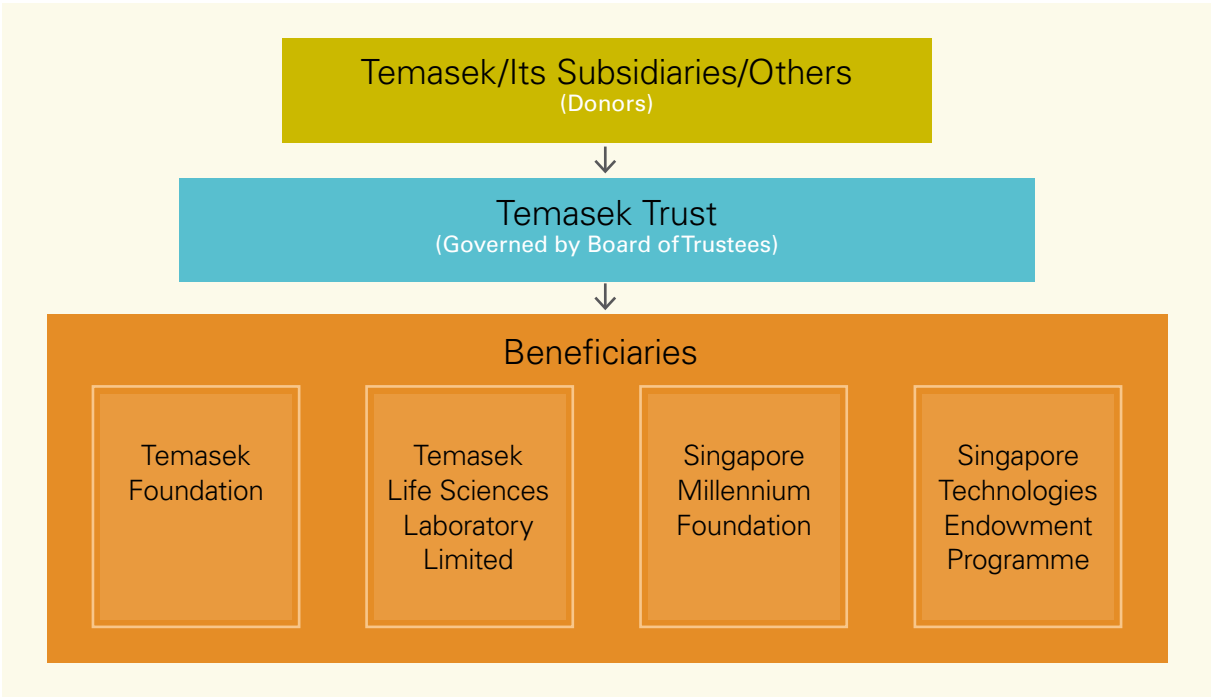
The Temasek Trust, guided by its Trustees, oversees the management of funds it receives from Temasek and other parties, and disburses them to designated non-profit or philanthropic organisations.

Funds gifted to the Trust are co-invested with Temasek or placed with Temasek-approved fund managers. In this way, our management and staff are responsible not just for delivering results for Temasek's shareholder and earning incentives for themselves. We now have an additional stakeholder in the Trust which depends on us for good returns in order to increase the Trust's endowment for the community.

**Singapore Technologies Endowment Programme**

Initiated in 1997 as part of the 30th anniversary celebration of the Singapore Technologies group, the Singapore Technologies Endowment Programme (STEP) focuses on building bridges of goodwill and understanding, especially among the youth of Asia.

To date, STEP has successfully organised 10 annual Sunburst Youth Camps (SYC) for more than 1,200 participants from 13 countries including those in ASEAN, China, India, Kazakhstan and the UK. The week-long camp provides opportunities for youths from diverse cultures to build friendships and foster a responsible global citizenry. STEP Alumni have been returning to share their experiences and to mentor new participants. A commemorative book "STEP: Engaging Youth, Across Nations, Beyond Borders" was published in 2007 to celebrate the programme's 10th anniversary. A scholarship programme was also launched, with the first batch of eight participants being offered sponsorships to study in Singapore.



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## More than 1,200

Built friendships at Sunburst Youth Camps

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### Singapore Millennium Foundation

Singapore's success is founded on the strength of the education that the country has provided its people. The Singapore Millennium Foundation (SMF) was first endowed in 2001 at the turn of the millennium to contribute to the development of human capital through research and higher studies, as a way to build upon the foundation of knowledge.

More than 200 scholarships for postgraduate studies and post-doctoral research have been given out, including 37 in 2007. These include areas such as engineering, physical and material sciences, life sciences, and environmental sciences, including water and renewable resources. For the first time, awards were given to medical doctors to pursue translational research.

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## S\$12.5m

Awarded for research in liver cancer, mental health and bio-diesel fuels

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In 2007, SMF also awarded S\$12.5 million over five years for research in liver cancer, mental health and bio-diesel fuels. It sponsored the Lee Kuan Yew Water Prize to recognise outstanding contributions by individuals or organisations towards solving the world's water challenges. The first LKY Water Laureate, Dr Andrew Benedek from Canada,

### Hainan raises the nursing bar



Rapid socio-economic development, along with an ageing population, rising patient expectations and advances in medicine, have resulted in an urgent demand for nursing professionals in China's Hainan Province. In a project funded by the Temasek Foundation, at least 10% of Hainan's 11,000 strong nursing population will be schooled in nursing pedagogy, critical care, emergency and perioperative nursing. These qualified nurses will be better equipped to carry out their roles as registered nurses throughout the island province.

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"The realistic simulated clinical set-up has left a deep impression on us, as have the e-learning strategies, specialised training and borderless concepts. We will share these methods and concepts with our colleagues back home and work to improve our nursing standards."

Ms Shu Liu, Section Chief  
Section of Technological Education  
Hainan Public Health Bureau

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was recognised in March 2008 for his pioneering work in membrane technology. SMF supported activities such as conferences and seminars as well as networking events to provide opportunities for scholars, scientists, researchers and policy makers to interact and exchange ideas.

Two young research scientists sponsored by SMF won the ASEAN Young Scientist and Technology Award and the Singapore Youth Achievement Award respectively in 2008.

### Temasek Life Sciences Laboratory

Set up in August 2002, Temasek Life Sciences Laboratory (TLL) has a research team of some 230 scientists from more than 25 countries. They are engaged in various streams of basic and applied research in molecular biology and genetics, covering microbial, plant and animal sciences. They also seek innovative solutions to practical needs for food supply, food safety, human healthcare and renewable bioresources. Among these is the development of low-cost easy-to-use diagnostic kits for the H5N1 bird flu virus.

With a five-year additional grant from the SMF, TLL is carrying out research to improve the yield of the *Jatropha* plant as a sustainable non-food source of biofuels. This hardy plant is able to grow on marginal land and does not compete with food crops for the use of arable land. TLL is separately training scientists from Aceh, Indonesia, in rice cultivation. Together with a team from Syiah Kuala University, TLL will work on improving a local rice strain to improve yield and shorten the time to harvest. This is part of the pro bono contribution to the post-tsunami reconstruction.

### Filipino educators take a LEAP

Temasek Foundation sponsored 80 educators from nine Filipino public schools to attend the Leaders and Educators in Asia Programme (LEAP) conducted by Singapore's National Institute of Education in partnership with the Philippines' Ateneo de Manila University. LEAP will span two years from early 2008, covering leadership development, teacher education and professional development. The educators will form self-sustaining clusters to share their learnings with the broader teaching community. More than 30,000 students from the nine public schools are expected to benefit from this knowledge transfer.



“The training made a strong impact on me. It made me see where I am now. Knowing myself and my vision of what could be for my teachers and students tomorrow, I want to make a difference.”

Madam Salvacion O. dela Cruz  
Master teacher and Head of Department  
in Mathematics at an elementary school  
Quezon City, Philippines

### Temasek Foundation

The Temasek Foundation was established in May 2007 to provide a broader focus for corporate giving in line with its mandate to build people and their capabilities, build bridges among diverse people, build a culture of excellence and good governance, and rebuild lives and livelihoods affected by major natural disasters.

Independently managed and staffed with its own board, the Foundation had a very busy first year, focused on identifying and developing programmes with long-term impact and defined outcomes. Some S\$16 million has been committed to fund 14 programmes in Asia, including China, India, the Philippines, Vietnam and Singapore.

One programme approach is based on training the trainers or masters, in order to multiply capacity more quickly. Such programmes included English, leadership, and curriculum development courses for more than 80 principals and senior teachers from the Philippines, 480 master teachers and provincial trainers from Vietnam, and some 50 master teachers from Hainan. The Foundation also donated S\$2.5 million to sponsor deans, faculty members and management staff from nine MBA universities in western China to link with five coastal Chinese MBA universities to upgrade, improve and accredit their MBA curriculum and administration. Some 150 nursing instructors, educators and management personnel at nursing schools and hospitals in Hainan have completed their training in nursing management practices and training pedagogy in specific nursing disciplines.

To promote cross-cultural understanding among Asia's youth, the foundation supports

customised student exchange programmes at Singapore's three main universities and their partner universities across Asia. These programmes include community work and a host family programme to deepen cultural immersion. Selected student leaders also participated in the 10-day Model ASEAN Conference hosted by the National University of Singapore in December 2007. This conference marked the start of a two-year programme, where participants from around the region will be actively engaged in discussions on ASEAN policy issues.

The Foundation is sponsoring 140 government officials from Kerala, India to meet with various Singapore agencies to share knowledge and expertise in urban governance and master planning, urban township and facilities management, and sanitation services. The Foundation is also co-sponsoring the training of master builders in West Sumatra, Indonesia, for a low-cost method of strengthening existing walls and housing in order to delay their destruction during earthquakes. The Foundation is currently working on similar programmes for various provinces in China, including Sichuan.

The newly set up Temasek Foundation Centre for Trade & Negotiations at the S Rajaratnam School of International Studies will be another platform for learning and research on international trade and negotiations.

