

A group of hikers is seen on a rocky mountain trail. The terrain is composed of large, grey, layered rock formations. In the foreground, a hiker in a blue jacket and black beanie is climbing a rock. To the left, another hiker in a blue jacket and blue hood is also climbing. A third hiker in a green hat is visible further back. A woman in a white jacket is sitting on a rock in the middle ground, looking towards the camera. The background shows a vast, rocky landscape under a clear sky.

# SHAPING OUR JOURNEY

TEMASEK REVIEW 2009

**TEMASEK  
HOLDINGS**

Cover

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**Mt Kinabalu**

Keeping safe as one team



### **Our Journeys of Discovery**

Progress is made when man journeys across unexplored seas, scales impossible mountains, and reaches deep within to know courage in fear.

In Temasek, we too make our journeys of ideas and discovery through uncharted time and space, growing with our people, breaking new grounds, and above all, knowing our goal is to bring everyone home safely.

Last April, breaking away for a refreshing challenge, 21 of our colleagues, rookies and experienced mountaineers, scaled Mt Kinabalu in East Malaysia. At over 13,000 ft, this is Southeast Asia's tallest mountain. In the process, they raised over S\$200,000 to support educational causes.

Taking a leaf from this achievement, nine colleagues set out this July to climb Mt Kilimanjaro in Tanzania, Africa, after some two months of hard training. They raised over S\$300,000 with their 19,000 ft climb, this time for the Make-a-Wish Foundation (Singapore) to support more than 100 children with life-threatening illnesses.

Drawing on untested reserves from within as they battled altitude sickness and the sub-zero cold, each team succeeded by working together, planning meticulously, and supporting each other along the way. They epitomise the spirit of excellence and community in Temasek.

The photographs in this review were taken by our colleagues during their mountaineering adventures.

### Shaping Our Journey

It has been a 35-year journey for Temasek since our founding on 25 June 1974.

Like Singapore, we embarked on a persistent search for practical solutions, a patient building of an institution, and an accumulation of talent as we walked to make our own path, feeling the stones as we crossed rivers.

Our journey has been driven by a constant hunger and passion to learn and relearn, to think and to do, to build and rebuild, and ultimately to find solutions with tomorrow very clearly in our minds.

Our tomorrow is a continuing journey to build a shared future embracing all creeds and colours, which we shape together with the steps we choose to take today.



### Flourish

People are the heartbeat of Temasek's growth globally. The symbolic rendition of people in 'tree-form' signifies our growth and continuity, connoting teamwork and symbolising flourishing abundance.

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## TEMASEK @ 35

“We draw sustenance not only from the region but also from the international economic system to which we belong and which will be the final arbiter of whether we prosper or decline.”

### **S Rajaratnam**

*Singapore Foreign Minister  
Address to the Singapore Press Club  
6 February 1972*

The success of Temasek Holdings is closely intertwined with Asia and the global economic system through its 35 years of history.

Seeded initially by the Singapore Government with an eclectic mix of 35 companies, from a detergent maker to a bird park, Temasek also took over companies such as SingTel, PSA International and SingPower, when the Government decided in the early 1990s to corporatise and devolve responsibility for telecommunications, ports, and electricity infrastructure and services.

Temasek has grown and transformed with Singapore, and pulses with the heartbeat of Asia.

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We aim to create and deliver sustainable long-term value for our stakeholders as an active investor and shareholder of successful enterprises

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Many of our core portfolio companies are interwoven with Singapore’s economic fabric, benefitting from as well as contributing to Singapore’s economic survival, progress and prosperity. They were rooted in the developments of post-independence Singapore. Sembcorp Marine found footing at the old naval dockyard facilities left behind by the British forces when they withdrew from Singapore, while Singapore Airlines was spun out when Malaysia-Singapore Airlines was separated into two national carriers.

Just as Temasek drew its strengths from a modernising Singapore in the early years, the economic integration of Asia with the global market over the last two decades has opened up new vistas of opportunities for our portfolio companies, and also for ourselves as investors.

Our direct investments over the last decade have been centred on four themes:

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

We invest in a broad spectrum of industries. Banking & financial services, transport & logistics, and infrastructure are industries which mirror the transformation of economies, while we track the demands of a growing middle class through sectors such as real estate, telecommunications & media, bioscience & healthcare, and education, consumer & lifestyle. Energy & resources, engineering, as well as technology are sectors with value-driven comparative advantages or transformational potential.

We finance our investments from divestment proceeds, dividends from our portfolio companies and commercial leverage.

# 16%

Total Shareholder Return  
compounded annually since inception

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Through the years, Temasek has both divested and invested in companies, patiently reshaping its portfolio. Today, over 70% of our underlying portfolio exposure is to Asia, including Singapore. Most of our portfolio companies are thriving Singapore and Asia blue chips.

We aim to create and deliver sustainable long-term value for our stakeholders as an active investor and shareholder of successful enterprises. Our Total Shareholder Return since inception is a healthy 16% compounded annually.

We succeed because we draw sustenance and support from our community. In return, we have a commitment to contribute to the progress and well-being of our community.

Since 2003, we have given substance to this commitment, by setting aside a share of our returns for each year of positive Wealth Added to support community programmes. Donations from these community provisions included an endowment of S\$500 million to the Temasek Trust in 2007 to launch Temasek Foundation for community programmes in Asia. More recently, to mark our 35<sup>th</sup> anniversary, we gifted another S\$100 million to the Temasek Trust, this time to support *Temasek Cares* for community programmes in Singapore.

More than our institutional commitment, we are proud of the volunteer spirit of our 380 employees. Coming from diverse cultures and 24 countries, they volunteer their time, energy and heart for the community in Singapore and across the world. With their tireless support for the less advantaged and their passion for personal excellence and commitment to deliver, they epitomise the spirit of Temasek, as individuals and as one team.

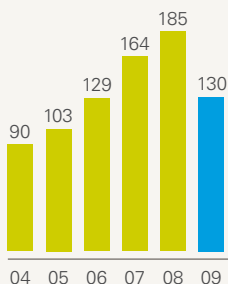
# YEAR IN REVIEW

Beginning with the collapse of Bear Stearns in March 2008, and ending with the sharp market lows of March 2009, it has been an unprecedented year of financial and liquidity stress particularly in the US and Europe. Amidst the ensuing global turbulence, we adopted a cautious stance, strengthened our portfolio, and invested in our people and institution.

### Portfolio Value

Our portfolio retracted three years in value to S\$130 billion as at 31 March 2009.

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



As at 31 Mar

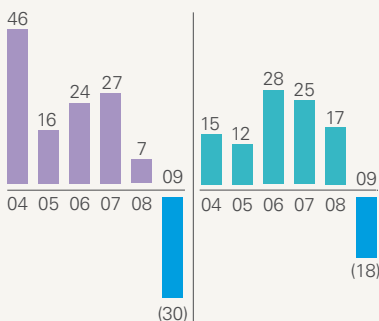
**S\$130b**

Portfolio down 30% in value

### Shareholder Return

Our Total Shareholder Return (TSR) since inception is more than 16% compounded annually, by both market value (MV) and shareholder funds (SHF).

#### One-year TSR (%)



By MV

By SHF

For year ended 31 Mar

**-18%**

One-year TSR by shareholder funds

### Group Financial Highlights

We delivered a group net profit of S\$6 billion.

#### (S\$b)

Revenue	<b>80</b>
Net profit attributable to equity holder	<b>6</b>

For year ended 31 Mar 09

**S\$6b**

Group net profit



### Investments

Divestments exceeded investments as we adopted a cautious stance.

	(\$b)
Investments	<b>9</b>
Divestments	<b>16</b>

For year ended 31 Mar 09

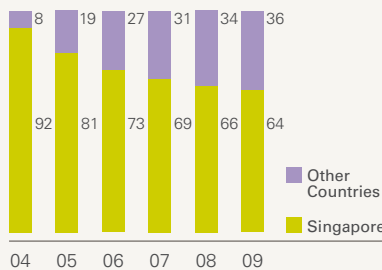
**S\$7b**

Net divestments

### Our Team

We reaffirmed our core values as we continued to learn and build a diverse team.

#### Staff Origin (%)



As at 31 Mar

**380** people

The Temasek team

### Our Community

We launched *Temasek Cares* on 25 June 2009 to support the needy and rebuild lives in Singapore.

- S\$100 million was gifted for *Temasek Cares* via Temasek Trust
- Temasek Foundation expanded its outreach from five to 11 countries in Asia
- Our *TOUCH* volunteers supported chef training under the Yellow Ribbon Project reintegration programme

**S\$100m**

Contribution for *Temasek Cares*

## FROM OUR CHAIRMAN

On 25 June this year, Temasek turned 35. We published our first Temasek Review five years ago.

During the five years since March 2004, we made S\$90 billion of new investments and divested S\$56 billion of assets. Our portfolio value grew from S\$90 billion to S\$130 billion.

In the process, we proportionately reduced our underlying exposure to Singapore and the OECD economies from over 80% to just over 50%, even as we held steady in value our underlying exposure to Singapore.

As at 31 March 2009, our Singapore exposure was 31% with rest of Asia at 43%. OECD economies account for just over 20% of our portfolio, primarily in Australia. We have also added an emerging 4% exposure to new markets such as Latin America and Russia.

S\$90b

Investments since 2004

The growth and composition of our portfolio reflect the transformation of Singapore and Asia. Companies in our portfolio include Singapore blue chips such as Singapore Airlines, and emerging champions in Asia such as Bharti Airtel, China Construction Bank and Bank of China.

Despite a year of extreme volatility, we are confident that we have a robust portfolio for the long term.

### Returns to our Shareholder

Our Value-at-Risk (VaR) as reported in our previous Review had been a volatile S\$40 billion<sup>1</sup> as at 31 March 2008. With the sharp corrections in the capital markets, our portfolio retraced its value by about three years to S\$130 billion at the market lows of 31 March 2009.

The 10 largest Singapore-listed companies in our portfolio accounted for S\$30 billion of the total value decline of S\$55 billion, while the 10 largest non-Singapore listed investments accounted for S\$18 billion.

S\$56b

Divestments since 2004

Over the last five years, our Total Shareholder Return (TSR) on a marked-to-market basis was 6% compounded annually, while our TSR by shareholder funds was 11%. These medium-term TSRs were impacted by a 30% fall in our one-year TSR by market value and a one-year decline of 18% in our TSR by shareholder funds.

Our TSRs since inception by both shareholder funds and market value held steady at 16%. Our 20-year and 30-year TSRs by market value were stable at 13% and 16% respectively.

<sup>1</sup> This means a 16% probability that Temasek's portfolio value will decline by S\$40 billion or more on a marked-to-market basis by 31 March 2009.

We delivered a negative Wealth Added (WA) of S\$68 billion below our risk-adjusted cost of capital hurdle on our opening portfolio value for the last financial year.

Since 31 March 2009, the markets have steadied. For the four months up to 31 July 2009 in S\$ terms, the MSCI World Index rebounded 25%, while MSCI (Asia ex Japan) Index rose 42%. Our portfolio value and TSR have recovered broadly in line with the markets.

At the bottom line, we delivered a Group net profit of S\$6 billion compared to a profit of S\$18 billion in the previous year. This drop in group profit reflected the generally weaker operating performances of our portfolio companies as well as realised gains and losses from our divestments during the year.



S\$6b

Group Net Profit  
for year ended 31 Mar 09

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### Investment Activities

From the demise of Bear Stearns in March 2008, to the collapse of Lehman Brothers and the US government rescue of AIG in September 2008, and the market tremors of March 2009, the global financial turmoil was the worst since the Great Depression. The ensuing credit contagion was swift and sharp. World trade plunged, declining 20% in the six months ended March 2009 compared to a year before. Oil prices plummeted from US\$146 a barrel in July 2008 to US\$31 in December 2008.

Against the backdrop of a global credit crunch, we maintained a steady course, and remained cautiously active on the investment front. We rebalanced our portfolio with S\$9 billion of investments and S\$16 billion of divestments during the year.

Investments last year included S\$3 billion for rights issues in our portfolio companies such as Standard Chartered, DBS Group, and CapitaLand. Including subscriptions post 31 March 2009, we have invested almost S\$5 billion in the rights issues of our portfolio companies over the last nine months to 31 July 2009.

New investments included about S\$700 million in September 2008 for a sub-5% stake in Hong Kong-based Li & Fung, a leading supply chain manager for brands and retailers worldwide. In July 2009, we also reinvested over S\$400 million in Olam International, a Singapore-based market leader in the supply chain management of agricultural products and food ingredients.

During the year, we completed the long-planned divestment of our three power generating companies in Singapore. The process attracted bids from Singapore and international players. The first was the sale of Tuas Power in March 2008 to SinoSing Power, a wholly-owned subsidiary of China Huaneng Group, followed by the September 2008 sale of Senoko Power to Lion Power Holdings, a consortium led by Marubeni Corporation of Japan. The sale of our last generating company, PowerSeraya, to YTL Power International of Malaysia, was sealed in December 2008, and completed in March 2009. Total proceeds from these divestments amounted to just over S\$11 billion.

The divestment was the culmination of a 14-year journey during which we significantly enhanced the value of our assets by working with many stakeholders including the regulator, the boards and managements of the power generating companies and their labour union, Union of Power & Gas Employees (UPAGE). The thoughtful tenacity of our team through the different generations speaks well of their resilience and their persistent commitment.

We are also pleased that each of the three successful buyers inherited a well-managed company with a strong balance sheet and operating within a sustainable regulatory framework.

**S\$16b**

Divestments  
for year ended 31 Mar 09

Other divestments during the year included our positions in Bank Internasional Indonesia, Bank of America and China Minsheng Bank. Our initial position in Merrill Lynch had been exchanged into shares in Bank of America in January 2009, when the latter completed an offer to buy the former. Our exposure thus changed from specific Merrill exposures to the diversified exposure of Bank of America to the US economy. The risk-return profile had also shifted substantially. After considering various factors, a decision was made to divest out of Bank of America, and redeploy our funds elsewhere, notwithstanding the expected realised loss.

Singapore-based divestments included printing company SNP Corporation, IT services company Singapore Computer Systems, and Singapore Food Industries.