### Wealth Management Institute

The Wealth Management Institute (WMI) presents a very different facet of Temasek's corporate citizenship. Established in 2003 to develop expertise in wealth management for Asia, WMI has graduated 183 participants over the last four years under its flagship Master of

Science in Wealth Management course. The fifth batch of 52 students from 11 countries commenced their course in July 2008.

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“The programme allowed me to update my knowledge and expand my network of central and private bankers from around the region. It was an invaluable experience and one that I recommend for young professionals and budding wealth managers.”



Natsuda Bhukkanasut, THAILAND  
Senior Analyst, Bank of Thailand  
Recipient of Temasek Regional Regulators  
Scholarship (2007)

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As part of Temasek’s 30th anniversary celebrations in 2004, WMI launched the Temasek Regional Regulators Scholarship Programme. This year, scholarships were granted to seven participants from around Asia, including China, Indonesia, Korea, Malaysia, Thailand and Vietnam.

Another well-received programme is the WMI Certificate in Private Banking. Some 600 bankers from Asia, Europe, the Middle East and the US have used the programme as an effective introductory course into the private banking industry.

In July this year, WMI launched a new programme called the WMI Advanced Wealth

Management Programme. This is targeted at the training gap between the introductory certificate course and the rigorous and comprehensive Master of Science degree course.

At WMI, industry practitioners share their experiences and insights to uplift the level of professionalism among the participants and provide them with a unique balance between academic and practical perspectives.

The success of WMI in its fifth year of operation has helped build expertise and sophisticated capabilities at individual and industry levels to support the fast-growing wealth management opportunities in Asia.

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“WMI’s multifaceted programme provides a platform for industry professionals and academics to converge – allowing for an interesting mix of views and opinions. Participating in these diverse exchanges gave me an excellent overview of asset management and private banking.”



Darren Tay, SINGAPORE  
Head of Trading, Fullerton Fund  
Management Company  
Graduate, Masters of Science  
in Wealth Management (2006)

### Think, tinker, teak

Temasek Life Sciences Laboratory's (TLL) research in forestry science, which started about five years ago, was prompted by an increasing demand for wood and wood products, especially by the fast-developing countries in Asia.



The research has blossomed into a spin-off company, Bioforest Pte Ltd, which together with TLL and its partners, initiated a community programme in Sulawesi, Indonesia to contribute improved *Gmelina arborea* (also known as white teak) tree seedlings to farmers in the Indonesian province.

This ongoing community project helps in the reforestation process by slowing down the depletion of natural forests through the creation of an additional source of log supply for the industry.

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“Once the trees have matured, typically in the fifth year, the farmers can harvest the timber for sale. This will generate extra income for their families and improve their living conditions.”

Dr Hong Yan, Director, Plant Biotechnology  
Temasek Life Sciences Laboratory

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### Yielding healthier harvests



The research team at the Temasek Life Sciences Laboratory spent years investigating how plants assemble a defence mechanism against diseases. They isolated a disease-resistant gene in rice which confers resistance to bacterial blight, a devastating disease. Their work was recently published in the scientific journal *Nature*.

In July 2008, the team embarked on a programme to work with scientists from Syiah Kuala University in Aceh, Indonesia, to take the resistant rice strain out of the laboratory and into the paddy fields. The collaboration with Syiah Kuala University includes training two scientists on breeding technologies and molecular biology, and improving techniques of cultivation of the new rice variety.

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“With the knowledge sharing and cultivation activities, we believe the farmers will benefit from better quality rice and in time to come, reap the benefits of a bountiful harvest.”

Dr Yin Zhong-chao, Associate Director  
Temasek Life Sciences Laboratory

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## STEPping out, STEPping back

Ny Sokhour from Phnom Penh, Cambodia, participated in the Sunburst Youth Camp (SYC) in Singapore in 2003 as a 17-year old – his first trip outside his home country.

He added, “Most of the Cambodian participants at SYC have come from the capital Phnom Penh. My goal is to reach out to youths in the provinces and give them an equal chance of participating in the programme. I am pursuing this with my fellow SYC alumni members.”



“We recently visited a private school about 20km outside Phnom Penh to speak to students. We will soon visit more schools in other provinces.”

Today, Sokhour is working with other SYC alumni to help STEP build bridges across Asia by encouraging Cambodians, especially those in the rural provinces to participate in SYC.

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“I was excited to meet so many people from such diverse cultural backgrounds. Interacting with them allowed me to learn about different countries and cultures.”

Ny Sokhour  
Cambodian participant, Sunburst Youth Camp

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## Pulling together for Sichuan

Fullerton Financial Holdings’ Chengdu-based employees worked with the Red Cross of China to distribute tents, food packs, sleeping bags, and portable search lights in the aftermath of the Sichuan earthquake.

Many of Temasek’s portfolio companies, ST Engineering for example, assisted with search and rescue as well as logistics efforts. Great Wall Airlines, a joint venture of SIA Cargo, airlifted 12,000 tents from Pakistan to Sichuan, while Singapore Airlines’ Silkair extended free carriage for about 20 tons of relief materials to the earthquake zone.



Temasek, its portfolio companies and group employees also contributed about S\$11 million to relief and reconstruction efforts as at June 2008. Temasek Holdings made a direct contribution of US\$1 million.

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“Schoolchildren, some still in hospital, expressed great interest in returning to school. We are supporting physical and psychological rehabilitation by building temporary schools.”

Joseph Han, Project Leader, Mass Market  
Fullerton Financial Holdings

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Toasting wine casks expertly at Napa Valley, California, USA



## Major Portfolio Investments

Financial Services	88
Telecommunications & Media	95
Transportation & Logistics	99
Real Estate	102
Infrastructure, Industrial & Engineering	104
Energy & Resources	107
Technology	110
Consumer & Lifestyle	112

## Major Portfolio Investments

### Major Investments in our Portfolio

(% core interest as at 31 March 2008)

#### FINANCIAL SERVICES

NIB Bank	63 <sup>1</sup>
PT Bank Danamon Indonesia	58 <sup>1</sup>
PT Bank Internasional Indonesia	48 <sup>1</sup>
DBS Group Holdings	28
Standard Chartered	19
Hana Financial Group	10 <sup>1</sup>
Merrill Lynch	9
ICICI Bank	8 <sup>1</sup>
China Construction Bank	6 <sup>1</sup>
Bank of China	4 <sup>1</sup>
Barclays	2

#### TELECOMMUNICATIONS & MEDIA

MediaCorp	100
Singapore Technologies Telemedia	100
Singapore Telecommunications	55
Shin Corporation	42 <sup>2</sup>
Bharti Airtel	5

#### TRANSPORTATION & LOGISTICS

PSA International	100
Neptune Orient Lines	66
Singapore Airlines	54
SMRT Corporation	54

#### REAL ESTATE

Mapletree Investments	100
CapitaLand	40

#### INFRASTRUCTURE, INDUSTRIAL & ENGINEERING

Singapore Technologies Engineering	50
Sembcorp Industries	49
Keppel Corporation	21

#### ENERGY & RESOURCES

PowerSeraya	100
Senoko Power	100
Singapore Power	100

#### TECHNOLOGY

STATS ChipPAC	83
Chartered Semiconductor Manufacturing	59

#### CONSUMER & LIFESTYLE

Wildlife Reserves Singapore	88
Fraser and Neave	15

Notes:

Includes significant interests held by:

<sup>1</sup> Fullerton Financial Holdings

<sup>2</sup> Aspen Holdings



## Accompanying Notes

- FY2007 refers to financial year ended March 2008 or December 2007 or September 2007, depending on the respective financial year-end of the portfolio companies; similarly for FY2006
- Price/Book, Price/Earnings and Gross Dividend Yield are computed based on share prices as at 31 March annually and book value per share, earnings per share and gross dividend declared as of the respective financial year-end of the portfolio companies
- Revenue for the Financial Services sector, consists of net interest income and other operating revenue
- Sources:
  - 1) Financials for the portfolio companies are based on their respective annual filings
  - 2) EVA figures are provided by the respective companies, except for the following, which are calculated by Temasek based on their respective annual filings: Bank of China, Barclays, Bharti Airtel, China Construction Bank, DBS Group Holdings, Fraser and Neave, Hana Financial Group, ICICI Bank, Merrill Lynch, NIB Bank, PT Bank Danamon Indonesia, PT Bank Internasional Indonesia and Standard Chartered
  - 3) Market relevant information (e.g. Market Capitalisation and share prices) are sourced from Bloomberg

### Glossary

EVA	= Economic Value Added (excluding unusual items), attributable to investors
Gross Dividend Yield	= The gross dividend declared for FY2007 to the share price as of 31 March 2008; similarly for FY2006
Market Capitalisation	= Market value as at 31 March 2008 and 31 March 2007
NA	= Not applicable
NM	= Not meaningful
PATMI	= Profit/(Loss) after tax and minority interest
ROE	= Return on average equity, or PATMI expressed as a percentage of average shareholder equity
Shareholder Equity	= Shareholder equity reported by the respective portfolio companies based on their annual filings
TSR	= Total Shareholder Return

TSR periods are as follows:

Period for 1-year TSR is from 31 March 2007 to 31 March 2008

Period for 3-year TSR is from 31 March 2005 to 31 March 2008 (annualised)

Period for 5-year TSR is from 31 March 2003 to 31 March 2008 (annualised)

The exceptions are unlisted PSA International and Singapore Technologies Telemedia, where we compute the TSR based on shareholder equity as at their financial year-ends of 31 December

VA/Employment Cost = Gross value added per dollar of employment cost

### Exchange Rates (Source from Bloomberg)

As of 31 December 2007;

US\$1.00: S\$1.44; IDR 9,400; RMB 7.30; THB 29.77; KRW 936; INR 39.42; PKR 61.63; HKD 7.80; GBP 0.50  
 S\$1.00: IDR 6,529; RMB 5.07; THB 20.69; KRW 650; INR 27.38; PKR 42.80; HKD 5.42; GBP 0.35

As of 31 March 2008;

US\$1.00: S\$1.38; IDR 9,190; RMB 7.01; THB 31.42; KRW 991; INR 40.11; PKR 62.70; HKD 7.78; GBP 0.50  
 S\$1.00: IDR 6,680; RMB 5.10; THB 22.84; KRW 720; INR 29.16; PKR 45.57; HKD 5.66; GBP 0.37

Major Portfolio Investments

## Financial Services

BANK OF CHINA

BARCLAYS

CHINA CONSTRUCTION BANK

DBS GROUP HOLDINGS

HANA FINANCIAL GROUP

ICICI BANK

MERRILL LYNCH

NIB BANK

PT BANK DANAMON INDONESIA

PT BANK INTERNASIONAL INDONESIA

STANDARD CHARTERED





Held since 2005



Held since 2007

Chairman: Xiao Gang  
Vice Chairman and President: Li Lihui  
www.boc.cn

Chairman: Marcus Agius  
Group Chief Executive: John Varley  
www.barclays.com

**Bank of China Limited (BOC)** is one of China's four major state-owned banks. Its business scope covers commercial banking, investment banking and insurance. Members of the Group include BOCHK, BOCI, BOCG Insurance and other financial institutions. The core business of the Bank is commercial banking, which includes corporate banking, personal banking and financial markets.