Against the backdrop  
of a global credit crunch,  
we maintained a steady course,  
and remained cautiously active  
on the investment front

#### Building our Institution

Beyond purpose, people and passion, the success of an institution also rests on the culture we nurture in our people and the discipline we instil through our systems and processes.

A critical building block aimed at fostering an owner mindset among our staff is our incentive framework which puts the institution before the individual, emphasises long term over short term, and aligns employee and shareholder interests.

It has two dimensions – performance hurdles, and time horizons, for short, medium and long-term payouts. Deferred components are subject to market risks with values rising or falling with portfolio returns, and a clawback against future negative Wealth Added.

We tested and refined the  
principles of allocating negative  
bonuses to align our staff to  
sustainable long-term performance

While the downturn has been uncomfortable, it gave us the opportunity to test our framework over the last two years through the negative Wealth Added cycle. We tested and refined the principles of allocating negative bonuses, and finalised the remaining long-term components of a robust incentive framework to align our staff to sustainable long-term performance.

No incentive plan is perfect, and nothing can substitute for values, culture and commitment to the institution. We are gratified that the team has shown a willingness to take decisions which have short-term negative impact, in the interest of the larger whole. This augurs well for our future.

We have stayed the course  
and kept the future in our mind  
in everything that we have done

### Charting our Waypoints

Temasek celebrates its 35<sup>th</sup> anniversary this year. The world has evolved since 1974, and so have we. We have stayed the course and kept the future in our mind in everything that we have done.

We first published our Temasek Charter in 2002 as a living document that outlines our relationship with our stakeholders. We have reviewed and updated our Charter in conjunction with our 35<sup>th</sup> anniversary.

As we invest and manage our portfolio, we continue to shape and build our institution for

the long term, treading carefully and thoughtfully, thinking and rethinking, testing and retesting. While we have no wish to re-invent the wheel, we have charted our own course with patience and courage, while drawing experiences and knowledge from within and outside the organisation.

My colleagues and I are encouraged by the Temasek journey. We have been walking to make our own paths and byways, keeping the future clearly in our mind, and knowing we can take nothing for granted. We continue to move forward with hope and confidence.

As we invest and manage  
our portfolio, we continue  
to shape and build our  
institution for the long term

### Leadership Continuity

In early 2005, our Board instituted an annual CEO succession review to track potential successors from within and outside Temasek. Charles “Chip” Goodyear joined our Board on 1 February 2009, and was slated to succeed Ho Ching as CEO with effect from 1 October 2009.

However, in July, both the Board and Chip agreed mutually and amicably that it was in the interest of both parties not to proceed with the CEO transition.

The Board and I are pleased that Ho Ching has agreed to continue her responsibilities as Executive Director and CEO.



## Looking Ahead

The worst of the meltdown risks is behind us. Extraordinary fiscal and monetary measures have been set in place by the US and other governments. These moves have averted extreme meltdown risks, but added the risks of inflation and asset misallocations in the medium term. The structural issues still need to be resolved as deleveraging continues to take place and demand adjusts to a new base.

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## We remain optimistic about Asia's potential for the long term

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Global GDP growth is expected to be weak in 2009, with a sluggish recovery in 2010. Uncertainties abound beyond that.

We remain optimistic about Asia's potential for the long term. As Asia continues to make progress, it will continue to de-risk. We are comfortable to maintain an overweight in Asia, with a directional portfolio mix of 40:30:20:10. This means exposure to Asia of 40% or more (including China at around 20%), keeping Singapore at about 30%, maintaining OECD exposure at 20%, largely via Australia, and adding exposure of up to 10% to other geographies such as Latin America, Eastern Europe, the Middle East, and Africa.

This portfolio mix provides a 50:50 exposure between slower growth developed economies and higher risk emerging economies. We will exercise full flexibility to shift the weight of our portfolio in dynamic and practical ways in the short term, while maintaining a balanced risk posture for the longer term.

We will work with our portfolio companies to focus on value preservation and creation.

## Engaging with our Community

To mark our 35<sup>th</sup> anniversary, we donated S\$100 million in June this year to the Temasek Trust through a deed of gift as an endowment for *Temasek Cares*.

Set up as a new charity, *Temasek Cares* supports the underserved in Singapore, particularly to train the disadvantaged and their caregivers to be self-reliant, and help rebuild lives. This initiative complements the coverage of other non-profit philanthropic organisations such as Temasek Foundation and Singapore Millennium Foundation that we have sponsored.

Our donations come from funds we had set aside for community contribution during the years when we delivered positive Wealth Added. Donations to Temasek Trust are reinvested with Temasek on a commingled basis. This reinforces the mission for Temasek to deliver sustainable long-term value, not just for our shareholder, but also for the wider community.

## In Appreciation

I am grateful to the many friends and partners, in Singapore and around the world, who have contributed tremendously to Temasek's success and ongoing development.

To the past and present members of the Board, management and staff, I am thankful for their unstinting dedication and commitment to shape and reshape the institution for the future. I wish to thank too the boards, management and staff of our portfolio companies. Through their leadership and hard work, they have developed sustainable and competitive businesses that are vital to our collective success.

I also deeply appreciate the thoughtful counsel and insightful advice of our Temasek International Panel and the Temasek Advisory Panel. They have provided very useful perspectives which helped to nuance our thinking and decisions over the years.

Finally, I must thank our many stakeholders, including our shareholder and bondholders as well as the broader public, for their interest in our progress and success. Our engagement with them, and the feedback they have provided us, have enriched Temasek and contributed to our continued progress.



**S DHANABALAN**  
Chairman  
September 2009

## Temasek Charter

### **Temasek Holdings is an investment company managed on commercial principles**

to create and deliver sustainable long-term value for our stakeholders.

### **Temasek is an active value-oriented investor**

and may increase, reduce or hold its investments in companies or other assets, or pioneer innovative products or businesses in order to create and maximise shareholder value.

### **Temasek is an active shareholder**

and aims to achieve sustainable returns by engaging the boards and managements of its portfolio companies to:

- **Values**  
Foster a deep culture of integrity, meritocracy and excellence;
- **Focus**  
Maintain a clear focus on core competence, customer fulfilment, innovation, commercial discipline and consistent value creation;
- **Human Capital**  
Cultivate high calibre board and management leadership, as well as committed and responsible employees;
- **Sustainable Growth**  
Institutionalise superior business leadership, financial discipline, operational excellence and sound corporate governance;
- **Strategic Options**  
Create strategic options to build significant international or regional brands or businesses.

### **Temasek is a responsible corporate citizen**

and is committed to contributing part of its returns to encourage the growth and development of the wider community.



**Mt Kinabalu**

Returning home carefully  
across treacherous terrain





Portfolio by Geography, Sector & Liquidity  
Portfolio Value since Inception  
Total Shareholder Return  
Wealth Added

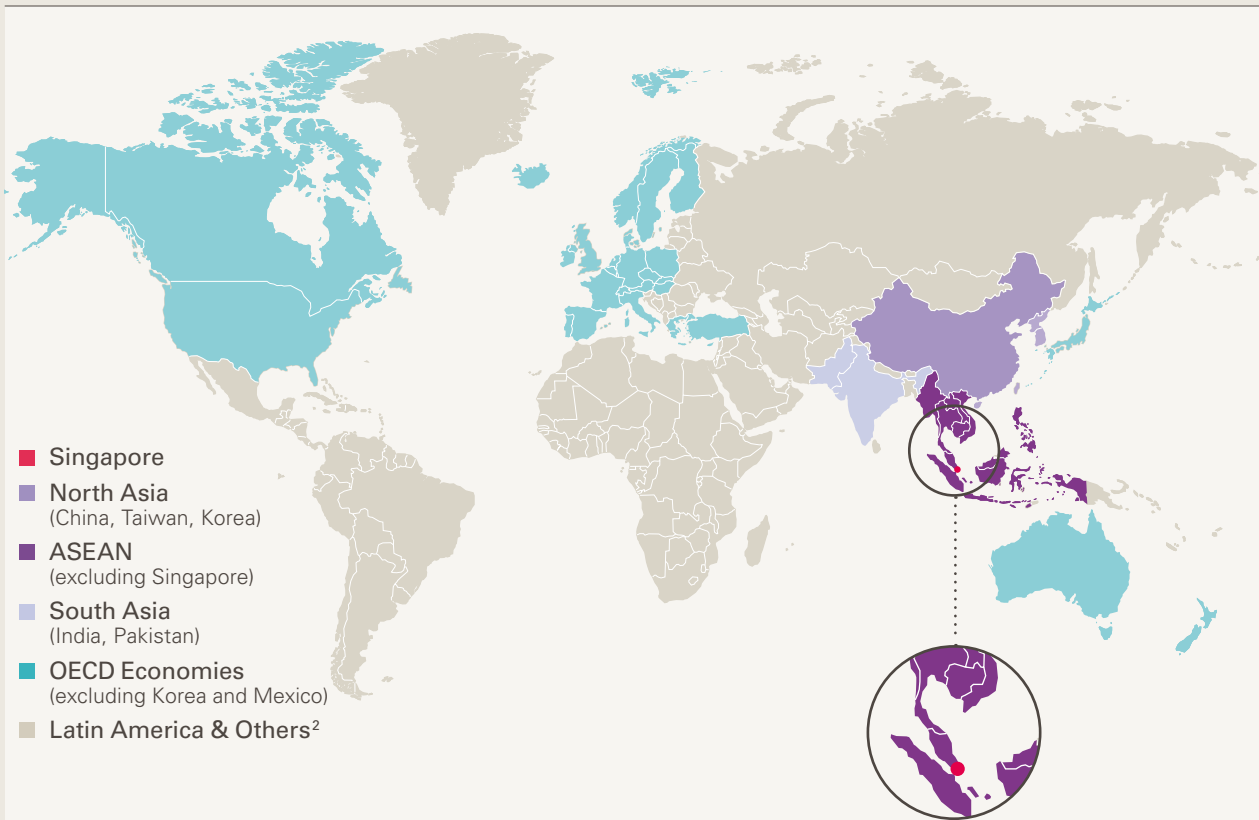
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## PORTFOLIO HIGHLIGHTS

The weight of our portfolio is focused on Asia, tracking its purposeful development as it betters the lives of its people and continues to de-risk.

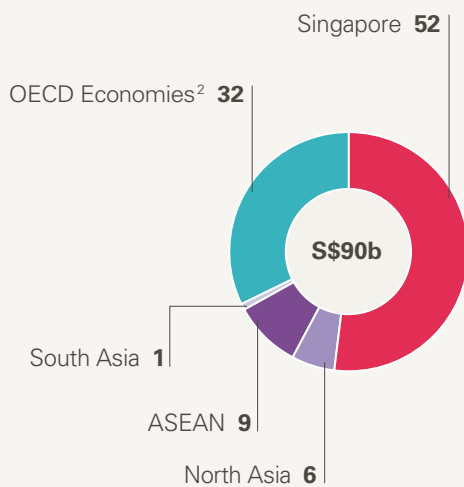
# PORTFOLIO BY GEOGRAPHY<sup>1</sup> (%)

(As at 31 Mar)

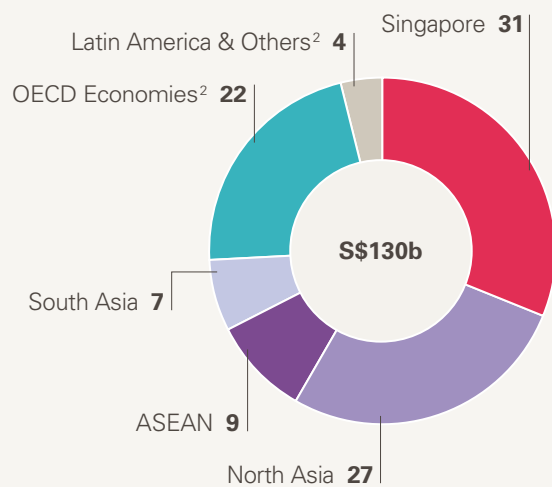


(As at 31 Mar)

## Portfolio in 2004



## Portfolio in 2009



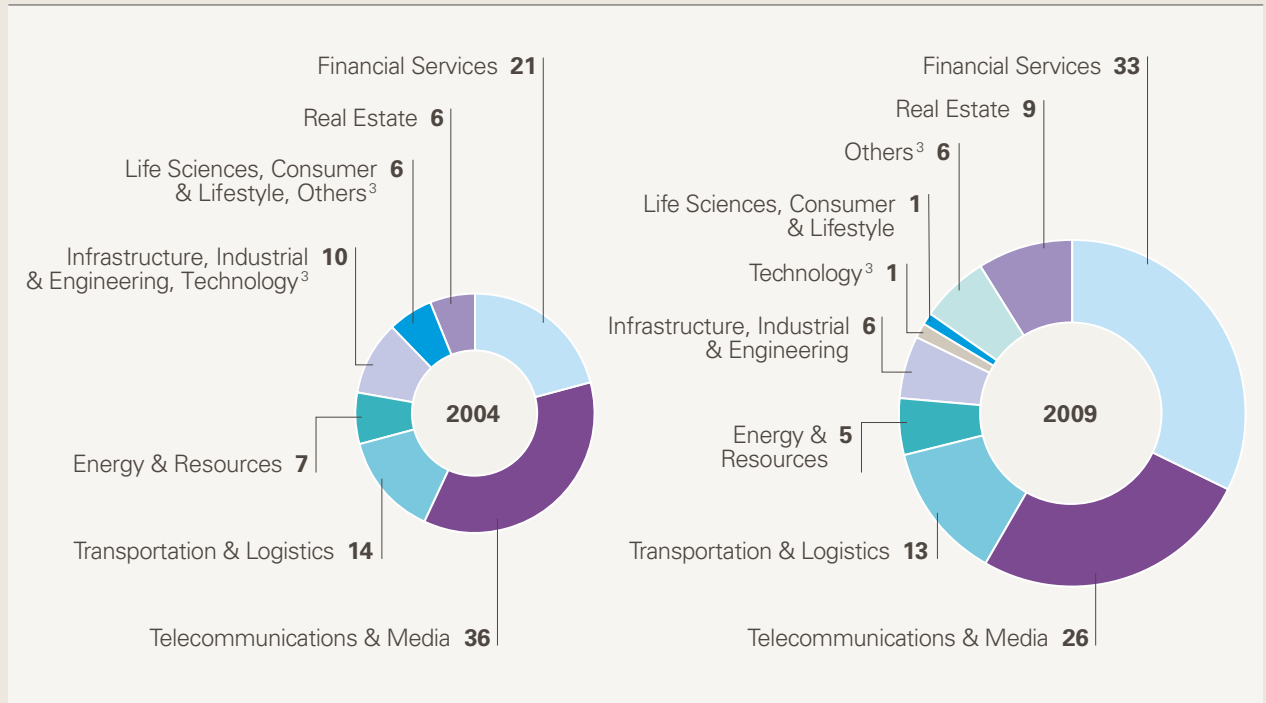
<sup>1</sup> Distribution based on underlying assets.