**Barclays PLC (Barclays)** is a global financial services provider in retail and commercial banking, credit cards, investment banking, wealth management and investment management. Operating in over 50 countries with a staff strength of 143,000 people, it serves 38 million customers globally.

#### Highlights of the year

In cooperation with the Royal Bank of Scotland, BOC launched the first private banking business in China (Beijing and Shanghai) in March 2007. During the year, BOC enhanced its overseas network by opening its British subsidiary and Rotterdam Branch and also set up three regional Loan Syndication Centres to cover the European/African, Asia-Pacific and American markets.

#### Highlights of the year

Barclays entered into a strategic partnership in 2007 with China Development Bank (CDB). At the same time, both Temasek Holdings and CDB became shareholders in Barclays. Barclays recorded good underlying financial performance on core business functions in FY2007. It achieved rapid global growth with 664 newly opened branches and sales centres outside the UK.

Key figures (RMB'm)	FY ended 31 Dec	
	2007	2006
Revenue	182,712	148,378
PATMI	56,248	42,830
EVA	14,849	12,347
Change in EVA	2,502	12,330
Market Capitalisation (HKD'm)*	1,241,241	1,293,691
ROE (%)	14.0	14.1
Gross Dividend Yield* (%)	3.3	1.0
VA/Employment Cost	NA	NA
Price/Book*	1.8x	2.6x
Price/Earnings*	13.6x	21.5x

Key figures (GBP'm)	FY ended 31 Dec	
	2007	2006
Revenue	23,492	22,170
PATMI	4,417	4,571
EVA	1,242	–
Change in EVA	NA	–
Market Capitalisation	29,752	47,152
ROE (%)	20.5	24.6
Gross Dividend Yield (%)	8.3	4.8
VA/Employment Cost	NA	NA
Price/Book	1.3x	2.4x
Price/Earnings	6.6x	10.0x

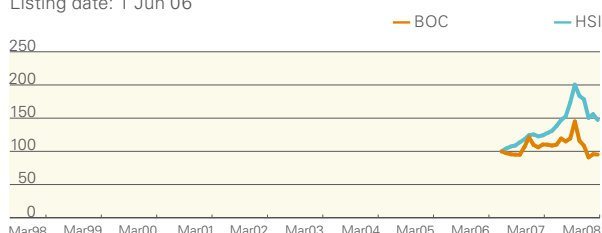
	1-year	3-year	5-year
TSR (%)*	(13.7)	NA	NA

	1-year	3-year	5-year
TSR (%)	(32.2)	(0.3)	10.1

\* Based on H-Shares listing.

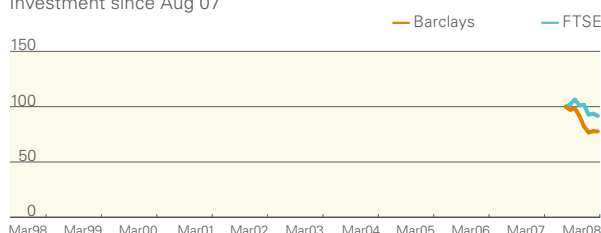
#### Relative TSR since Jun 06: BOC vs Hang Seng Index (HSI)

Index = 100 in Jun 06  
Listing date: 1 Jun 06



#### Relative TSR since Aug 07: Barclays vs FTSE All – Share Index (FTSE)

Index = 100 in Aug 07  
Investment since Aug 07



## Major Portfolio Investments



Held since 2005



Held since 1975

Chairman and Executive Director: Guo Shuqing  
Vice Chairman and President: Zhang Jianguo  
www.ccb.com

China Construction Bank Corporation (CCB) has over 50 years' history of operation in China. The Bank was listed on The Stock Exchange of Hong Kong Limited in October 2005. It was the first of the Chinese 'big four' state-owned banks to be listed overseas.

### Highlights of the year

In 2007, the Group recorded a net profit of RMB69 billion, an increase of 49% over the previous year and was named the 'Best Bank in China 2007' by the *Global Finance* magazine. On 25 September 2007, CCB was successfully listed on the Shanghai Stock Exchange and raised net proceeds of RMB57 billion, representing the largest initial public offering at the time in the A-share market in terms of capital raised.

Key figures (RMB'm)	FY ended 31 Dec	
	2007	2006
Revenue	220,717	151,593
PATMI	69,053	46,322
EVA	38,011	8,935*
Change in EVA	29,075	(3,888)*
Market Capitalisation (HKD'm)**	1,373,474	1,004,360

ROE (%)	18.4	15.0
Gross Dividend Yield** (%)	3.9	2.1
VA/Employment Cost	NA	NA
Price/Book**	2.9x	3.0x
Price/Earnings**	17.4x	21.0x

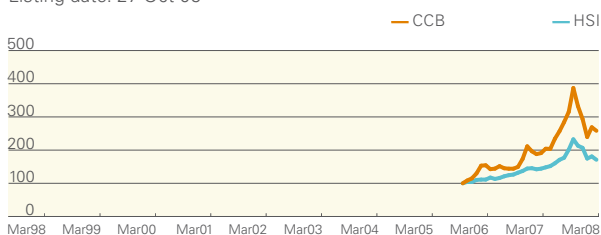
	1-year	3-year	5-year
TSR (%)**	35.1	NA	NA

\* Restated due to restatement of 2006 annual filing.

\*\* Based on H-Shares listing.

### Relative TSR since Oct 05: CCB vs Hang Seng Index (HSI)

Index = 100 in Oct 05  
Listing date: 27 Oct 05



Chairman: Koh Boon Hwee  
CEO: Richard D. Stanley  
www.dbs.com

DBS Group Holdings Ltd (DBS) is a financial services group in Asia with operations in 16 markets. Headquartered in Singapore and anchored in both Singapore and Hong Kong, it provides a full range of financial services across Asia and the Middle East. DBS has 'AA-' and 'Aa1' credit ratings.

### Highlights of the year

DBS set up a local banking subsidiary in China in May 2007, making it one of the first for foreign banks. DBS also partnered Middle Eastern investors to launch The Islamic Bank of Asia offering financial services according to Islamic banking principles.

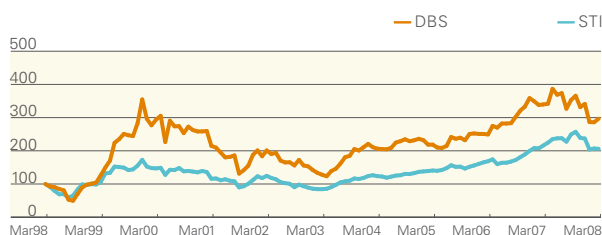
Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006
Revenue	6,163	5,438
PATMI	2,278	2,269
EVA	393	227
Change in EVA	166	390
Market Capitalisation	27,339	32,404

ROE (%)	11.6	12.8
Gross Dividend Yield (%)	4.4	3.6
VA/Employment Cost	NA	NA
Price/Book	1.4x	1.8x
Price/Earnings	12.0x	14.3x

	1-year	3-year	5-year
TSR (%)	(12.4)	10.8	18.3

### Relative 10-year TSR: DBS vs Straits Times Index (STI)

Index = 100 in Mar 98



Chairman & CEO: Seung-Yu Kim  
 President & CEO: Jong-Yeol Kim  
[www.hanafn.com](http://www.hanafn.com)

**Hana Financial Group Inc.** (Hana) is a financial holding group based in South Korea. Hana operates its business through subsidiaries providing services in commercial banking, private banking, securities, credit card, insurance, leasing, asset management, brokerage, financial IT service and financial research.

#### Highlights of the year

Hana recorded sales proceeds of KRW200.5 billion before tax following its disposal of LG Card shares. The Group also realised gains of KRW135.3 billion before tax from its disposal of stakes in Daehan Investment Trust Management Co. Separately, an additional loan loss provision of KRW78.8 billion was allocated due to a new requirement by the Korean Financial Services Commission.

Key figures (KRW'm)	FY ended 31 Dec	
	2007	2006
Revenue	13,288,473	9,451,393*
PATMI	1,298,060	1,026,728
EVA	252,921	238,161
Change in EVA	14,760	NA
Market Capitalisation	8,579,990	10,317,173
ROE (%)	15.2	14.6
Gross Dividend Yield (%)	3.2	1.8
VA/Employment Cost	NA	NA
Price/Book	0.9x	1.3x
Price/Earnings	6.6x	9.8x

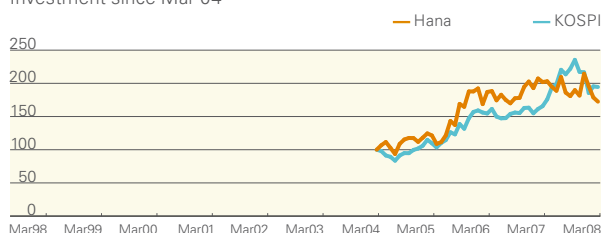
	1-year	3-year	5-year
TSR (%)	(14.5)	NA	NA

\* Restated due to corporate accounting standard change with effect from FY ended 31 Dec 07.

#### Relative TSR since Mar 04:

Hana vs Korea Composite Stock Price Index (KOSPI)

Index = 100 in Mar 04  
 Investment since Mar 04



Chairman: N. Vaghul  
 CEO: K. V. Kamath  
[www.icicibank.com](http://www.icicibank.com)

**ICICI Bank Limited** (ICICI) is India's largest private sector bank. It is also India's largest consumer credit provider. The Bank also offers life and non-life insurance, asset management, brokerage and private equity through its specialised subsidiaries.

#### Highlights of the year

ICICI Bank increased its branch network significantly from 755 to over 1,300 branches. Consolidated advances of the Bank and its overseas banking subsidiaries and the home finance subsidiary grew by 19%. Total deposits in UK and Canada also increased by 90%. Overseas assets constituted 25% of its consolidated banking assets as at 31 March 2008.

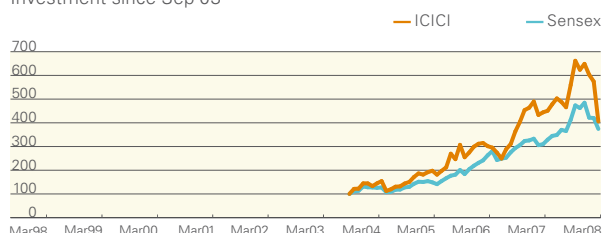
Key figures (INR'm)	FY ended 31 Mar	
	2008	2007
Revenue	342,861	236,881
PATMI	33,982	27,606
EVA	(29,581)	(5,914)
Change in EVA	(23,667)	(886)
Market Capitalisation	856,102	767,386
ROE (%)	10.0	11.9
Gross Dividend Yield (%)	1.4	1.2
VA/Employment Cost	NA	NA
Price/Book	2.0x	3.3x
Price/Earnings	23.9x	27.6x

	1-year	3-year	5-year
TSR (%)	(8.9)	26.9	44.9

#### Relative TSR since Sep 03:

ICICI vs Bombay Stock Exchange Sensitive Index (Sensx)

Index = 100 in Sep 03  
 Investment since Sep 03



## Major Portfolio Investments



Held since 2007



Held since 2005

Chairman & CEO: John A. Thain

www.ml.com

Merrill Lynch & Co., Inc. (Merrill) is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, banking, and related products and services on a global basis. These services include securities brokerage, trading and underwriting, investment banking, asset management, private equity investment, and insurance underwriting.

### Highlights of the year

In December 2007, Merrill reached agreements to raise US\$6.2 billion of newly issued common stock in a private placement with Temasek Holdings and Davis Selected Advisors. In September 2007, Merrill announced the completion of the merger of First Republic Bank into Merrill Lynch Bank and Trust Co., FSB for US\$1.8 billion.

Key figures (USD'm)	FY ended	FY ended
	28 Dec 2007	29 Dec 2006
Revenue	62,675	69,352
PATMI	(7,777)	7,499
EVA	(17,925)	-
Change in EVA	NA	-
Market Capitalisation	39,581	72,224
ROE (%)	(21.9)	20.1
Gross Dividend Yield (%)	3.4	1.2
VA/Employment Cost	NA	NA
Price/Book	1.4x	2.0x
Price/Earnings	(4.2)x	9.7x

TSR (%)	1-year	3-year	5-year
	(48.9)	(8.9)	4.3

### Relative TSR since Dec 07:

Merrill vs S&P 500 (S&P)

Index = 100 in Dec 07  
Investment since Dec 07



Chairman: Francis A. Rozario  
President & CEO: Khawaja Iqbal Hassan  
www.nibpk.com

NIB Bank Limited (NIB) is a scheduled commercial bank which provides banking services for consumers, small and medium enterprises, commercial and financial institutions, as well as corporate and investment banking services.

### Highlights of the year

NIB acquired a controlling stake in PICIC in June 2007 and was running its acquired subsidiaries under joint management until 31 December 2007 when PICIC and PICIC Commercial Bank Limited were amalgamated with and into NIB. A new circular issued by State Bank of Pakistan, which removed the benefit of using Forced Sale Value of collateral against all Non-Performing Loans, has resulted in higher provisioning expenses for all banks including NIB.

Key figures (PKR'm)	FY ended 31 Dec	
	2007	2006
Revenue*	2,950	1,515
PATMI	(204)	126
EVA	(6,532)	-
Change in EVA	NA	-
Market Capitalisation	51,187**	7,395
ROE (%)	(1.5)	2.9
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	NA	NA
Price/Book	1.1x	1.7x
Price/Earnings	NM	100.0x

TSR (%)	1-year	3-year	5-year
	132.7	21.0	51.2

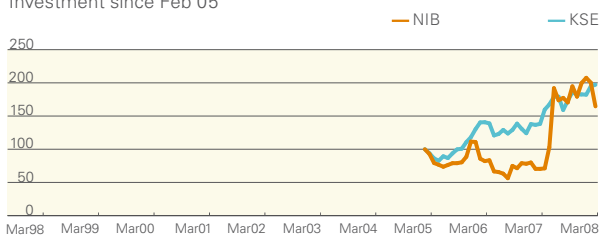
\* Before provision for bad loans.

\*\* Includes 642'm shares at PKRs 21.85 per share issued after 31 Dec 07.

### Relative TSR since Feb 05:

NIB vs Karachi All Share Index (KSE)

Index = 100 in Feb 05  
Investment since Feb 05





Held since 2003



Held since 2003

President Commissioner: Ng Kee Choe  
 President Director: Sebastian Paredes  
 www.danamon.co.id

President Commissioner: Ernest Wong Yuen Weng  
 President Director: Henry Ho Hon Cheong  
 www.bii.co.id

PT Bank Danamon Indonesia Tbk (Danamon) provides services through a total of 1,868 network offices across all 32 provinces of Indonesia. It has been building upon the success of the micro-banking and consumer financing business with a revitalised and extensive banking franchise.

PT Bank Internasional Indonesia Tbk (BII) is one of the largest banks in Indonesia, and has a network that comprises over 230 branches and 700 ATMs across Indonesia, accessible through ALTO and ATM BERSAMA. BII also has a banking presence in Mauritius and the Cayman Islands.

### Highlights of the year

In 2007, net profit increased 60% to Rp2.1 trillion and ROE improved and crossed the 20% mark. Net interest margin expanded further to 10.4%, one of the highest in the sector and loans grew by 24% to Rp53 trillion. Danamon was recognised as the Best Bank in Indonesia by *Euromoney*.

### Highlights of the year

In line with Indonesia's Single Presence Policy, Fullerton Financial Holdings Pte. Ltd., as the majority shareholder of BII, decided to sell its interest in BII. BII was recognised as Best Rising Star Bank and received two other awards from the *Marketing Research Indonesia (MRI)* and *InfoBank* magazines.

Key figures (IDR'b)	FY ended 31 Dec	
	2007	2006
Revenue	8,877	7,003*
PATMI	2,117	1,325
EVA	(211)	(258)
Change in EVA	47	543
Market Capitalisation	34,807	32,545

Key figures (IDR'b)	FY ended 31 Dec	
	2007	2006
Revenue	3,705	3,647
PATMI	405	634
EVA	(1,148)	(336)*
Change in EVA	(812)	(224)*
Market Capitalisation	22,728	9,324

ROE (%)	20.9	14.7
Gross Dividend Yield (%)	3.0	2.0
VA/Employment Cost	NA	NA
Price/Book	3.2x	3.4x
Price/Earnings	16.3x	24.4x

ROE (%)	7.6	12.7
Gross Dividend Yield (%)	0.9	2.7
VA/Employment Cost	NA	NA
Price/Book	4.2x	1.8x
Price/Earnings	58.1x	14.8x

	1-year	3-year	5-year
TSR (%)	7.3	16.4	43.6

	1-year	3-year	5-year
TSR (%)	146.8	36.3	55.8

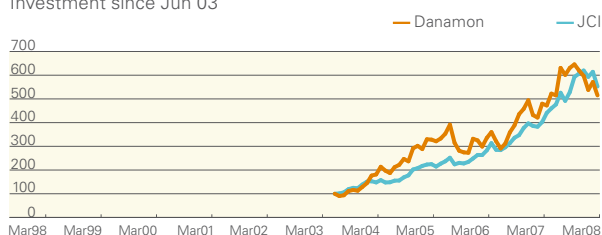
\* Restated due to reclassification.

\* Restated due to restatement of 2006 annual filing.

### Relative TSR since Jun 03:

Danamon vs Jakarta Composite Index (JCI)

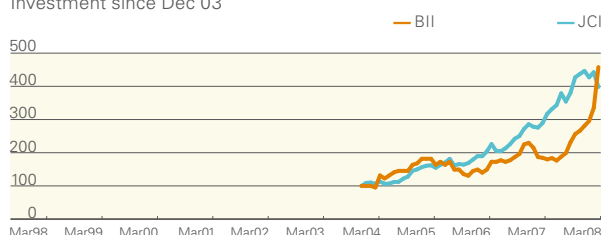
Index = 100 in Jun 03  
 Investment since Jun 03



### Relative TSR since Dec 03:

BII vs Jakarta Composite Index (JCI)

Index = 100 in Dec 03  
 Investment since Dec 03



## Major Portfolio Investments



Held since 2006

Chairman: Mervyn Davies CBE  
 Group Chief Executive: Peter Sands  
[www.standardchartered.com](http://www.standardchartered.com)

Standard Chartered PLC (Stanchart) has a history of over 150 years in banking and operates over 1,700 branches and outlets in over 70 countries. Listed on the London and Hong Kong stock exchanges, Stanchart is ranked in the top 25 among FTSE-100 companies.