<sup>2</sup> Mexico is classified under "OECD Economies" in 2004 and under "Latin America and Others" in 2009.



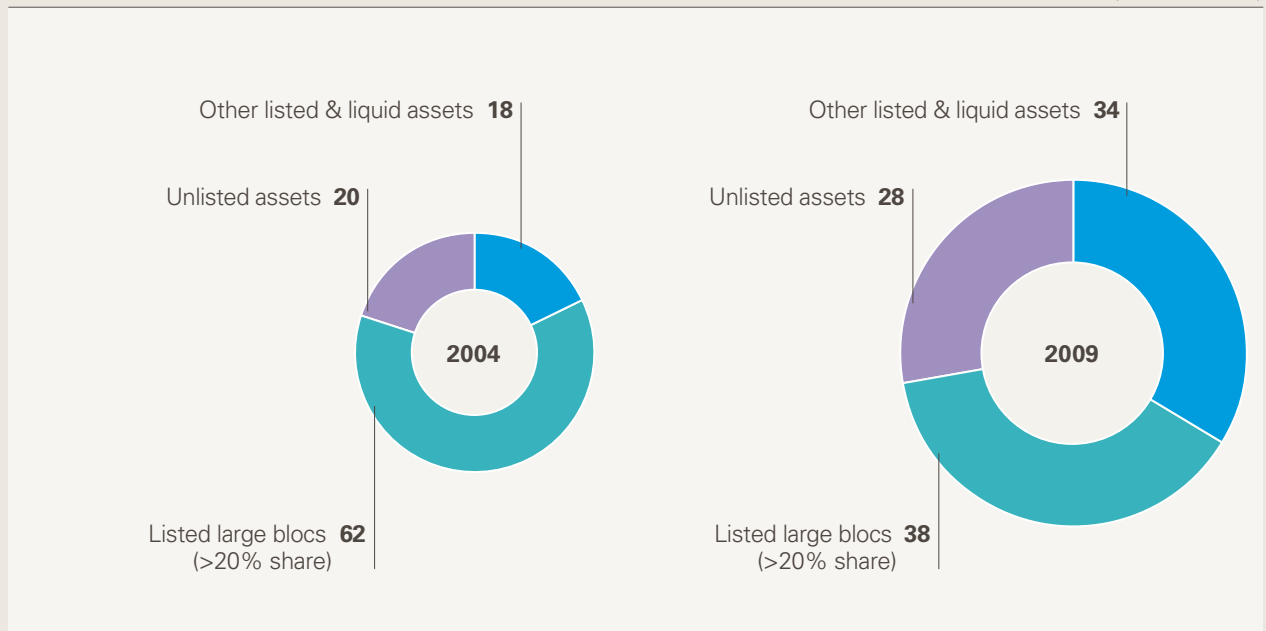
## PORTFOLIO BY SECTOR<sup>1</sup> (%)

(As at 31 Mar)



## PORTFOLIO BY LIQUIDITY (%)

(As at 31 Mar)



<sup>3</sup> "Others" and "Technology" are classified separately as standalone sectors in 2009.

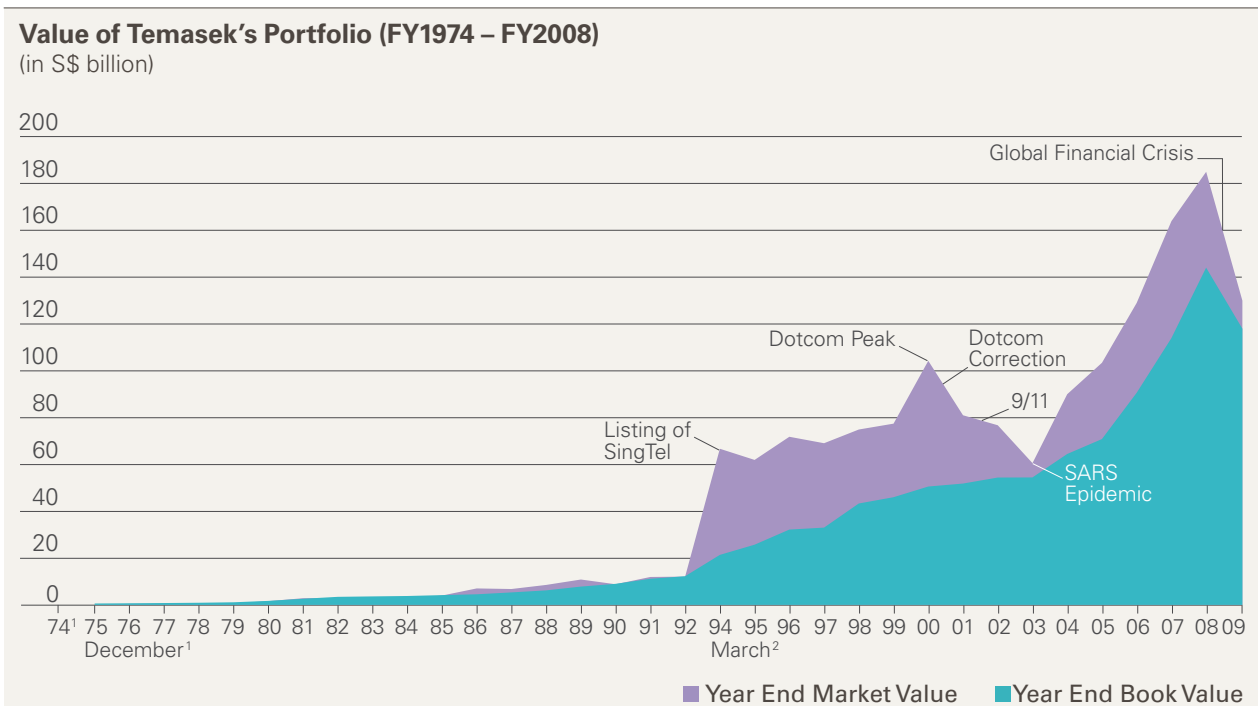
# PORTFOLIO VALUE SINCE INCEPTION

Seeded in 1974 by the Singapore government with an initial portfolio of 35 companies worth S\$354 million, or US\$134 million, we have grown with the Singapore economy since the early years. Additional assets such as SingTel, SingPower and PSA were transferred to Temasek in the early 1990s when the Government decided to liberalise the provision of basic telecommunications, power and port services.

As at 31 March 2009, our net portfolio market value retraced to S\$130 billion or US\$86 billion, down from S\$185 billion a year earlier, and up from S\$90 billion five years ago.

The market values of our portfolio over the years reflect both the performance of our 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 global credit crisis triggered by the US led to our steepest one-year fall last financial year.

The book value of our portfolio declined from S\$144 billion the year before to S\$118 billion, primarily due to a drop in marked-to-market fair value of available-for-sale investments.



<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)

Our one-year Total Shareholder Return by market value for the year ended 31 March 2009 was a negative 29.57%.

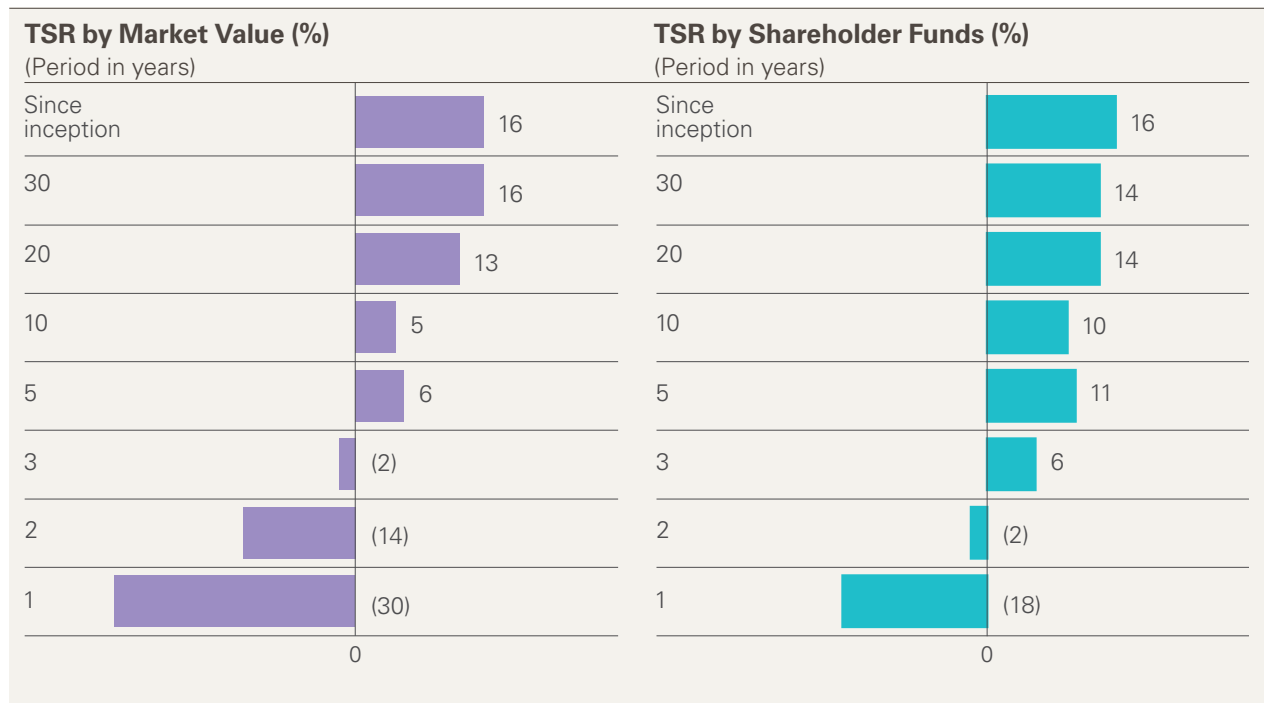
We measure Total Shareholder Return (TSR) by market value and by shareholder funds.

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

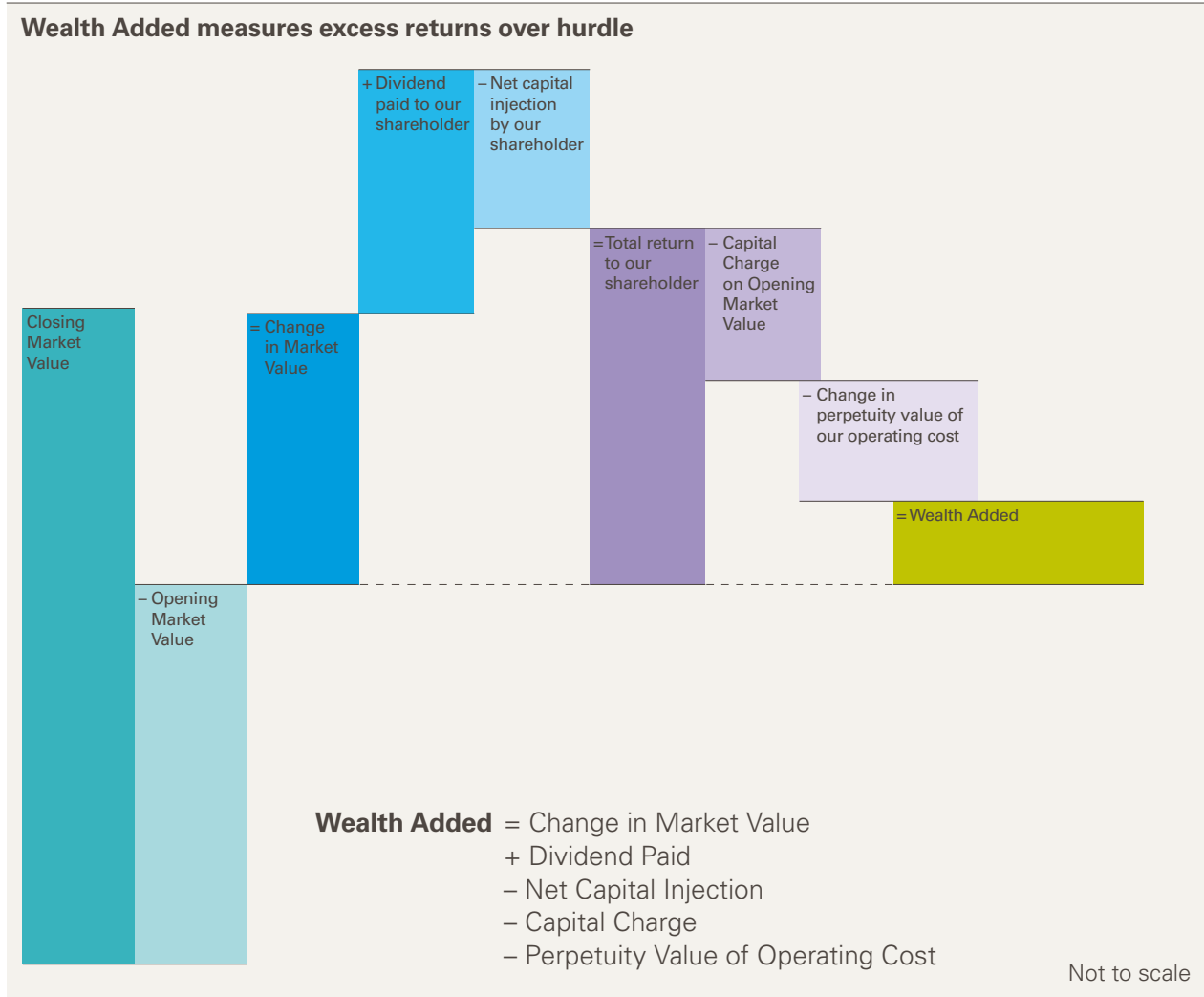
Our long-term 20-year and 30-year TSRs remained stable at 13% and 16% respectively, notwithstanding the short-term volatility. TSR since inception remained a healthy 16%.

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

Our TSR by shareholder funds remains a robust 16% since inception. Medium-term TSRs over five and ten-year periods were above 10%, reflecting the strong fundamentals of our portfolio companies and returns from our investments.



# WEALTH ADDED



Wealth Added (WA) is the excess returns above the risk-adjusted cost of capital. Also known as economic profit, it factors in the capital employed to produce the returns and the risks associated with each investment.

In computing WA to our shareholder, the changes in our recurring operating costs taken into perpetuity are also accounted for.

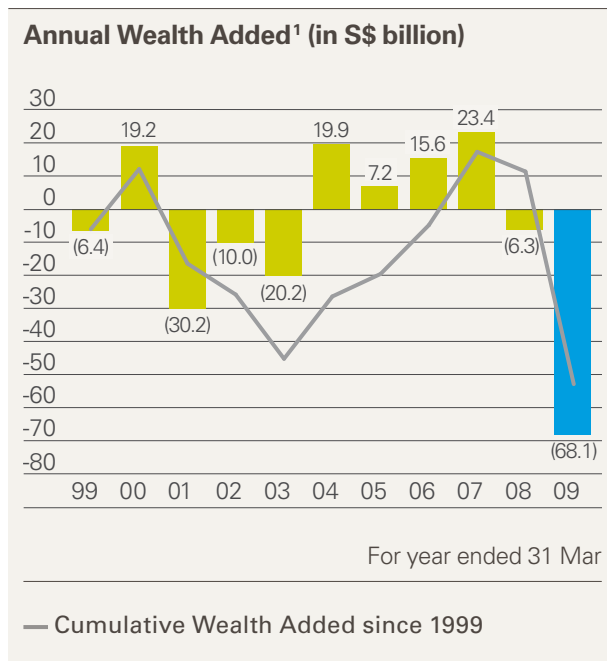
The capital employed is the opening market value of our portfolio at the start of the year, adjusted for any net capital movements.

**Calculating WA**

The total return to the shareholder is the change in the market value of investments, or the change in book value for unlisted assets, plus dividends paid to him, adjusted for any net new capital invested.

The capital charge is the minimum risk-adjusted return that the shareholder expects from the opening market value of his portfolio at the start of the year.

WA is the total return to a shareholder less the capital charge.



**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,

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

**Capital charge** = 10% cost of capital x \$1,000  
= \$100

**Wealth Added** = total return - 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 \$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% x \$1,200), even though the market value has increased.

<sup>1</sup> Prior to 2003, WA was calculated on an aggregate top-down basis. From 2003 onwards, WA is calculated on a bottom-up basis, and on a monthly hurdle, investment by investment.





**Mt Kilimanjaro**  
Strategising tomorrow's  
summit ascent

Statement by Auditors  
Statement by Directors  
Group Financial Highlights  
Group Income Statements  
Group Balance Sheets  
Group Cash Flow Statements  
Group Statements of Changes in Equity



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## GROUP FINANCIAL SUMMARY

Our group financial summary and highlights are based on annual statutory financial statements audited by international audit firms.

## STATEMENT BY AUDITORS

We are the auditors of Temasek Holdings (Private) Limited ("Temasek"). We have audited the statutory consolidated financial statements of Temasek and its subsidiary companies (the "Group") for the financial years ended 31 March 2008 and 2009 and have issued unqualified audit reports dated 16 July 2008 and 15 July 2009, respectively. The audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004 to 2007 were audited by PricewaterhouseCoopers whose auditors' reports contained unqualified opinions.

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

Management is responsible for the preparation and presentation of the Group Financial Summary set out from pages 26 to 31 based on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004 to 2009. The Group Financial Summary consists of the Group Financial Highlights, Group Income Statements, Group Balance Sheets, and Group Cash Flow Statements as at and for the financial years ended 31 March 2004 to 2009 and Group Statements of Changes in Equity for the financial years ended 31 March 2008 and 2009.

Our responsibility is to express an opinion on whether the Group Financial Summary has been summarised and presented consistently, in all material respects, with the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004 to 2009.

We conducted our examination in accordance with Singapore Standard on Auditing SSA 800 – *The Independent Auditor's Report on Special Purpose Audit Engagements*. This standard requires that we comply with ethical requirements and plan and perform the examination to obtain reasonable assurance on 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 summarised and presented consistently, in all material respects, with the audited statutory consolidated financial statements of the Group from which they are derived.



KPMG LLP  
Public Accountants and  
Certified Public Accountants  
Singapore  
15 July 2009

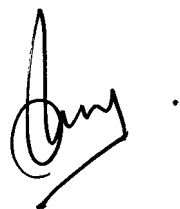
## STATEMENT BY DIRECTORS

Our auditors, KPMG LLP, have expressed unqualified opinions on the audited statutory consolidated financial statements of Temasek Holdings (Private) Limited and its subsidiary companies (the "Group") for the financial years ended 31 March 2008 and 2009. Our auditors for the financial years ended 31 March 2004 to 2007, PricewaterhouseCoopers, have expressed unqualified opinions on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004 to 2007.

On behalf of the directors



S DHANABALAN  
Chairman  
15 July 2009

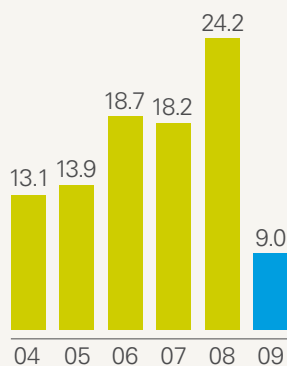


HO CHING  
Executive Director & Chief Executive Officer  
15 July 2009

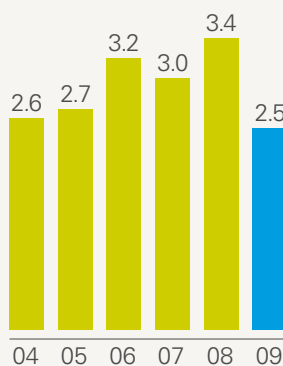
# GROUP FINANCIAL HIGHLIGHTS<sup>1</sup>

For year ended 31 Mar

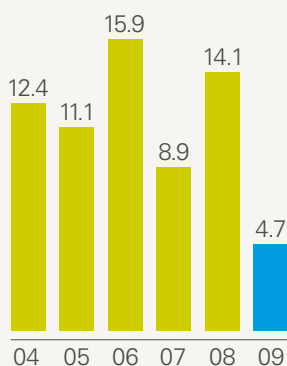
## Profit Margin<sup>2</sup> (%)



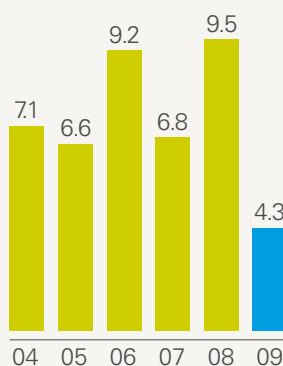
## VA/Employment Cost<sup>3</sup>



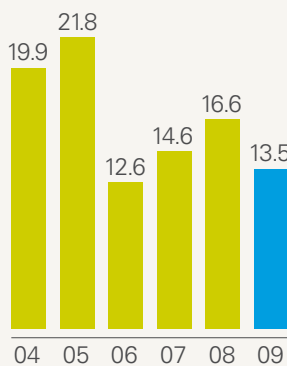
## Return on Average Equity<sup>4</sup> (%)



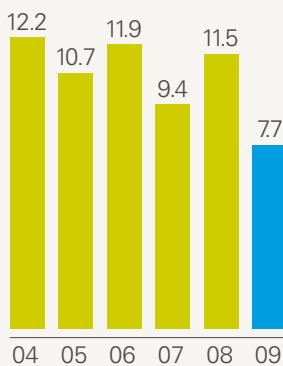
## Return on Average Assets<sup>5</sup> (%)



## Net Debt to Capital<sup>6</sup> (%)



## EBITDA Interest Coverage<sup>7</sup>



<sup>1</sup> The Group Financial Summary including highlights as set out from pages 26 to 31, was prepared and presented based on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2004 to 2009.

<sup>2</sup> Profit before exceptional items, expressed as a percentage of revenue.

<sup>3</sup> Gross value added per dollar of employment cost.

<sup>4</sup> Net profit attributable to equity holder of the company expressed as a percentage of average shareholder equity.

<sup>5</sup> Total profit, add back financing cost, expressed as a percentage of average total assets.

<sup>6</sup> Net debt expressed as a percentage of the sum of shareholder equity, minority interests and net debt.

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

For year ended 31 Mar	2004	2005	2006	2007	2008	2009
Revenue	56.5	67.5	79.8	74.6	83.3	<b>79.6</b>
Profit before exceptional items	7.4	9.4	14.9	13.6	20.2	<b>7.2</b>
Net profit attributable to equity holder	7.4	7.5	12.8	9.1	18.2	<b>6.2</b>

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

As at 31 Mar	2004	2005	2006	2007	2008	2009
Total assets	180.8	199.1	213.7	242.4	295.5	<b>247.9</b>
Shareholder equity	64.5	70.9	90.6	114.0	144.1	<b>118.4</b>
Net debt <sup>8</sup>	21.9	26.9	16.7	23.6	33.8	<b>22.1</b>

<sup>7</sup> Profit before income tax, finance expenses, depreciation, amortisation and impairment loss on property, plant and equipment and intangibles, divided by finance expenses.

<sup>8</sup> Total debt less cash and cash equivalents.



## GROUP INCOME STATEMENTS

### IN S\$ MILLION

For year ended 31 Mar	2004	2005	2006	2007	2008	2009
Revenue	56,468	67,520	79,822	74,563	83,284	<b>79,615</b>
Cost of sales	(37,659)	(43,780)	(53,309)	(49,282)	(53,290)	<b>(57,477)</b>
Gross profit	18,809	23,740	26,513	25,281	29,994	<b>22,138</b>
Other operating income	1,482	3,334	7,678	8,370	15,870	<b>16,198</b>
Expenses: Selling & Distribution	(3,559)	(3,939)	(4,086)	(4,278)	(5,197)	<b>(5,042)</b>
Administrative	(5,722)	(7,003)	(8,040)	(8,104)	(8,619)	<b>(8,068)</b>
Finance	–	(2,120)	(2,415)	(2,611)	(3,207)	<b>(2,727)</b>
Other operating expenses	(3,633)	(4,648)	(4,758)	(5,053)	(8,681)	<b>(15,333)</b>
Profit before exceptional items	7,377	9,364	14,892	13,605	20,160	<b>7,166</b>
Exceptional items	2,165	404	1,666	–	–	–
Profit after exceptional items	9,542	9,768	16,558	13,605	20,160	<b>7,166</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)	3,187	<b>1,333</b>
Share of results of joint ventures	787	1,037	1,263	1,566	2,182	<b>1,870</b>
Profit before income tax	11,773	12,215	18,984	14,341	25,529	<b>10,369</b>
Income tax expense	(2,050)	(1,837)	(2,518)	(1,381)	(3,055)	<b>(1,280)</b>
Profit from continuing operations	9,723	10,378	16,466	12,960	22,474	<b>9,089</b>
Profit from discontinued operations	–	31	67	16	–	–
Total profit	9,723	10,409	16,533	12,976	22,474	<b>9,089</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>	<b>6,183</b>
Minority interests	2,358	2,888	3,706	3,864	4,234	<b>2,906</b>
Total profit for the financial year	9,723	10,409	16,533	12,976	22,474	<b>9,089</b>

## GROUP BALANCE SHEETS

### IN S\$ MILLION

As at 31 Mar	2004	2005	2006	2007	2008	2009
Shareholder equity	64,522	70,890	90,630	113,958	144,058	<b>118,398</b>
Minority interests	23,862	25,325	25,412	24,447	25,786	<b>22,555</b>
	88,384	96,215	116,042	138,405	169,844	<b>140,953</b>
Property, plant and equipment	61,558	69,268	65,552	65,486	75,302	<b>68,206</b>
Intangibles	13,543	14,714	14,481	14,805	21,382	<b>19,891</b>
Investments	27,339	16,976	27,137	34,965	39,513	<b>41,105</b>
Financial assets	–	13,829	27,529	52,341	73,850	<b>40,234</b>
Investment properties	8,159	7,848	1,817	3,632	5,035	<b>5,331</b>
Properties under development	370	453	518	158	626	<b>759</b>
Other non-current assets	6,488	8,266	9,972	10,446	9,393	<b>9,505</b>
Deferred tax assets	1,645	2,138	1,735	1,628	1,849	<b>1,960</b>
Current assets	61,695	65,614	64,987	58,979	68,568	<b>60,958</b>
Current liabilities	(45,779)	(50,901)	(52,269)	(45,350)	(66,454)	<b>(42,558)</b>
Net current assets	15,916	14,713	12,718	13,629	2,114	<b>18,400</b>
	135,018	148,205	161,459	197,090	229,064	<b>205,391</b>
Non-current liabilities	(46,634)	(51,990)	(45,417)	(58,685)	(59,220)	<b>(64,438)</b>
	88,384	96,215	116,042	138,405	169,844	<b>140,953</b>

## GROUP CASH FLOW STATEMENTS

### IN S\$ MILLION

For year ended 31 Mar	2004	2005	2006	2007	2008	2009
Operating cash flow before working capital changes	13,936	16,854	18,661	17,557	21,213	<b>14,072</b>
Change in working capital	(2,535)	(4,353)	2,577	2,508	(287)	<b>1,484</b>
Cash generated from operations	11,401	12,501	21,238	20,065	20,926	<b>15,556</b>
Income tax paid	(1,151)	(1,480)	(1,558)	(1,592)	(1,942)	<b>(1,826)</b>
Net cash inflow from operating activities	10,250	11,021	19,680	18,473	18,984	<b>13,730</b>
Net cash (outflow)/inflow from investing activities	(7,701)	(4,765)	(16,509)	(23,344)	(30,431)	<b>95</b>
Net cash inflow/(outflow) from financing activities	6,770	(4,793)	(238)	2,259	13,277	<b>(6,398)</b>
Net increase/(decrease) in cash and cash equivalents held	9,319	1,463	2,933	(2,612)	1,830	<b>7,427</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 2008</b>	70,917	74,638	(1,497)	25,786	<b>169,844</b>
Net profit for the financial year	–	6,183	–	2,906	<b>9,089</b>
Others, net <sup>1</sup>	(25,139)	(3,859)	(2,845)	(6,137)	<b>(37,980)</b>
<b>Balance at 31 Mar 2009</b>	45,778	76,962	(4,342)	22,555	<b>140,953</b>
<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 <sup>1</sup>	15,069	(2,022)	(993)	(2,927)	<b>9,127</b>
<b>Balance at 31 Mar 2008</b>	70,917	74,638	(1,497)	25,786	<b>169,844</b>

<sup>1</sup> Comprise movements during the financial year including but not limited to:

- Issuance of ordinary shares;
- Change in fair value of financial assets;
- Dividends paid, net of tax;
- Share of associated companies' and joint ventures' reserves; and
- Currency translation differences.