### Highlights of the year

In 2007, Stanchart made a number of acquisitions including American Express Bank to further boost its private banking and transaction banking businesses. Stanchart also incorporated in China and launched local renminbi services.

Key figures (USD'm)	FY ended 31 Dec	
	2007	2006
Revenue	11,067	8,620
PATMI	2,841	2,278
EVA	294	945*
Change in EVA	(651)	NA
Market Capitalisation	48,200	39,761
ROE (%)	15.1	15.9
Gross Dividend Yield (%)	2.3	2.5
VA/Employment Cost	NA	NA
Price/Book	2.5x	2.4x
Price/Earnings	17.0x	17.0x

	1-year	3-year	5-year
TSR (%)	20.6	25.3	24.4

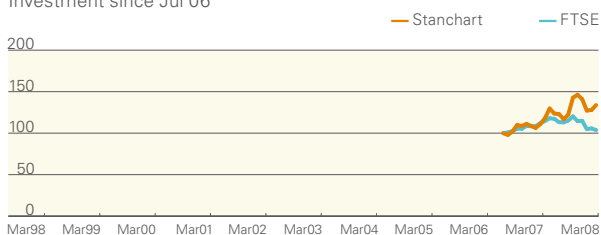
\* Restated due to restatement of 2006 annual filing.

### Relative TSR since Jul 06:

Stanchart vs FTSE All – Share Index (FTSE)

Index = 100 in Jul 06

Investment since Jul 06





Major Portfolio Investments

## Telecommunications & Media

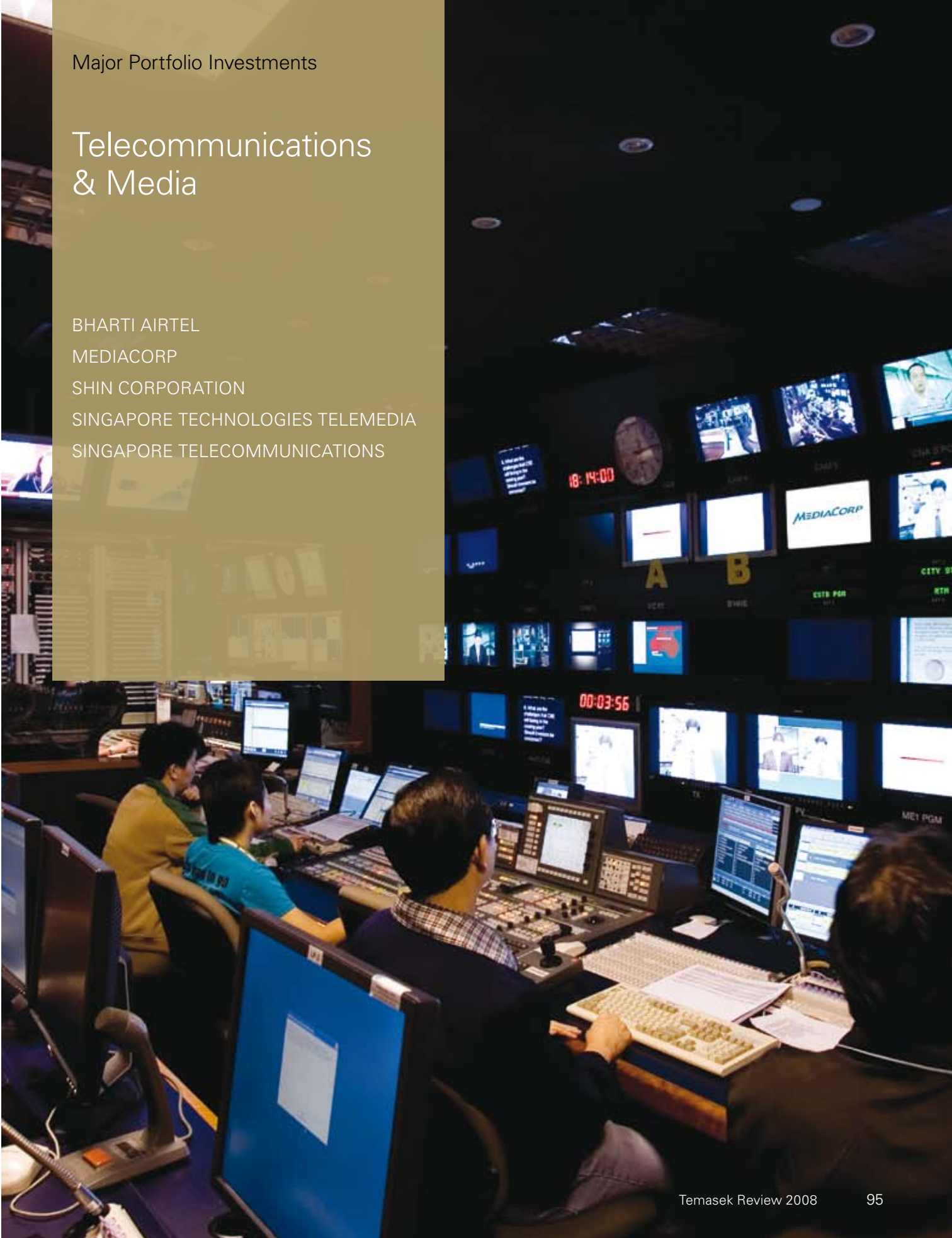
BHARTI AIRTEL

MEDIACORP

SHIN CORPORATION

SINGAPORE TECHNOLOGIES TELEMEDIA

SINGAPORE TELECOMMUNICATIONS



## Major Portfolio Investments



Held since 2007



Held since 1992

Chairman: Sunil Bharti Mittal  
President & CEO: Manoj Kohli  
www.bhartiairtel.in

**Bharti Airtel Limited** (Bharti Airtel), a group company of Bharti Enterprises, is an integrated telecom service provider. The Group was rated amongst the best performing companies in the world by the *Business Week* IT 100 rankings 2007. All services provided by the Mobile, Telemedia and Enterprise business units operate under the Airtel brand.

### Highlights of the year

Bharti Airtel's tower assets were spun off as a subsidiary company called Bharti Infratel Ltd. Leading international investors invested a total of US\$1.35 billion in Bharti Infratel.

Key figures (INR'm)	FY ended 31 Mar	
	2008	2007
Revenue	270,250	185,196
PATMI	67,008	42,571
EVA	23,345	-
Change in EVA	NA	-
Market Capitalisation	1,568,146	1,448,254
ROE (%)	38.0	37.4
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	7.9x	6.1x
Price/Book	7.0x	10.7x
Price/Earnings	23.4x	33.9x

	1-year	3-year	5-year
TSR (%)	8.1	58.5	96.2

Chairman: Ho Kwon Ping  
CEO: Lucas Chow  
www.mediacorp.sg

**MediaCorp Pte. Ltd.** (MediaCorp) is Singapore's national broadcaster with a comprehensive range of platforms comprising television, radio, newspapers, magazines, movies and digital media. MediaCorp has over 50 products in four languages reaching out to all population segments in Singapore and with extended reach to the Asia-Pacific region.

### Highlights of the year

In FY2007, MediaCorp concluded strategic partnerships with media companies in Indonesia (Media Nusantara Citra), China (Dahe Media) and Vietnam (International Media Corporation). It also launched new media initiatives including a high-definition TV channel (HD5), www.mocca.com (online classifieds) and Easy Reader (intelligent digital reading platform).

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	530	522
PATMI	52	62
EVA	13	4
Change in EVA	9	19
Shareholder Equity	914	995
ROE (%)	5.4	5.5
Gross Dividend Yield (%)	-*	3.0
VA/Employment Cost	1.3x	1.2x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	(5.1)**	32.0	20.1

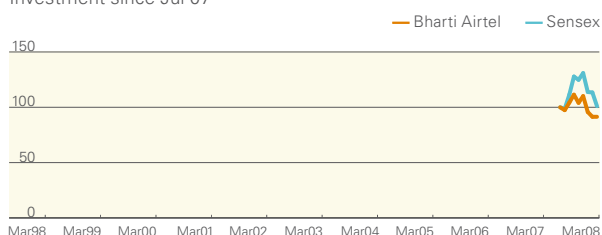
\* Dividend not declared yet at the time of publication.

\*\* Decline in shareholder equity due to change in fair value of available-for-sale investment securities.

### Relative TSR since Jul 07:

Bharti Airtel vs Bombay Stock Exchange Sensitive Index (Sensex)

Index = 100 in Jul 07  
Investment since Jul 07



Unlisted



Held since 2006

Chairman: Dr. Virach Aphimeteetamrong  
 CEO: Somprasong Boonyachai  
 www.shincorp.com

Shin Corporation Public Co Ltd (SHIN) is a holding company predominantly in telecommunications businesses. AIS, in which SHIN holds 43%, is a market leader in wireless communications. SHIN also holds 42% in Thaicom PLC (previously Shin Satellite PLC), which provides satellite transponder services and engages in wireless and wireline businesses.

#### Highlights of the year

SHIN sold its entire stakes in Capital OK Co., Ltd., a consumer finance operator, as well as in Asia Aviation Co., Ltd (a holding company of Thai AirAsia Co., Ltd.). Thaicom sold a 49% stake in Shenington Investments Pte Ltd. (SHEN) to Asia Mobile Holdings Pte Ltd., diluting Thaicom's holding in SHEN to 51%.