**Mt Kinabalu**

Overcoming challenges,  
charting the way forward



Investment Highlights  
Investment Framework  
Investment Outlook



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# SHAPING OUR PORTFOLIO

“The decisive factor is not knowledge  
but the determination and courage  
to act upon it.”

**S Rajaratnam**

*Singapore Foreign Minister*

*Speech at the Singapore Association for  
the Advancement of Science Seminar*

*20 December 1979*



# SHAPING OUR PORTFOLIO

As a long-term investor, we act to enhance sustainable value. We invest, rationalise, consolidate or divest where it makes sense and where we can achieve clear shareholder value.

As an owner with a lightly geared balance sheet, we have the flexibility of taking concentrated positions or investing with a long or short horizon.

We have increased our exposure to Asia since 2002, riding with its deep and long wave of growth and transformation.

Our investments centre around four themes:

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

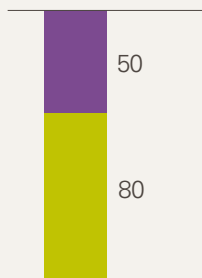
Mindful of a possible downturn since early 2007, we have been building up our liquidity steadily over the last two years. However, we did not anticipate the speed and ferocity of the worst global financial crisis since the Great Depression.

We have been building up our liquidity steadily over the last two years

Our immediate priority was to ensure that our portfolio companies were well positioned to ride out the crisis, especially in terms of their liquidity and financing needs. At the same time, we continued to invest cautiously and selectively during the year.

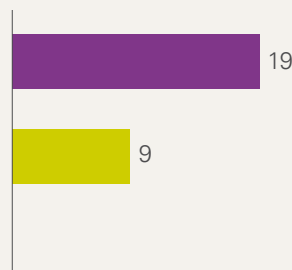
### Market Value of Portfolio (S\$b)

(As at 31 Mar 09)



### Seven-Year Annualised Returns to Temasek (%)

(31 Mar 02 to 31 Mar 09)



■ Investment after end Mar 02   ■ Investment before end Mar 02

### Investment Highlights

During the year ended 31 March 2009, we divested S\$16 billion of assets. We made S\$9 billion of new investments, of which S\$3 billion were into the rights offerings of our portfolio companies, such as Standard Chartered, DBS Group and CapitaLand.

Post March 2009, we further invested over S\$1 billion in the rights issues of Bank Danamon, Neptune Orient Lines and Chartered Semiconductor Manufacturing.

During the year, we rebalanced our portfolio and fully divested our stakes in Bank Internasional Indonesia, Bank of America, Barclays, China Minsheng Bank, E.SUN Financial Holding, Singapore Food Industries, SCS Computer Systems and SNP Corporation.

We completed the divestment of our remaining two power generating companies in Singapore, Senoko Power and PowerSeraya to Lion Power Holdings and YTL Power International respectively. Together with the earlier

divestment of Tuas Power, the sales raised total proceeds of just over S\$11 billion.

The completion of the divestment programme marked the end of a 14-year journey to fully liberalise the power generating market in Singapore. The support and cooperation of the boards, managements and union of these power generating companies contributed significantly to the successful outcomes.

While we took steps to mitigate sector and company-specific risks in our portfolio, we also continued to review investment opportunities in various sectors. Of particular interest were several companies with the potential to become champions in their respective businesses.

In September 2008, we invested about S\$700 million for a sub-5% stake in Li & Fung, a global leader in supply chain management for brands and retailers worldwide. The company's growth, despite the downturn in the retail sector, underlines the strength of its business model and operations.



For year ended 31 Mar 09

<sup>1</sup> Includes recapitalisations of S\$3b.

## Value Creation Framework



Consistent with our theme of supporting emerging global champions, we reinvested in Singapore-based Olam International. The investment of S\$438 million for a 13.8% stake was approved by shareholders in June 2009. Olam has a strong presence in the supply chain management of agricultural products and food ingredients.

In keeping with our theme of deepening comparative advantages, Temasek holds an investment of about S\$150 million as of 31 March 2009 in Lung Ming, an independent iron ore company that owns and operates the Eruu Gol iron ore mine in Mongolia.

In the infrastructure, industrial & engineering space, we took a 19.5% stake in ENK of Korea, which supplies cylinders for compressed natural gas (CNG). ENK is well positioned to benefit from strong global demand for CNG as markets and consumers search for an attractive and environmentally friendly alternative fuel source.

In Brazil, we provided growth capital with a 15.4% stake in San Antonio International, the leading onshore oilfield service company in Latin America.

### Investment Framework

Our investment framework covers how we evaluate and structure our investments, engage our portfolio companies, and optimise the risk-adjusted return of our overall portfolio. Our decision to hold, invest or divest is based on the value test.

We have a flexible investment horizon, and look to create optionalities for future value. We mitigate risks in various ways, including bringing in value-adding partners or structuring downside protection on our investments.

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### Our decision to hold, invest or divest is based on the value test

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While we are not involved in the day-to-day operations or commercial decisions of our portfolio companies, we engage them as a shareholder to promote robust governance and foster a strong culture of excellence and integrity, as well as to build sustainable competitive advantages, and maximise long-term shareholder returns.

We remain open to increase, reduce or maintain our holdings, based on our value test and market opportunities, regularly reviewing our portfolio to rebalance our risk-return stance.

### Investment Outlook

The worst of the meltdown risks is over, though structural issues remain. The decisive fiscal responses by various governments around the world cushioned the real economy and the populace. Going forward, governments still need to address the structural issues of overcapacity and excessive leverage. Global recovery is expected to be sluggish.

Asia steadied itself and should continue on a steady trajectory of growth for the next decade or two. Economies like Brazil remain sound, though Mexico may see more fallout in the short term from its US linkages.

The expanding middle class continues to present good long-term investment prospects in Asia, Latin America and other economic regions.

Post-crisis, drivers of long-term secular trends remain valid. Demographics will underpin urbanisation, industrialisation, demand for resources and environmental awareness, while politics will drive protectionism or regulatory changes either nationally or globally.

These long-term drivers will inform our investment posture in the decade ahead.





**Mt Kilimanjaro**  
Persevering steadily towards  
our shared vision





Governance Framework  
Our Board of Directors  
Risk Framework  
Our Leadership  
Compensation Framework  
Our Team

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# SHAPING OUR INSTITUTION

Beyond purpose, people and passion, the success of an institution also rests on the culture we nurture in our people and the discipline we instil through our systems and processes.



## GOVERNANCE FRAMEWORK

The world has evolved since 1974, and so have we. We have stayed the course and kept the future in our mind in everything we have done.

Governance in and of itself does not create or sustain value, but it lays the foundation for building an institution to create and deliver sustainable long-term value.

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

We espouse the principles of commercial discipline, built on a culture of meritocracy, excellence and integrity, and aligned through a performance incentive framework that reinforces sustainable long-term value.

### Temasek owns and manages its assets on a commercial basis

Directed by our Board and management, Temasek owns and manages its assets on a commercial basis. Investment, divestment, business and commercial decisions are the responsibility of our Board and management.

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

### Relating to Our Shareholder

Incorporated on 25 June 1974, Temasek is a Singapore exempt private company<sup>1</sup> wholly owned by the Minister for Finance (Incorporated). Subject to the President's concurrence, our shareholder has the right to appoint, remove or renew Board members at shareholder meetings.

We operate 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.

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 any financial information 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.

<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 declare dividends annually to our shareholder, balancing cash returns to our shareholder against reinvestments to sustain future returns.

We espouse the principles of commercial discipline, built on a culture of meritocracy, excellence and integrity

### Relating to the President

Under the Singapore Constitution, the President of the Republic of Singapore has an independent role as the elected Head of State to safeguard Singapore's critical assets and past reserves.

Likewise, Temasek is designated a Fifth Schedule Company<sup>2</sup> under the Singapore Constitution with a special responsibility to safeguard our past reserves. Reserves in Temasek are categorised as current or past reserves, depending on when these have been accumulated.

Profits accumulated before the term of the current Government, and any government asset transfers, form our past reserves. Current reserves are primarily profits accumulated after a newly elected government is sworn into power.

If our total reserves are less than our past reserves, or if our current reserves are negative, this will be considered a draw on our past

reserves. We will need to seek the President's concurrence before such a situation occurs.

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

Thus, the President acts as a check under a 'two-key' concept to safeguard Temasek's past reserves<sup>3</sup> as a Fifth Schedule Company.

The President's concurrence is required for the appointment, renewal or removal of our Board members. The appointment or removal of our CEO by our Board is also subject to the concurrence of the President. This is to safeguard the integrity of these key appointments involved in directing and managing Temasek's reserves.

Apart from its normal fiduciary duties to the company, our Board is also accountable to the President to ensure that every disposal of investment is transacted at fair market value.

### 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.

We exercise our shareholder rights fully, including voting at shareholders' meetings, 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 and guide management leadership.

### We exercise our shareholder rights fully to protect our commercial interests

#### Relating to the Wider Community

Our management participates in dialogues with regulators, multilateral agencies and other market participants on governance and other regulatory issues to help promote fair and practical market oversight, and to keep abreast of governance issues and trends.

In particular, we share our experiences and governance practices, and in turn learn from others, so that together we can contribute to better corporate governance standards.

Additionally, we have endowed the Temasek Trust to support Temasek Foundation. Set up as a non-profit philanthropic organisation, one of the mandates of the Foundation is to foster and promote sound and honest governance.

As a long-term investor, we are mindful of the social, environmental and development needs of the community, which can impact the long-term sustainability of businesses.

#### Temasek Board and Committees

Our 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 balances, and better accountability within the Board.

Our Board provides overall guidance and policy directions to our management. Each year, the Board is scheduled to meet on a quarterly basis for sessions of 1.5 days each, but meets more often when necessary. Twelve Board meetings were held in the year ended 31 March 2009.

Our Board has delegated certain specific authority to various Board committees:

- Executive Committee (EXCO)
- Audit Committee (AC)
- Leadership Development & Compensation Committee (LDCC)

Each committee is chaired by an independent, non-executive Director.

### Our Board comprises a majority of non-executive independent private sector business leaders

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

### 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 the 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 without the presence of our management, to discuss and decide on confidential matters relating to our senior staff. These include the review of CEO performance and succession as well as the review of our senior leadership team.

### Temasek Management

We comply with the rules and regulations of the jurisdictions where we have investments or operations. We have robust systems and processes in place to assist us in such compliance. These systems and processes are continually updated and refined, in particular for new markets, new asset classes or to incorporate new technology platforms or capabilities.

During the year, management embarked on initiatives to refine and tighten existing systems and processes for derivative transactions.

<b>Board Committee Membership</b>				
	<b>Board</b>	<b>EXCO</b>	<b>AC</b>	<b>LDCC</b>
S Dhanabalan	Chairman	Chairman		Chairman
Kwa Chong Seng	Deputy Chairman	Deputy Chairman		Member
Kua Hong Pak	Member		Chairman	
Koh Boon Hwee	Member	Member		
Ho Ching	Executive Director & CEO	Member		Member
Goh Yew Lin	Member		Member	Member
Simon Israel	Executive Director	Member		
Teo Ming Kian	Member	Member		
Marcus Wallenberg	Member			
Charles "Chip" Goodyear <sup>1</sup>	Executive Director & CEO-Designate	Member		

<sup>1</sup> Charles "Chip" Goodyear resigned as Executive Director and CEO-Designate of the Company with effect from 15 August 2009.

## OUR BOARD OF DIRECTORS



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### 1. S Dhanabalan

**Chairman** (since September 1996)

- Previously Chairman of DBS Group Holdings Ltd and Singapore Airlines Ltd
- Held several Cabinet positions in Singapore government from 1978 to 1994

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### 2. Kwa Chong Seng

**Deputy Chairman** (since September 1997)

- Chairman and Managing Director of ExxonMobil Asia Pacific Pte Ltd and Member of the Public Service Commission
- Conferred the Singapore Public Service Star in 2005
- Awarded Honorary Ningbo Citizenship in 1999

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### 3. Ho Ching

**Executive Director & CEO** (Director since January 2002; Executive Director since May 2002, and ED & CEO since January 2004)

- Previously President and CEO of the Singapore Technologies Group
- Honorary Fellow of the Institute of Engineering, Singapore

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### 4. Kua Hong Pak

**Director** (since November 1996)

- Managing Director and Group CEO of ComfortDelGro Corporation Ltd; Deputy Chairman of SBS Transit Ltd and VICOM Ltd
- Conferred the Public Service Star in 1996; re-appointed a Justice of the Peace in 2005
- Conferred Honorary Shenyang Citizenship in 1997





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#### 5. Koh Boon Hwee

**Director** (since November 1996)

- Chairman, DBS Group Holdings Ltd and Sunningdale Tech Ltd
- Conferred The Distinguished Service Order in 2008, Meritorious Service Medal in 1995 and the Public Service Star in 1991

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#### 6. Goh Yew Lin

**Director** (since August 2005)

- Managing Director, GK Goh Holdings Limited
- Chairman, Yong Siew Toh Conservatory of Music and Deputy Chairman, Singapore Symphonia Company Limited
- Member, Board of Trustees, National University of Singapore

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#### 7. Simon Israel

**Executive Director** (Director since August 2005; Executive Director since July 2006)

- Chairman, Singapore Tourism Board, Asia Pacific Breweries Ltd and Asia Pacific Breweries Foundation
- Conferred Knight in the Legion of Honour by the French Government in 2007



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#### 8. Teo Ming Kian

**Director** (since October 2006)

- Permanent Secretary, Ministry of Finance and National Research and Development in the Prime Minister's Office
- Chairman, MND Holdings Pte Ltd, Accounting and Corporate Regulatory Authority and Inland Revenue Authority of Singapore
- Conferred the Commander First Class – Royal Order of the Polar Star (Sweden) in 1994 and Meritorious Service Medal in 2008

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#### 9. Marcus Wallenberg

**Director** (since July 2008)

- Chairman, Skandinaviska Enskilda Banken, SAAB AB and AB Electrolux; Deputy Chairman, L M Ericsson
- Previously Chairman, International Chamber of Commerce and President and CEO, Investor AB

## RISK FRAMEWORK

The founding of Temasek is rooted in robust risk-taking for the long term, which is inherent in our business as an investor. We continue to refine and enhance our risk management systems in tandem with our capabilities to invest in different markets, and different products and asset classes.

Our Board provides the overall guidance and policy directions on risk management functions and framework, supported by our CEO and senior management team. Together, they determine the objectives and policies of our risk framework, and promote a culture of risk awareness and a sense of balanced risk-taking.

This culture is reinforced through a risk-sharing compensation framework which puts the institution above the individual, emphasises long term over short term, and aligns employee and shareholder interests through business cycles for both the upside and downside.

Enterprise risks, including the management of financial risks, are factored into the day-to-day operations of Temasek, including decisions on investments, divestments, company policies and processes. These decisions are taken under the supervision of our CEO and senior management team.

In particular, we continue to extend our Risk Management Information Systems to support our decision-making and improve our responsiveness to the market environment.

### Risk Management Categories

#### Strategic Risk Assessment

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

#### Financial Risk Assessment

- Investment
- Market
- Credit

#### Operational Risk Assessment

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

### Strategic Risks

As at 31 March 2009, our underlying exposure to Singapore was 31% of our portfolio, rest of Asia (excluding Singapore and Japan) was 43%, and OECD exposure was 22%.

About 72% of our portfolio comprises listed and liquid assets.

Almost 60% of our portfolio value is in the financial services and telecommunications & media sectors. These sectors will continue to benefit from the long-term economic transformation in Asia with its growing middle class demands. The single largest investment, SingTel, accounts for 17% of our portfolio value, down from 30% five years ago.

### Financial Risks

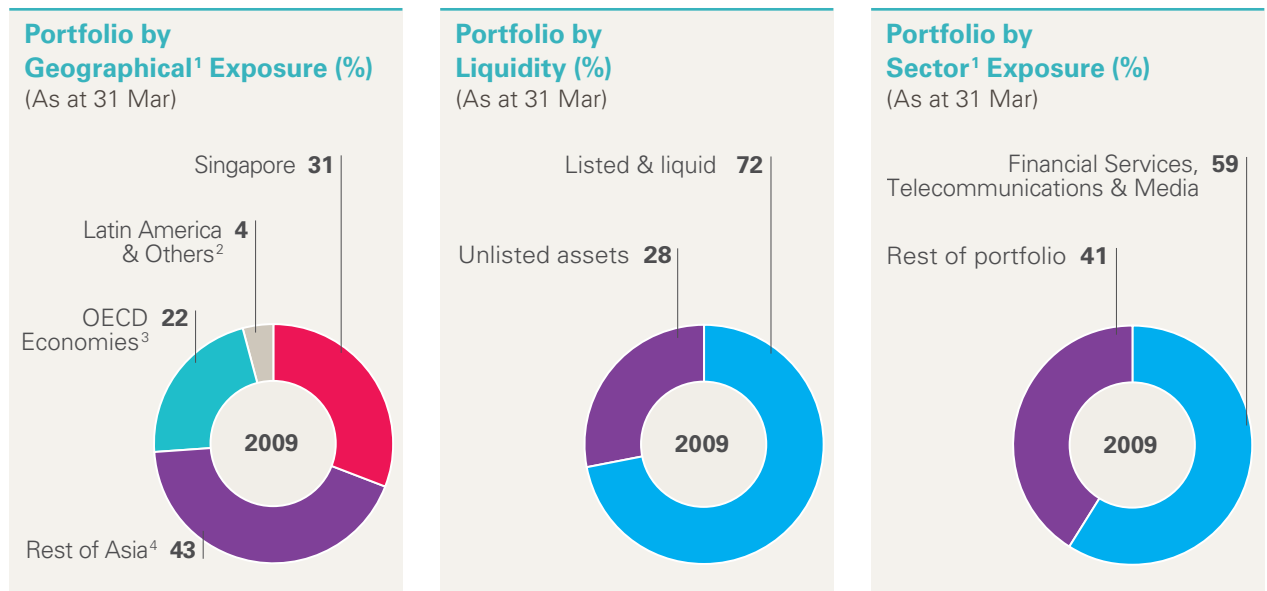
We have a relatively volatile portfolio given the nature of our investments and concentrated exposures.

# 72%

Listed and liquid assets

Our Value-at-Risk (VaR) statistical model is derived using a Monte Carlo simulation based on three years of price data to estimate potential marked-to-market losses on our portfolio for a 12-month period with an 84% confidence level.

### Strategic Risks

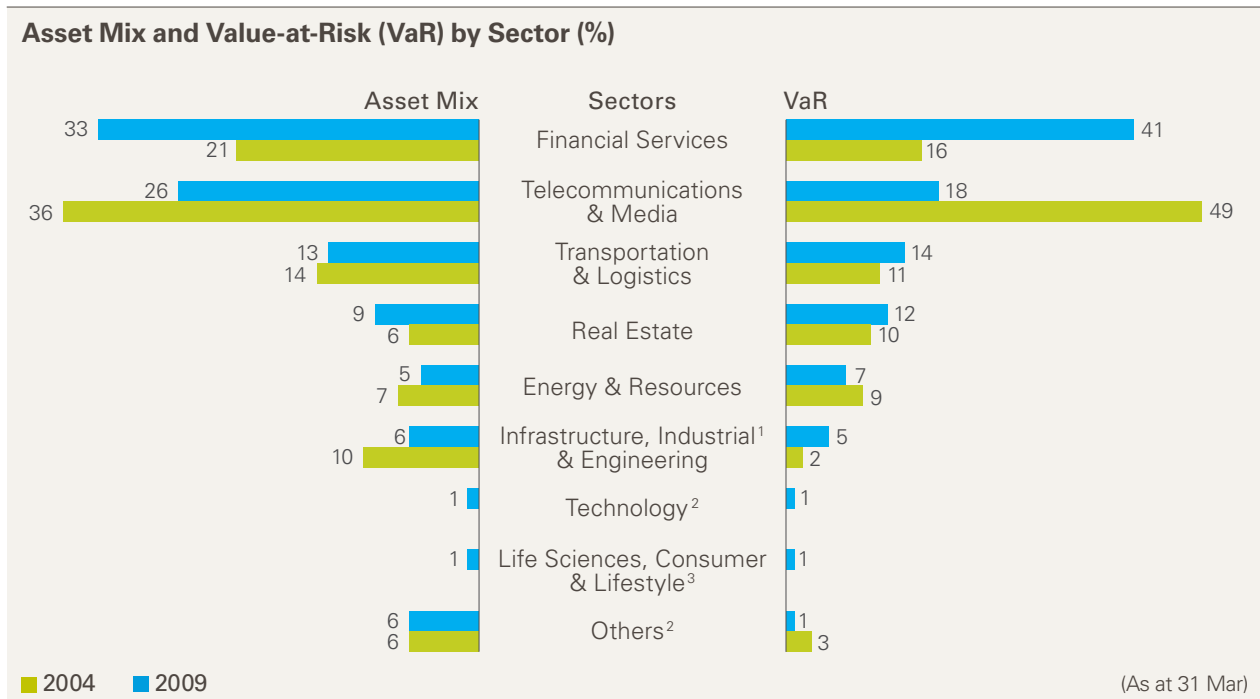


<sup>1</sup> Distribution based on underlying assets.

<sup>2</sup> Mexico is classified under "Latin America & Others" in 2009.

<sup>3</sup> Excludes Korea and Mexico.

<sup>4</sup> Rest of Asia comprises North Asia, South Asia and ASEAN countries, and excludes Singapore and Japan.



As at 31 March 2009, our VaR was about S\$28 billion. This implies a 16% probability of our portfolio value falling by S\$28 billion or more, within a year. In relative terms, this is 22% of our portfolio value, similar to the ratio of the previous year.

Overall, the top 10 companies in our portfolio contributed over 70% of our total diversified VaR. These include SingTel, China Construction Bank, CapitaLand, DBS Group and Singapore Airlines.

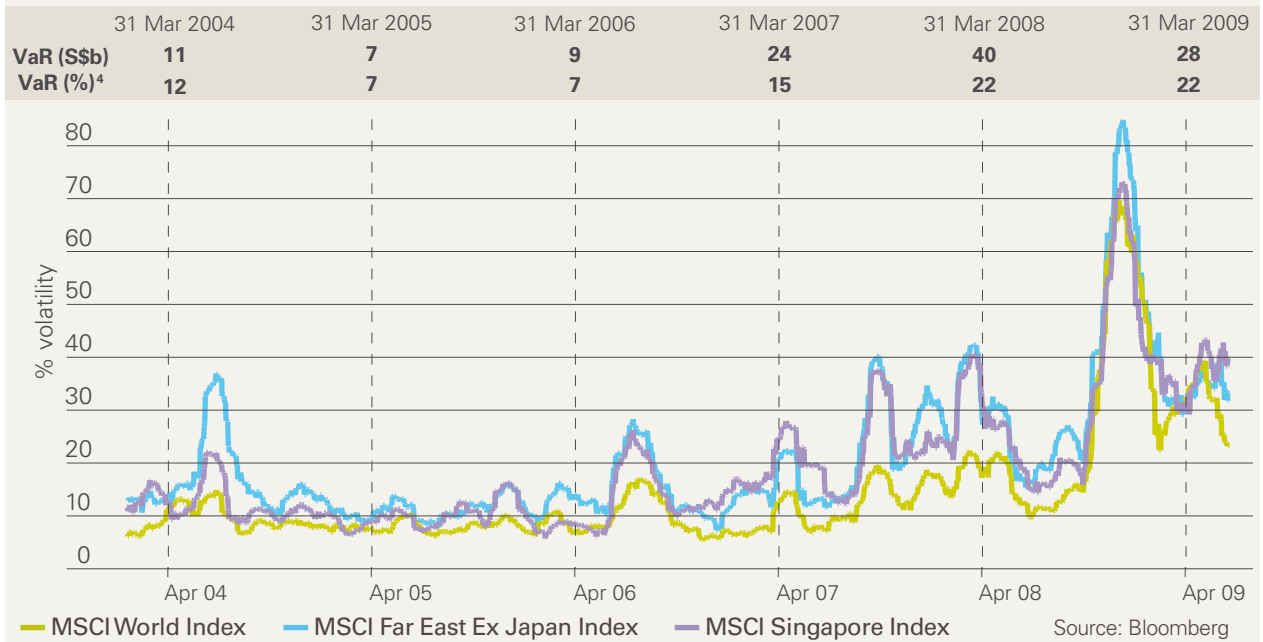
We also conduct monthly stress tests and scenario analyses to gauge the effects of low probability but high impact events. Every month, we review our overall risk position and provide additional analyses of specific event, industry or country risks.

**Operational Risks**

We have significantly strengthened our operational risk capabilities and business continuity plan against threats such as natural disasters and pandemics. In addition, we have considerably enhanced our Travel Safe System to provide support to our staff when they are on assignments away from their home base.

Whenever there are dangers to the safety of our staff or physical assets, we form Incident Management Teams (IMTs) to provide round-the-clock support until the situations are resolved. For instance, during the November 2008 terrorist attack in Mumbai and the Novel Influenza A H1N1 pandemic of 2009, IMTs were activated.

<sup>1</sup> Sector classification also includes "Technology" in 2004.  
<sup>2</sup> "Others" and "Technology" are classified separately as standalone sectors in 2009.  
<sup>3</sup> Classified within "Others" in 2004.

**Five-Year Market Volatility and Value-at-Risk (VaR)**

16% probability of portfolio value falling by S\$28b or more by 31 March 2010

**Internal Audit**

Our Internal Audit unit (IA) reports to our Board Audit Committee. IA conducts periodic reviews of Temasek's key control processes and undertakes special reviews requested by the Board or senior management. One objective is to ensure that the internal controls of Temasek are well designed and effective, and that awareness and compliance are high amongst staff.

IA is also being consulted on internal control matters prior to major system implementations or operating process changes so that their inputs can be captured in the system design. This reflects a strong level of control consciousness in Temasek.