Key figures (THB'm)	FY ended 31 Dec	
	2007	2006
Revenue	10,359	14,039
PATMI	960	3,410
EVA	(2,141)	(5,420)*
Change in EVA	3,279	(4,081)
Market Capitalisation	92,715	79,908
ROE (%)	2.3	8.0
Gross Dividend Yield (%)	1.0	9.2
VA/Employment Cost	(0.7)x	(0.1)x**
Price/Book	2.3x	1.9x
Price/Earnings	96.7x	22.9x

	1-year	3-year	5-year
TSR (%)	20.4	(5.1)	24.8

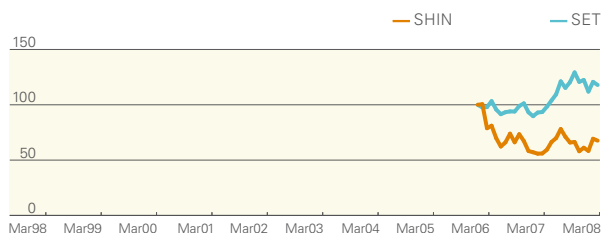
\* Restated due to change to sum-of-parts basis of computation.

\*\* Restated due to exclusion of non-operating transactions.

#### Relative TSR since Jan 06:

SHIN vs Stock Exchange of Thailand Index (SET)

Index = 100 in Jan 06  
 Investment since Jan 06



Held since 1995

Chairman: Tan Guong Ching  
 President & CEO: Lee Theng Kiat  
 www.sttelemedia.com

Singapore Technologies Telemedia Pte Ltd (STT) is an information-communications company with operations in the Asia-Pacific region, the Americas and Europe. Companies in the Group include Asia Mobile Holdings Pte Ltd., which holds stakes in StarHub and Shenington Investments Pte Ltd., which in turn holds telecommunication assets in Laos and Cambodia; Global Crossing Ltd and TeleChoice International Ltd.

#### Highlights of the year

Revenue was S\$895 million higher due to stronger performances from Global Crossing, StarHub and Indosat.\* The Group recognised a gain of S\$223 million, largely due to proceeds from its 25% sale of Asia Mobile Holdings to Qatar Telecom. Separately, Asia Mobile Holdings paid US\$200 million for a 49% stake in Shenington Investments.

Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006
Revenue	8,363	7,468
PATMI	223	(23)
EVA	(231)	(403)
Change in EVA	172	173
Shareholder Equity	1,355	1,140
ROE (%)	17.9	(2.2)
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	2.6x	2.5x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	18.9	23.9	12.5

\* STT has since sold its total interest in Indosat through Asia Mobile Holdings to Qatar Telecom.

Unlisted

## Major Portfolio Investments



Held since 1993

Chairman: Chumpol NaLamlieng  
 Group CEO: Chua Sock Koong  
[www.singtel.com](http://www.singtel.com)

Singapore Telecommunications Limited (SingTel) is a communications group in Asia with operations and investments in more than 20 countries and territories, including companies such as Optus, AIS, Bharti, Globe, Pacific Bangladesh Telecom, Telkomsel, and Warid Telecom. Covering 185 million mobile subscribers as at 31 March 2008, it has the largest mobile footprint in Asia outside China.

### Highlights of the year

SingTel expanded its service offerings with the launch of mio TV, a digital pay TV service. Optus is extending its 3G network to 98% of the Australian population, delivering superior coverage and wireless services across the country and driving increased market share.

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	14,844	13,377*
PATMI	3,960	3,779
EVA	2,467	2,103
Change in EVA	364	(305)
Market Capitalisation	62,250	52,170
ROE (%)	18.9	18.0
Gross Dividend Yield (%)	3.2	6.3
VA/Employment Cost	4.8x	5.0x**
Price/Book	3.0x	2.5x
Price/Earnings	15.7x	14.1x

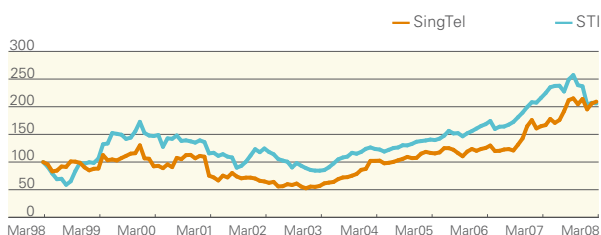
	1-year	3-year	5-year
TSR (%)	26.0	21.3	29.5

\* Restated due to change in accounting treatment for mobile outbound roaming revenue.

\*\* Restated due to reclassification of certain staff costs.

### Relative 10-year TSR: SingTel vs Straits Times Index (STI)

Index = 100 in Mar 98



Major Portfolio Investments

## Transportation & Logistics

NEPTUNE ORIENT LINES

PSA INTERNATIONAL

SINGAPORE AIRLINES

SMRT CORPORATION



## Major Portfolio Investments



Held since 1975

Chairman: Cheng Wai Keung  
Group President & CEO: Ronald Widdows  
www.nol.com.sg

Neptune Orient Lines Limited (NOL) is a global container shipping, logistics and terminals company. Its container shipping arm, APL, provides container shipping services, while APL Logistics offers international logistics services and solutions. NOL's terminals unit, APL Terminals, has facilities in Asia and North America.

### Highlights of the year

For FY2007, NOL achieved a record revenue of US\$8.2 billion and an improvement in profit of 44%. The liner shipping business reported growth in total container volumes and average rates of 12% and 4% respectively, with average headhaul utilisation of 96% across its global network.

Key figures (USD'm)	FY ended	FY ended
	28 Dec	29 Dec
	2007	2006
Revenue	8,160	7,264
PATMI	523	364
EVA	185	79
Change in EVA	106	(372)
Market Capitalisation (SGD'm)	4,778	4,733
ROE (%)*	22.6	18.1
Gross Dividend Yield (%)	4.3	2.5
VA/Employment Cost	2.6x	2.3x
Price/Book	1.2x	1.5x
Price/Earnings	6.3x	8.5x

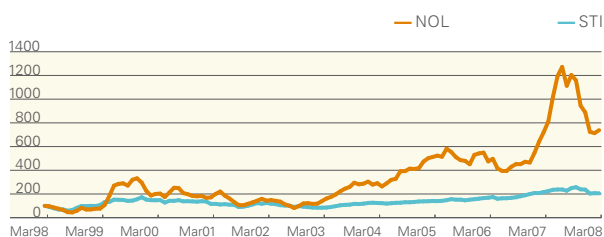
	1-year	3-year	5-year
TSR (%)	2.2	12.6	39.3

\* ROE is computed using weighted average shareholder equity.

### Relative 10-year TSR:

NOL vs Straits Times Index (STI)

Index = 100 in Mar 98



Held since 1997

Group Chairman: Fock Siew Wah  
Group CEO: Eddie Teh Ewe Guan  
www.internationalpsa.com

PSA International Pte Ltd (PSA) is a global port group. With flagship operations in PSA Singapore Terminals and PSA HNN, PSA participates in 28 port projects in 16 countries across Asia, Europe and the Americas, with a global capacity of 111 million TEUs over 66 km of quay length. In 2007, PSA handled 58.9 million TEU of containers worldwide.

### Highlights of the year

PSA continued to expand its global portfolio of ports to serve the growing demands of the industry. In 2007, PSA added port projects in Vung Tau (Vietnam), Chennai and Hazira (India), Gwadar (Pakistan), Mersin (Turkey), Great Yarmouth (UK) and Panama. It also divested its offshore marine business and European car carrier terminals business, which gave rise to one-off gains.

Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006
Revenue	4,151	3,736
PATMI	1,925	1,209
EVA	507	573
Change in EVA	(66)	(61)
Shareholder Equity	6,955	5,357
ROE (%)	31.3	23.9
Gross Dividend Yield (%)	7.2	9.3
VA/Employment Cost	4.0x	3.8x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	33.6	26.8	26.3

Unlisted



Held since 1975



Held since 1987

Chairman: Stephen Lee Ching Yen  
 CEO: Chew Choon Seng  
[www.singaporeair.com](http://www.singaporeair.com)

Chairman: Choo Chiau Beng  
 President & CEO: Saw Phaik Hwa  
[www.smrt.com.sg](http://www.smrt.com.sg)

Singapore Airlines Limited (SIA) is the flag carrier of the Republic of Singapore, and its route network spans 66 destinations in 36 countries. Its subsidiaries are mainly in the business of providing cargo air transportation, airport terminal services and engineering services.

SMRT Corporation Ltd (SMRT) is a multi-modal public transport operator and a transport engineering and service solutions provider. In Singapore, its network of trains, buses and taxis offers connectivity island-wide. SMRT also has growing interests in the leasing of commercial space.

#### Highlights of the year

The Group recorded a net profit of S\$2,049 million for the year ended 31 March 2008, underpinned by strong performance of the airline operations. During the financial year, SIA took delivery of the world's first A380 and launched services to Sydney and London.

#### Highlights of the year

Increases in train and bus ridership and taxi hired-out rate as well as growth in its rental and advertising businesses contributed to SMRT's improved financial performance. SMRT also secured its first major overseas mobilisation consultancy project for The Palm Jumeirah Monorail system in Dubai.