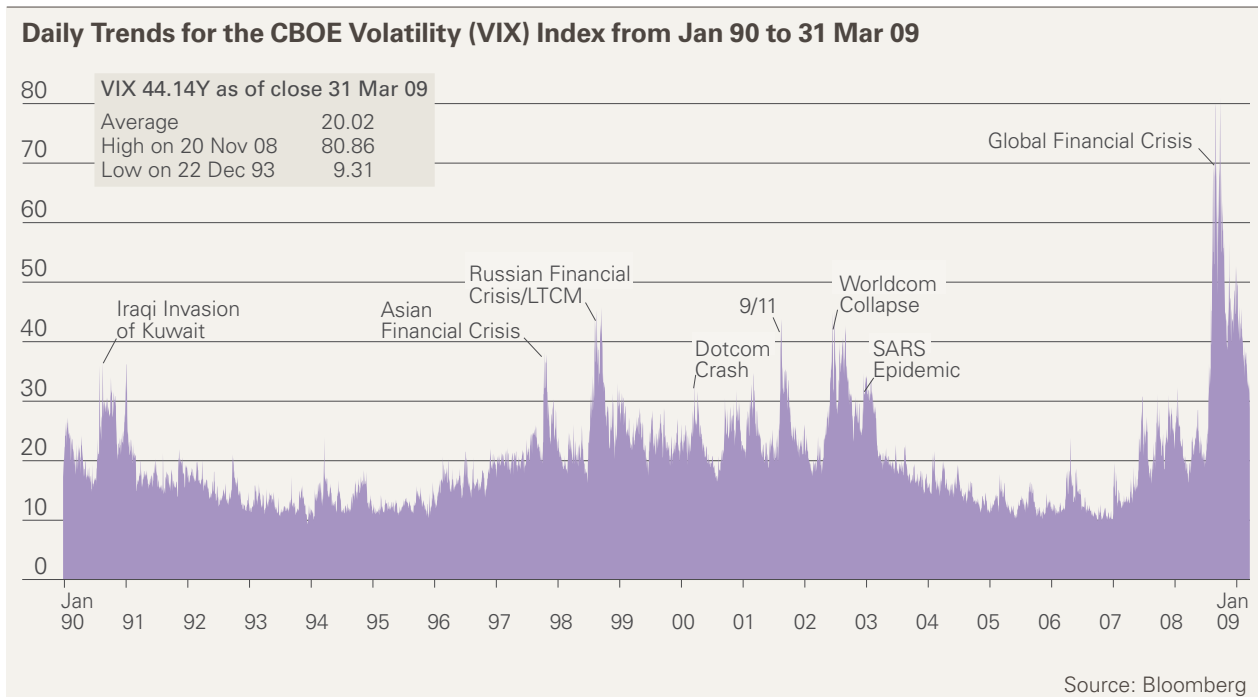
Over time, IA has extended its audit coverage to Temasek's overseas offices, in support of the expanding footprint of the institution in new markets, both in Asia and beyond.

**Legal & Regulations**

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

<sup>4</sup> VaR as a percentage of portfolio value.





Key policies, processes and systems 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. For example, our policy mandates that only personnel authorised by a Board resolution, can enter into derivatives transactions on behalf of the company.

Regulatory compliance is 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.

Our policy mandates that only personnel authorised by a Board resolution, can enter into derivatives transactions on behalf of the company

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. These include our Staff Code of Ethics and Standards of Practice, Personal Account Dealing Policy and Whistle Blowing Policy.

## OUR LEADERSHIP

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

**ANG Peng Huat**  
Managing Director  
Investment

**CHAN Heng Wing**  
Managing Director  
Chief Representative,  
China

**CHAN Wai Ching**  
Managing Director  
Organisation & Leadership

**Willie CHAN**  
Managing Director  
Learning  
CEO, Temasek  
Management Services

**CHEO Hock Kuan**  
Senior Managing Director  
Corporate Development &  
Special Projects

**Lena CHIA**  
Managing Director  
Legal & Regulations

**Robert CHONG**  
Managing Director  
Human Resources

**Jeffrey CHUA**  
Managing Director  
Investment

**Michael DEE**  
Senior Managing Director  
International

**GAN Chee Yen**  
Senior Managing Director  
Co-Chief Investment  
Officer

**Grace GOH**  
Managing Director  
Finance

**GOH Yong Siang**  
Senior Managing Director  
International & Strategic  
Relations

**Lorenzo GONZALEZ BOSCO**  
Managing Director  
Investment, Mexico

**Nagi HAMIYEH**  
Managing Director  
Investment

**David HENG**  
Managing Director  
Investment

**HIEW Yoon Khong**  
Senior Managing Director  
Special Projects  
CEO, Mapletree  
Investments

**HO Ching**  
Executive Director & CEO

**Henry HO**  
Managing Director  
Investment

**Simon ISRAEL**  
Executive Director

**Manish KEJRIWAL**  
Senior Managing Director  
Investment, International  
& India

**LAO Tzu Ming**  
Managing Director  
Risk Management

**Derek LAU**  
Managing Director  
Chief Representative,  
Vietnam

**LEONG Wai Leng**  
Senior Managing Director  
Corporate Development &  
Chief Financial Officer

**Margaret LUI**  
Managing Director  
Investment

**NG Yat Chung**  
Senior Managing Director  
Corporate Development,  
Portfolio Management &  
Systems

**ONG Beng Teck**  
Managing Director  
Investment

**Charles ONG**  
Senior Managing Director  
Chief Strategist

**PAK Hoe Soon**  
Managing Director  
Investment

**Jimmy PHOON**  
Senior Managing Director  
Strategy

**Padmanabh SINHA**  
Managing Director  
Investment, India

**Rohit SIPAHIMALANI**  
Managing Director  
Investment

**TAN Suan Swee**  
Managing Director  
Investment

**Myrna THOMAS**  
Managing Director  
Corporate Affairs

**Alan THOMPSON**  
Managing Director  
Investment, Latin America

**TOW Heng Tan**  
Senior Managing Director  
Chief Investment Officer

**Matheus VILLARES**  
Managing Director  
Investment, Brazil

**WONG Kim Yin**  
Managing Director  
Investment

**YAP Chwee Mein**  
Managing Director  
Investment & China

## COMPENSATION FRAMEWORK

We foster a long-term owner's frame of mind in our team through a well-balanced compensation structure which reinforces a one-team culture, and an incentive philosophy which puts the institution before the individual, emphasises long term over short term, and aligns employee and shareholder interests.

Our compensation framework has two dimensions. One dimension is the different performance hurdles to earn out the incentives. The other dimension is time, covering short, medium and long-term payout horizons. These are underpinned by the principle of sharing gains and pains alongside our shareholder. In essence, our compensation framework encapsulates an owner's approach to our business and operation.

Senior management have the bulk of their performance incentives deferred between three to 12 years, while junior staff sharing in the same incentive elements have proportionately more in shorter term compensation.

Apart from competitive base salaries and family-friendly benefits, our variable incentives include annual performance target bonuses, and longer term incentives linked to Wealth Added (WA) and/or Total Shareholder Return (TSR).

### Individual Performance Incentives

Annually defined incentives within budgeted limits are tied to individual performance for community, institutional, team and individual targets.

### Company Performance Incentives

Our company WA or TSR performance drives our medium-term incentives in the form of WA bonuses or TSR incentives.

Allocation of the WA bonus into the notional WA bonus bank of each staff tracks their relative performance and contributions to the firm.

Key managers have half or more of their WA bonus deferred to future years, while our junior staff receive a larger cash payout from their bonus banks. Deferred bonuses are subject to the future performance of the company, with clawbacks in the event of negative WA.

### Co-investment Incentives

For the longer term alignment, our staff may be awarded performance or restricted co-investment units, the values of which grow or decline in tandem with Temasek's returns. This reinforces the owner mindset in our team.

The Temasek performance co-investment plan (T-Scope) provides for awards of T-Scope units to our staff only when Temasek achieves positive WA. Vesting of these T-Scope units is over five years, and begins after meeting certain performance conditions from the third year onwards. They will lapse after 12 years or if performance conditions are not met.

Restricted co-investment units may be awarded to staff over three to seven years subject to the sustainable performance of the company.

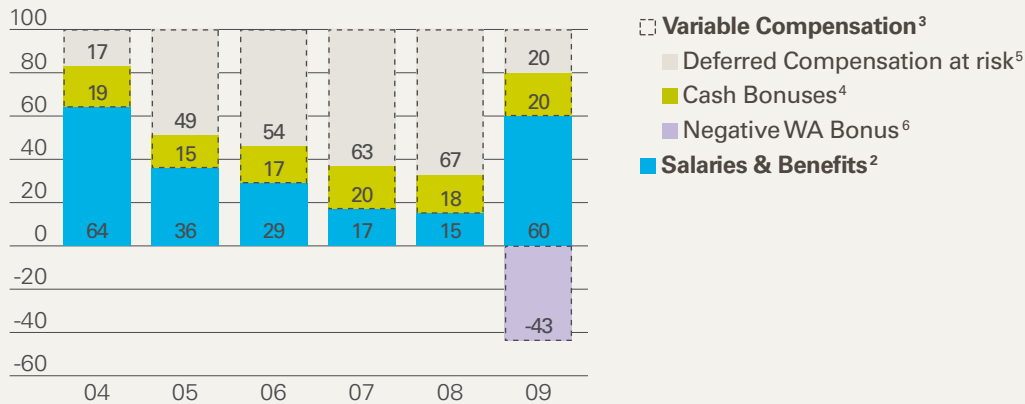
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Key managers have half or more of their WA bonus deferred to future years

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

(As at 31 Mar)



#### Notes:

- <sup>1</sup> **Key Management** includes Executive Directors, Senior Managing Directors, Managing Directors and management Directors.
- <sup>2</sup> **Salaries & Benefits** include annual wages and allowances, employer contributions to pension plans, and benefits for the year.
- <sup>3</sup> **Variable Compensation** includes cash bonuses, deferred compensation, and negative WA bonus, if any.
- <sup>4</sup> **Cash Bonuses** paid during the year include:
  - a. Annual individual performance incentives for prior year;
  - b. Paid out portion of sign-on or guaranteed bonuses, if any.
- <sup>5</sup> **Deferred Compensation at Risk**, vesting over three to 12 years, includes:
  - a. Deferred portion of guaranteed WA bonuses, if any;
  - b. Restricted co-investment units, if any, at nominal value of S\$1 each at year of commencement;
  - c. T-Scope performance co-investment units, if any, at nominal value of S\$1 each at year of commencement, which may vest or lapse according to various performance conditions.
- <sup>6</sup> **Negative WA Bonus** is allocated for the negative WA delivered in the prior year. This is clawed back against past deferred bonuses in the notional WA bonus bank of each participating staff. If the WA bank balance is not sufficient to offset the clawback amount, the excess negative balance will be aggregated company-wide to be offset against future positive WA bonus pools.

Thus, the WA we create for Temasek determines the size of the shared incentive pie for our staff, positive or negative. The sustainability of our wealth creation shapes the medium to long-term rewards and risks in the form of deferred bonuses, and co-investment units linked to time and performance conditions.

#### Reward-Risk Alignment in Practice

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

With a negative WA of S\$6.3 billion for prior year ended 31 March 2008, there were corresponding deductions from the individual WA bonus banks and from the deferred long-term co-investment incentive pool in the last financial year. There were no T-Scope units awarded for 2008.

This practice of sharing rewards and risks up to 12 years, especially for key management, reaffirms the principle of long-term alignment with sustainable value.

## OUR TEAM

We are who we are because of our people, past and present. Coming from 24 countries, our diverse team of 380 staff are based in 12 offices and affiliates in five different time zones around the world.

In third quarter 2008, as we looked to a more difficult 2009, our team pulled together to volunteer a wage reduction from January 2009. Senior management took the lead with an up to 25% reduction in their base pay. We also systematically tightened our operating expenses. These proactive actions demonstrated our 'think owner, act owner' DNA. They signalled our commitment and alignment to the long-term interests of our institution and stakeholders.

### Our People

Learning and development drive our engagement with our staff, as we expanded our suite of learning opportunities.

We piloted a new 360° feedback tool to help senior management better understand how behaviours shape the effectiveness of their leadership. This complements other 360° tools for our management and leadership development.

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### We completed a year-long exercise to review and update our corporate values

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We also launched the inaugural Young *LEADERS!* Programme, to help promising young managers sharpen their awareness of leadership styles, and harness the diversity and strengths of a team. This programme is open to managers in our portfolio companies as well as friends and partners.

Mentoring programmes across different staff levels also helped to nurture a coaching and learning culture.

### Our Values

Given our rapid growth in recent years, our geographic spread and immense diversity, we embarked on and completed a year-long exercise to review and update our corporate values to include specific traits, behaviours and commitments to foster a one-team culture. This institution-wide exercise is moving into the implementation and roll-out phase this year.

### Our Community

Despite a busy calendar, our staff continued to reach out to the community.

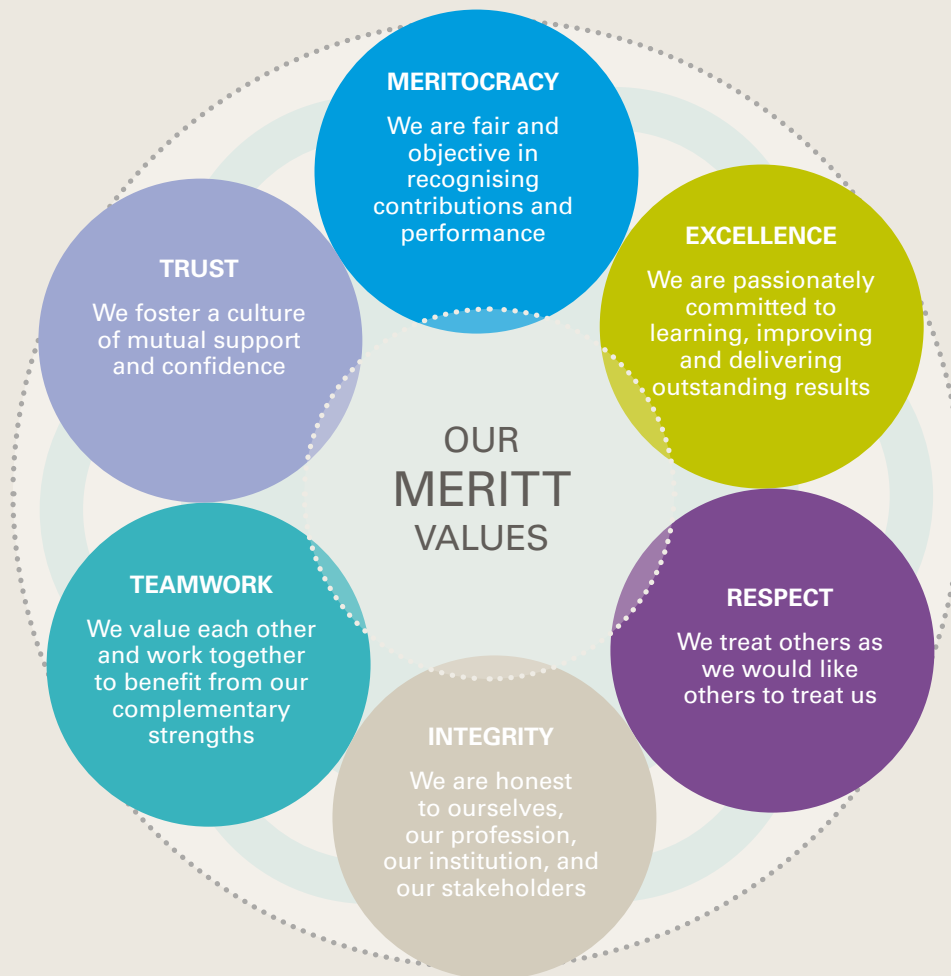
Our staff volunteer initiative, *TOUCH*, stepped up its efforts to support local communities. All our staff participated in our Community Day programme, spending time with the residents of seven charitable homes and orphanages in their respective countries.