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	15,972	14,494
PATMI	2,049	2,129
EVA	708	227
Change in EVA	482	80
Market Capitalisation	18,471	20,697

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	802	743
PATMI	150	135
EVA	103	78
Change in EVA	26	16
Market Capitalisation	2,758	2,254

ROE (%)	13.6	14.9
Gross Dividend Yield (%)	6.4	6.0
VA/Employment Cost	2.4x	2.4x
Price/Book	1.2x	1.4x
Price/Earnings	9.3x	9.6x

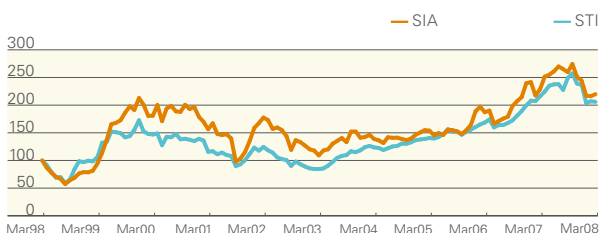
ROE (%)	22.8	22.1
Gross Dividend Yield (%)	4.3	4.9
VA/Employment Cost	2.2x	2.0x
Price/Book	4.1x	3.5x
Price/Earnings	18.4x	16.6x

	1-year	3-year	5-year
TSR (%)	(0.8)	14.0	16.0

	1-year	3-year	5-year
TSR (%)	27.3	31.9	35.7

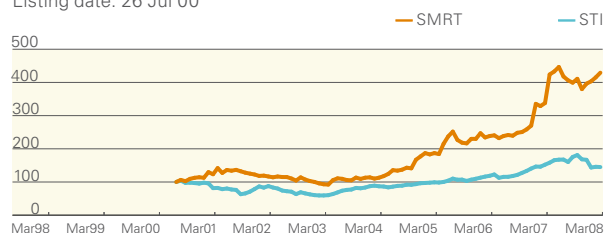
#### Relative 10-year TSR: SIA vs Straits Times Index (STI)

Index = 100 in Mar 98



#### Relative TSR since Jul 00: SMRT vs Straits Times Index (STI)

Index = 100 in Jul 00  
 Listing date: 26 Jul 00



Major Portfolio Investments

# Real Estate

CAPITALAND

MAPLETREE INVESTMENTS







Held since 2000



Held since 2001

Chairman: Dr Richard Hu Tsu Tau  
 President & CEO: Liew Mun Leong  
 www.capitaland.com

Chairman: Edmund Cheng  
 CEO: Hiew Yoon Khong  
 www.mapletree.com.sg

CapitaLand Limited (CapitaLand) has core businesses in real estate, hospitality and real estate financial services, spanning more than 110 cities in over 20 countries. It focuses on growth cities in the Asia Pacific, Europe and the Gulf Co-operation Council countries.

Mapletree Investments Pte Ltd (Mapletree) is a real estate company headquartered in Singapore. It is focused on investing in and managing real estate assets and funds in the office, logistics, industrial, business park and retail/lifestyle sectors.

#### Highlights of the year

CapitaLand posted profit after tax and minority interest of about S\$2.8 billion for FY2007, almost three times the S\$1.0 billion recorded in FY2006 on the back of sterling performance in Singapore, China and Australia. It also benefited from fair value gains on its asset portfolio.

#### Highlights of the year

Mapletree is building Mapletree Business City, an integrated business campus with 'best in class' specifications. To harness the high growth potential of India and China, it has also established the Mapletree India-China Fund to focus on investment and development opportunities for mixed-use commercial projects in these two countries.

Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006*
Revenue	3,793	3,148
PATMI	2,759	1,013
EVA	(52)	(135)
Change in EVA	83	50
Market Capitalisation	17,890	22,362
ROE (%)	31.9	14.5
Gross Dividend Yield (%)	2.4	1.5
VA/Employment Cost	2.7x	2.8x
Price/Book	1.8x	3.0x
Price/Earnings	6.4x	21.9x

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	366	217
PATMI	1,041	1,074
EVA*	893	864
Change in EVA*	29	880
Shareholder Equity	4,411	3,439
ROE (%)	26.5	36.8
Gross Dividend Yield (%)	0.4	0.5
VA/Employment Cost	3.0x	4.8x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	(19.4)	43.2	51.9

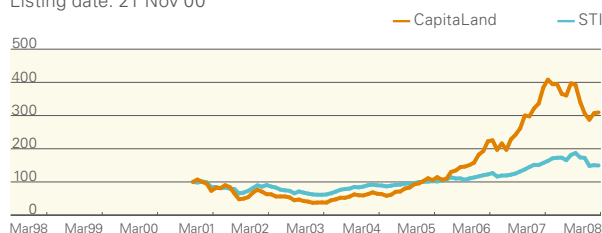
	1-year	3-year	5-year
TSR (%)	28.7	25.6	NM

\* The Group adopted FRS 40 Investment Properties in 2007. Comparatives were restated accordingly for FY ended 31 Dec 06.

\* EVA restated due to inclusion of revaluation gains.

#### Relative TSR since Nov 00: CapitaLand vs Straits Times Index (STI)

Index = 100 in Nov 00  
 Listing date: 21 Nov 00



Unlisted

Major Portfolio Investments

# Infrastructure, Industrial & Engineering

KEPPEL CORPORATION

SEMBCORP INDUSTRIES

SINGAPORE TECHNOLOGIES ENGINEERING



Executive Chairman: Lim Chee Onn

www.keppcorp.com

Keppel Corporation Limited (Keppel) is in the Offshore & Marine, Property and Infrastructure businesses and also has an investments division. The Group has a global presence in more than 30 countries covering the Americas, Europe, Middle East, Asia and Central Asia.

**Highlights of the year**

Keppel's revenue surpassed S\$10 billion for the first time in the Group's history, with Offshore & Marine Division contributing about 70% of the Group's revenue. Group PATMI crossed the billion-dollar mark to reach S\$1,026 million. Keppel's return on equity reached a record of 21.8%.

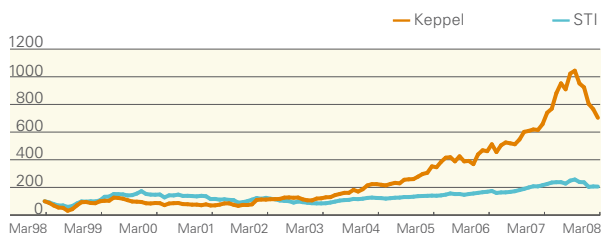
Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006
Revenue	10,431	7,601
PATMI*	1,026	751
EVA	779	416
Change in EVA	363	219
Market Capitalisation	15,724	15,005
ROE (%)*	21.8	19.1
Gross Dividend Yield (%)	6.5	1.5
VA/Employment Cost	2.0x	2.0x
Price/Book	3.0x	3.6x
Price/Earnings*	15.3x	19.9x

	1-year	3-year	5-year
TSR (%)	7.0	25.9	42.1

\* Before exceptional items.

**Relative 10-year TSR:  
Keppel vs Straits Times Index (STI)**

Index = 100 in Mar 98



Chairman: Peter Seah Lim Huat  
Group President & CEO: Tang Kin Fei  
www.sembcorp.com

Sembcorp Industries Ltd (Sembcorp) provides centralised utilities, energy and water to industrial and other customers in Singapore, the UK, Asia and the Middle East. It has businesses in marine and offshore engineering and is a provider of environment and industrial park management services in the region.

**Highlights of the year**

In 2007, Sembcorp's utilities business secured and renewed S\$2.2 billion worth of long-term contracts while its marine unit clinched S\$5.4 billion worth of new contracts. Sembcorp's industrial parks business launched a third Vietnam Singapore Industrial Park in northern Vietnam while its environment unit developed a solid waste treatment and recycling facility in Singapore.

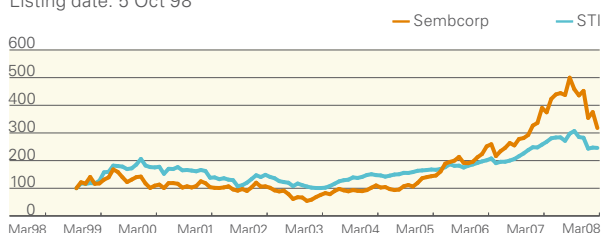
Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006*
Revenue	8,619	8,107
PATMI	526	1,031
EVA	132	382
Change in EVA	(250)	266
Market Capitalisation	7,237	9,056
ROE (%)	18.0	42.8
Gross Dividend Yield (%)	3.7	5.7
VA/Employment Cost	2.3x	2.1x
Price/Book	2.4x	3.2x
Price/Earnings	13.8x	8.7x

	1-year	3-year	5-year
TSR (%)	(15.4)	34.0	37.2

\* Comparatives for FY ended 31 Dec 06 restated due to the early adoption of INT FRS 112 Service Concession Arrangements.

**Relative TSR since Oct 98:  
Sembcorp vs Straits Times Index (STI)**

Index = 100 in Oct 98  
Listing date: 5 Oct 98



## Major Portfolio Investments



Held since 1997

Chairman: Peter Seah Lim Huat  
 President & CEO: Tan Pheng Hock  
[www.stengg.com](http://www.stengg.com)

### Singapore Technologies Engineering Ltd

(ST Engineering) is an integrated engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors. Headquartered in Singapore, ST Engineering has more than 18,000 employees worldwide, and over 100 subsidiaries and associated companies in 21 countries and 35 cities.

### Highlights of the year

The Group reported revenue of S\$5.05 billion and recorded double-digit growth for the third consecutive year in 2007. Both turnover and net profit grew 13%, with contribution from all sectors. The order book as at end-2007 was S\$9.49 billion. Return on equity improved and crossed the 30% mark in 2007.

Key figures (SGD'm)	FY ended 31 Dec	
	2007	2006
Revenue	5,051	4,486
PATMI	504	445
EVA	378	297
Change in EVA	81	14
Market Capitalisation	10,109	9,836

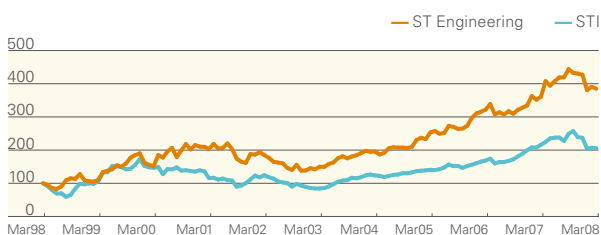
ROE (%)	31.5	29.1
Gross Dividend Yield (%)	5.0	4.6
VA/Employment Cost	1.6x	1.6x
Price/Book	6.2x	6.3x
Price/Earnings	19.9x	21.9x

	1-year	3-year	5-year
TSR (%)	6.6	14.9	20.8

### Relative 10-year TSR:

ST Engineering vs Straits Times Index (STI)

Index = 100 in Mar 98



Major Portfolio Investments

## Energy & Resources

POWERSERAYA

SENOKO POWER

SINGAPORE POWER



## Major Portfolio Investments



Held since 1995



Held since 1995

Chairman: Tan Yam Pin  
 Managing Director: Neil Garry McGregor  
[www.powerseraya.com.sg](http://www.powerseraya.com.sg)

PowerSeraya Limited's (PowerSeraya) focus is on producing, wholesaling, trading and retailing energy. Located on Jurong Island's petrochemical hub, the Group is expanding into the integrated energy business which includes the sale of steam, water, physical oil trading and storage.

### Highlights of the year

The Group incorporated PetroSeraya Pte Ltd in April 2007. A wholly-owned subsidiary whose activities are principally in oil trading, PetroSeraya contributed S\$154 million in revenue in its first year of operations. PowerSeraya's investment in a new natural gas-fired Co-Generation Plant will strengthen the Group's portfolio to become a full-fledged integrated energy company.

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	2,793	2,624
PATMI	218	168
EVA	103	88
Change in EVA	15	39
Shareholder Equity	1,213	1,073
ROE (%)	19.1	16.1
Gross Dividend Yield (%)	9.9	5.6
VA/Employment Cost	9.9x	9.2x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	24.2	17.1	20.5

Unlisted

Chairman: John Lim Kok Min  
 President & CEO: Roy Adair  
[www.senokopower.com.sg](http://www.senokopower.com.sg)

Senoko Power Limited (Senoko) is an integrated electricity generator and retailer. It produces electricity, utilising predominantly combined cycle gas-fired generation technology, and sells electricity into the Singapore wholesale and retail electricity market. Senoko is also expanding its business into bundled energy supplies.

### Highlights of the year

Senoko was able to maintain its earning performance for the financial year ended 31 March 2008 despite the entry of a new competitor into the electricity market. Senoko's return on equity reached a record high of 17.9% while its economic value added improved by about 10%. Senoko received the Asian Power Award for the Best O&M Project of the Year 2007.

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	2,495	2,772
PATMI	130	131
EVA	35	32*
Change in EVA	3	(7)
Shareholder Equity	617	838
ROE (%)	17.9	16.0
Gross Dividend Yield (%)	32.5	29.7
VA/Employment Cost	9.3x	8.3x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	19.0	16.0	14.5

\* Restated to exclude unusual items.

Unlisted



Held since 1995

Chairman: Ng Kee Choe  
Group CEO: Quek Poh Huat  
[www.singaporepower.com.sg](http://www.singaporepower.com.sg)

Singapore Power Limited (SP) and its subsidiaries are engaged principally in the transmission and distribution of electricity and gas, the provision of technical management consultancy services and investments in related projects.

#### Highlights of the year

Singapore Power International Pte Ltd acquired Alinta assets for A\$8.4 billion (enterprise value) on 31 August 2007. The sale of the SP Building was completed in February 2008 and a gain of S\$453 million was recorded.

Key figures (SGD'm)	FY ended 31 Mar		
	2008	2007	
Revenue	5,447	5,243	
PATMI	1,086	905	
EVA	220	369	
Change in EVA	(149)	87	
Shareholder Equity	4,615	3,912	
ROE (%)	25.5	23.2	
Gross Dividend Yield (%)	0.0	9.2	
VA/Employment Cost	6.3x	9.0x	
Price/Book	NA	NA	
Price/Earnings	NA	NA	
	1-year	3-year	5-year
TSR (%)	18.0	25.8	23.6

Unlisted

Major Portfolio Investments

## Technology

CHARTERED SEMICONDUCTOR  
MANUFACTURING  
STATS CHIPPAC





Chairman: James A. Norling  
 President & CEO: Chia Song Hwee  
[www.charteredsemi.com](http://www.charteredsemi.com)

**Chartered Semiconductor Manufacturing Ltd.** (Chartered), a dedicated semiconductor foundry, offers leading-edge technologies down to 65 nanometre (nm), enabling today's system-on-chip designs. The company adopts a collaborative and joint development approach on a technology roadmap that extends to 22nm.

#### Highlights of the year

Chartered started 65nm commercial production, for both silicon-on-insulator and bulk process technologies, which contributed revenues exceeding the US\$100 million mark within three-quarters of ramp. Revenues from mature, 'value-added' technologies increased 30% compared to the previous year. Net income for the year was US\$102 million.

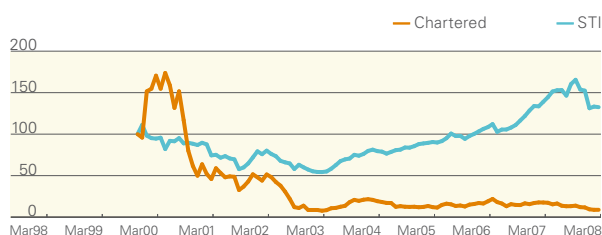
Key figures (USD'm)	FY ended 31 Dec	
	2007	2006
Revenue	1,355	1,415
PATMI	102	67
EVA	(280)	(292)
Change in EVA	12	183
Market Capitalisation (SGD'm)	1,842	3,678

ROE (%)	5.9	4.1
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	3.2x	3.8x
Price/Book	0.7x	1.4x
Price/Earnings	12.5x	47.4x

	1-year	3-year	5-year
TSR (%)	(49.8)	(9.9)	2.8

#### Relative TSR since Nov 99: Chartered vs Straits Times Index (STI)

Index = 100 in Nov 99  
 Listing Date: 1 Nov 99



Chairman: Charles R. Wofford  
 President & CEO: Tan Lay Koon  
[www.statschippac.com](http://www.statschippac.com)

**STATS ChipPAC Ltd.** (STATS ChipPAC) is a service provider of semiconductor packaging design, bump, probe, assembly, test and distribution solutions. STATS ChipPAC has the scale to provide a comprehensive range of semiconductor packaging and test solutions to a diversified global customer base servicing a wide range of markets.

#### Highlights of the year

2007 was a record year for STATS ChipPAC in terms of revenue and profits. Revenue grew to US\$1.65 billion, an increase of 2% over 2006, and net income increased by 22% over 2006 to US\$94 million.

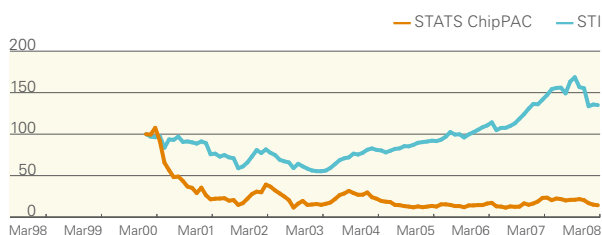
Key figures (USD'm)	FY ended	FY ended
	30 Dec	31 Dec
Revenue	1,652	1,617
PATMI	94	77
EVA	(55)	(45)
Change in EVA	(10)	92
Market Capitalisation (SGD'm)	2,304	3,675

ROE (%)	7.1	6.4
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	2.2x	2.3x
Price/Book	1.2x	1.9x
Price/Earnings	16.2x	30.0x

	1-year	3-year	5-year
TSR (%)	(38.3)	1.9	(0.7)

#### Relative TSR since Jan 00: STATS ChipPAC vs Straits Times Index (STI)

Index = 100 in Jan 00  
 Listing date: 31 Jan 00



Major Portfolio Investments

## Consumer & Lifestyle

FRASER AND NEAVE  
WILDLIFE RESERVES SINGAPORE





Held since 2007



Held since 1975

Chairman: Lee Hsien Yang

www.fraserandneave.com

Chairman: Claire Chiang  
 Group CEO: Fanny Lai  
 www.zoo.com.sg  
 www.nightsafari.com.sg  
 www.birdpark.com.sg

Fraser and Neave, Limited (F&N) is a Pan-Asian Consumer Group with principal activities in production and sale of a range of beverages; development, management and investment in property and REIT; and printing and publishing.

Wildlife Reserves Singapore Pte Ltd (WRS) is the parent company of the award-winning attractions – Singapore Zoo, Night Safari and Jurong Bird Park – which provide exhibits of animals and birds presented in their natural environment, for the purpose of conservation, education and recreation.

#### Highlights of the year

The Group acquired Nestlé's tinned milk businesses in certain Southeast Asia countries. The brewery division continued to expand its international reach and extended into China, Vietnam, Laos, Mongolia and India.

#### Highlights of the year

The Singapore Zoo introduced a new Bornean Orang Utan enclosure and a new animal show – Splash Safari. The Night Safari celebrated its 11-millionth visitor arrival in May 2007 and Jurong Bird Park won the International Research and Conservation award 2007.

Key figures (SGD'm)	FY ended 30 Sep	
	2007	2006*
Revenue	4,738	3,802*
PATMI**	379	320
EVA	(30)	3
Change in EVA	(33)	NA
Market Capitalisation	6,735	7,043
ROE (%)**	8.6	9.6
Gross Dividend Yield (%)	2.8	2.7
VA/Employment Cost	NA	NA
Price/Book	1.3x	1.7x
Price/Earnings**	16.9x	18.7x

Key figures (SGD'm)	FY ended 31 Mar	
	2008	2007
Revenue	85	72
PATMI	18	17
EVA	7	7*
Change in EVA	0	1
Shareholder Equity	114	96
ROE (%)	17.5	18.9
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	1.8x	1.7x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	(2.4)	20.5	32.3

	1-year	3-year	5-year
TSR (%)	19.2	20.5	15.2

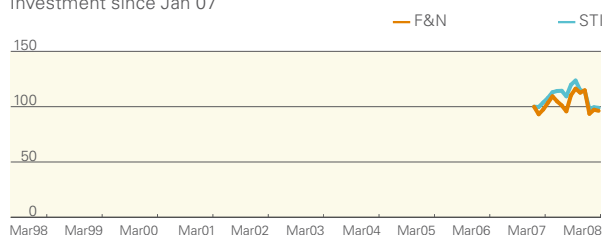
\* Restated due to reclassification of accounts.

\*\* After exceptional items.

\* Adjusted due to change in WACC rate and overstatement of unusual items.

#### Relative TSR since Jan 07: F&N vs Straits Times Index (STI)

Index = 100 in Jan 07  
 Investment since Jan 07



Unlisted

## Our Reach

Together with the Singapore office, our network of international offices provides us with better insights and responsiveness to the opportunities in many parts of the world.

For more information: [www.temasek.com.sg](http://www.temasek.com.sg)



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