*TOUCH* also supported the Yellow Ribbon Project on various community reintegration initiatives.

We combined healthy exercise with community outreach, when over 200 of our colleagues participated in a mass run & walk event in April 2009, raising more than S\$450,000 for our community programmes under *TOUCH*.



We strive to achieve excellence as individuals and as a team. Our MERITT values are the foundation of our character and culture as an institution.





**Mt Kinabalu**  
Renewing strength  
to forge ahead

Engaging Friends  
Temasek International Panel  
Temasek Advisory Panel



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# SHAPING OUR IDEAS

“Every now and then a man’s mind is stretched by a new idea or sensation, and never shrinks back to its former dimensions.”

**Oliver Wendell Holmes Sr.**

*American physician, professor, lecturer and author  
29 August 1809 – 7 October 1894*

## ENGAGING FRIENDS

“Experience is not what happens to a man; it is what a man does with what happens to him.”

### Sharing Experiences

As an investment company wholly owned by the Singapore Government, we hosted 90 official and quasi-government delegations from 31 countries. These regular dialogues kept us abreast with friends, government regulators and agencies, as well as fellow investors and shareholders worldwide.

Our continued dialogue on governance with China’s State-Owned Assets Supervision and Administration Commission (SASAC) saw more than 100 participants at three Directors’ Forums in Singapore. Extending this close cooperation with Central SASAC, we jointly held training symposiums on corporate governance with the respective provincial SASACs and key state-owned enterprises in Shenzhen, Shanghai and Chengdu, with over 420 government and business leaders attending the joint symposiums.

Among others in ASEAN, we maintained our close interaction with Vietnam’s Ministry of Finance, and the State Capital Investment Corporation through seminars and talks on issues such as corporate governance. We hosted a visit by the Vietnamese Minister of Finance, Mr Vu Van Ninh, and his delegation in February 2009.

Further afield, we joined the Norwegian Government Pension Fund – Global and the Canada Pension Plan Investment Board at the US House Committee on Financial

### Aldous Huxley

*English critic and novelist*

*26 July 1894 – 22 November 1963*

Services congressional hearing in March 2008, to explain and clarify the roles and responsibilities of a diverse range of sovereign-owned investors.

In the same vein, we actively participated and worked closely with the IMF, the US Treasury, Norway’s Ministry of Finance, China Investment Corporation, Kuwait Investment Authority, Abu Dhabi Investment Authority, and the Future Fund of Australia, as well as various government regulators and other members of the International Working Group on the successful drafting and adoption of the Santiago Principles for sovereign wealth funds.

The OECD, in turn, also reaffirmed its commitment to a non-discriminatory, transparent and liberal cross border investment environment.

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“The Santiago Principles ... amount to a global public good that can help foster trust and confidence between sovereign wealth funds, their originating countries and recipient countries. This is what we need in these turbulent times: a strong commitment to enhance mutual trust and maintain and preserve an open investment environment.”

### Mr Joaquín Almunia

*European Commissioner*

*for Economic and Monetary Affairs*

*11 October 2008*

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### Sharing Ideas

There are no limits to learning. Our deep belief and commitment to quality learning saw the introduction of new elements and wider perspectives into our training and sharing platforms. Expanding the scope and depth of its programmes, the Business Leadership Centre (BLC) provided participants of the 4<sup>th</sup> *LEADERS!* programme with the opportunity to learn on the ground – in Ho Chi Minh City, Vietnam – as part of their training focus titled “Entrepreneurs in Action”.

### Over 700 participants at the 4<sup>th</sup> annual Temasek Forum

Throughout the year, the BLC organised 20 learning forums addressing wide-ranging topics of interest to Temasek and its portfolio companies. Tapping both local and international experts, these sessions provided participants with key takeaways on global issues and management challenges, especially in the context of the current unprecedented financial turmoil.

The 4<sup>th</sup> annual Temasek Forum in November 2008 drew a record audience of more than 700 participants. The Forum, themed *Investing in a Volatile Economy: Where, What, Why*, saw an international panel of distinguished speakers comprising banking veterans, renowned investors and business leaders sharing their views on various topics. Board members and senior executives from Temasek, its portfolio companies and partners, took the opportunity to interact and exchange ideas.

The 5<sup>th</sup> Asia Banking CEO Roundtable, *Challenges Facing Asian Banks*, co-hosted by Temasek and Bank of China, was held in Beijing in early June 2009. More than 20 Chairmen and CEOs from banks in the region spent a day discussing key issues facing the industry after the financial crisis, including a keynote address by Governor Zhou Xiaochuan of the People’s Bank of China.



## TEMASEK INTERNATIONAL PANEL

Global leaders on the Temasek International Panel have shared their frank views and in-depth experiences generously. Their insights and perspectives have better shaped and nuanced our position in a rapidly changing global business environment. We thank them and Narayanan Vaghul who retired from the panel last year.

**David BONDERMAN**  
Founding Partner  
Texas Pacific Group

**Richard B. SYKES**  
Chair  
NHS London

**Minoru MAKIHARA**  
Senior Corporate Advisor  
Mitsubishi Corporation

**Ratan N. TATA**  
Chairman  
Tata Sons

**William J. MCDONOUGH**  
Vice Chairman  
Global Corporate &  
Investment Banking  
Bank of America Merrill  
Lynch

**Narayanan VAGHUL<sup>1</sup>**  
Retired Chairman  
ICICI Bank

**XU Kuangdi**  
President  
Chinese Academy  
of Engineering

**Lee R. RAYMOND**  
Retired Chairman  
and CEO  
Exxon Mobil Corporation

**Masamoto YASHIRO**  
Chairman  
Shinsei Bank

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<sup>1</sup> Retired from Temasek International Panel with effect from 1 January 2009.

## TEMASEK ADVISORY PANEL

Our friends on the Temasek Advisory Panel contribute selflessly to Temasek's growth in multiple ways, bringing with them a wealth of experience and perspectives. In their respective individual capacities, some of them serve on the boards of our portfolio companies, providing thoughtful guidance with much knowledge and wisdom.

**CHENG Wai Keung**  
Chairman  
Neptune Orient Lines

**Peter SEAH**  
Chairman  
Sembcorp Industries

**Jennie CHUA**  
Chief Corporate Officer  
CapitaLand

**Ernest WONG**  
Chairman  
Invida Pharmaceuticals

**FOCK Siew Wah**  
Group Chairman  
PSA International

**XIE Qihua**  
Chairman  
Metallurgical Council  
of China Council  
for the Promotion  
of International Trade  
Retired Chairman  
Baosteel Group  
Corporation

**KOH Boon Hwee**  
Chairman  
DBS Group Holdings

**Stephen LEE**  
Chairman  
Singapore Airlines

**NG Kee Choe**  
Chairman  
Singapore Power





**Mt Kilimanjaro**  
Committing to our journey



Strengthening our Community Care  
Touching Lives



## BUILDING A SHARED FUTURE

We succeed because we draw sustenance and support from our community. In return, we have a commitment to contribute to the progress and well-being of our community.

## STRENGTHENING OUR COMMUNITY CARE

We are committed to supporting communities in Singapore and around Asia. Since our inception, we have set up or co-sponsored various philanthropic organisations with specific mandates aimed at uplifting capabilities and capacities through research, exchanges and training.

We have been committed since 2003 to set aside a share of our returns as specific provisions for our community contributions for each year that we achieve positive Wealth Added.

### Temasek Trust

We established Temasek Trust in 2007 as the principal non-profit vehicle for overseeing our philanthropic donations and community gifts. Trustees include Mr Lee Seng Wee (Chairman) and Dr Richard Hu from Singapore, Mr Ratan Tata from India and Professor Xu Kuangdi from China.

The Trust in turn supports approved philanthropic and non-profit beneficiaries such as:

- Singapore Technologies Endowment Programme
- Singapore Millennium Foundation
- Temasek Life Sciences Laboratory
- Temasek Foundation
- *Temasek Cares*

They each have their specific mandates, which are broadly focused on developing human capabilities and capacities, bridging people, advancing science and knowledge, and promoting better lives and opportunities for people in Singapore and around Asia.

To date, Temasek has contributed over S\$1 billion directly and indirectly to community causes, including the Wealth Management Institute Regional Regulators Scholarship.

S\$100m

Gifted to the Temasek Trust  
for *Temasek Cares*

### Temasek Cares

The newest of the Temasek-sponsored philanthropic organisations, *Temasek Cares* was set up with an endowment of S\$100 million via Temasek Trust, to commemorate our 35<sup>th</sup> anniversary this year. It is a Singapore Institution of a Public Character focusing on the underserved community in Singapore.

Chaired by retired Singapore Senior District Judge, Richard R Magnus, and supported by a board of eminent Singaporeans, *Temasek Cares* will partner other organisations to aid and assist needy individuals, and their families or caregivers, and promote community building to benefit the needy through broad-based programmes. Its four-pronged mandate is to build people, capabilities and community, as well as to rebuild lives.



### Temasek Foundation

Since its formation in 2007, the Temasek Foundation has been making a difference to Asia and her people, through its programmes to build capabilities, build bridges, promote better governance, and provide disaster relief.

Its outreach has expanded from five countries in its first year, to 11 in its second. New initiatives were launched in Bangladesh, Bhutan, Cambodia, Laos, Mongolia, and Thailand this past year. It stayed focused on its principal mandate of building capability and learning – “teaching people to fish rather than giving them fish”.

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### Temasek Foundation philosophy: “Teaching people to fish rather than giving them fish”

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The inaugural Asia Journalism Fellowship was launched during the year for mid-career journalists from across Asia to spend three months at the NTU Wee Kim Wee School of Communication and Information. The first group of Fellows came from the South Asia states of Bangladesh, Bhutan, India, and Pakistan as well as East Asia and Southeast Asia. Friendships were forged amidst opportunities for new ideas, experiences and learning.

Among other programmes was the International Science Youth Forum 2009 organised by Hwa Chong Institution in January 2009. Students had the opportunity to interact with three Nobel Laureates of Science – Sir Anthony Leggett (Physics, 2003), Professor Douglas Osheroff (Physics, 1996) and Professor Kurt Wuthrich (Chemistry, 2002).

### Temasek Life Sciences Laboratory

Set up in August 2002 as a non-profit research organisation, Temasek Life Sciences Laboratory (TLL) undertakes basic as well as strategic and applied research in molecular biology and genetics. Affiliated to the National University of Singapore and the Nanyang Technological University, TLL aims to attract the brightest young minds worldwide, support their research, and challenge them to be leaders in their own fields.

TLL has over 200 researchers, and currently supervises 66 PhD candidates. Since 2002, it has 42 patented inventions, and published over 300 papers, a quarter of which is in high impact research journals such as Nature, Genes & Development, and The Plant Cell. Its research in forestry and bio-energy has led to start-up companies like JOil, a joint venture for the commercialisation of jatropha.

TLL has strong research ties in Asia, including the Chinese Academy of Sciences in China, the RIKEN Centre for Developmental Biology in Japan, and the Tata Institute of Fundamental Research in India. It also collaborated in the area of infectious diseases with the World Health Organisation as well as American, Canadian and Singapore agencies by building up capabilities in bio-safety training and research, and diagnoses.

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# 28

Research scholarships awarded  
in 2008 by SMF

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### **Singapore Millennium Foundation**

Seeking to promote the advancement of scientific research, Singapore Millennium Foundation (SMF) sponsors research programmes and researchers in Singapore.

Twenty eight research scholarships were awarded during the year in various fields of research including engineering, environmental sciences, renewable resources and water, life sciences, and physical and material sciences.

SMF scholars have gained recognition for their research efforts. Dr Lisa Ng was awarded the ASEAN Young Scientist and Technology Award 2008 by President Arroyo of the Philippines for her research and development on Asia's infectious diseases, including the development of diagnostic kits for the SAR-CoV and Avian Influenza H5N1 viruses. Dr Tan Min Han was awarded the Singapore Youth Award 2008 (Science and Technology) by the National Youth Council of Singapore for developing a pioneering method to predict survival outcomes in kidney cancer patients, among other medical achievements.

SMF is the sole sponsor of the *Lee Kuan Yew Water Prize*, awarded to prominent scientific minds that have greatly benefitted mankind in the area of water resource management.

### **Singapore Technologies Endowment Programme**

The oldest of the philanthropic initiatives co-sponsored by Temasek, the objectives of Singapore Technologies Endowment Programme (STEP) are to build bridges among youths and contribute to their education.

Through its annual signature event, the decade-old Sunburst Youth Camp (SYC) saw another 150 youths from ASEAN, China, India and

Kazakhstan gathering in Singapore in December 2008. Observers from the Philippines and Kazakhstan also joined the week-long event. New friendships were forged among the first-time participants as bonds were renewed amongst the SYC alumni who shared and celebrated their cultural diversity amidst an atmosphere of youthful dynamism.

In conjunction with its 10<sup>th</sup> anniversary, STEP has offered inaugural Sunburst Scholarships to eight scholars from Indonesia, Malaysia, Sri Lanka and Singapore. The scholarships support undergraduate studies in the universities and polytechnics in Singapore.

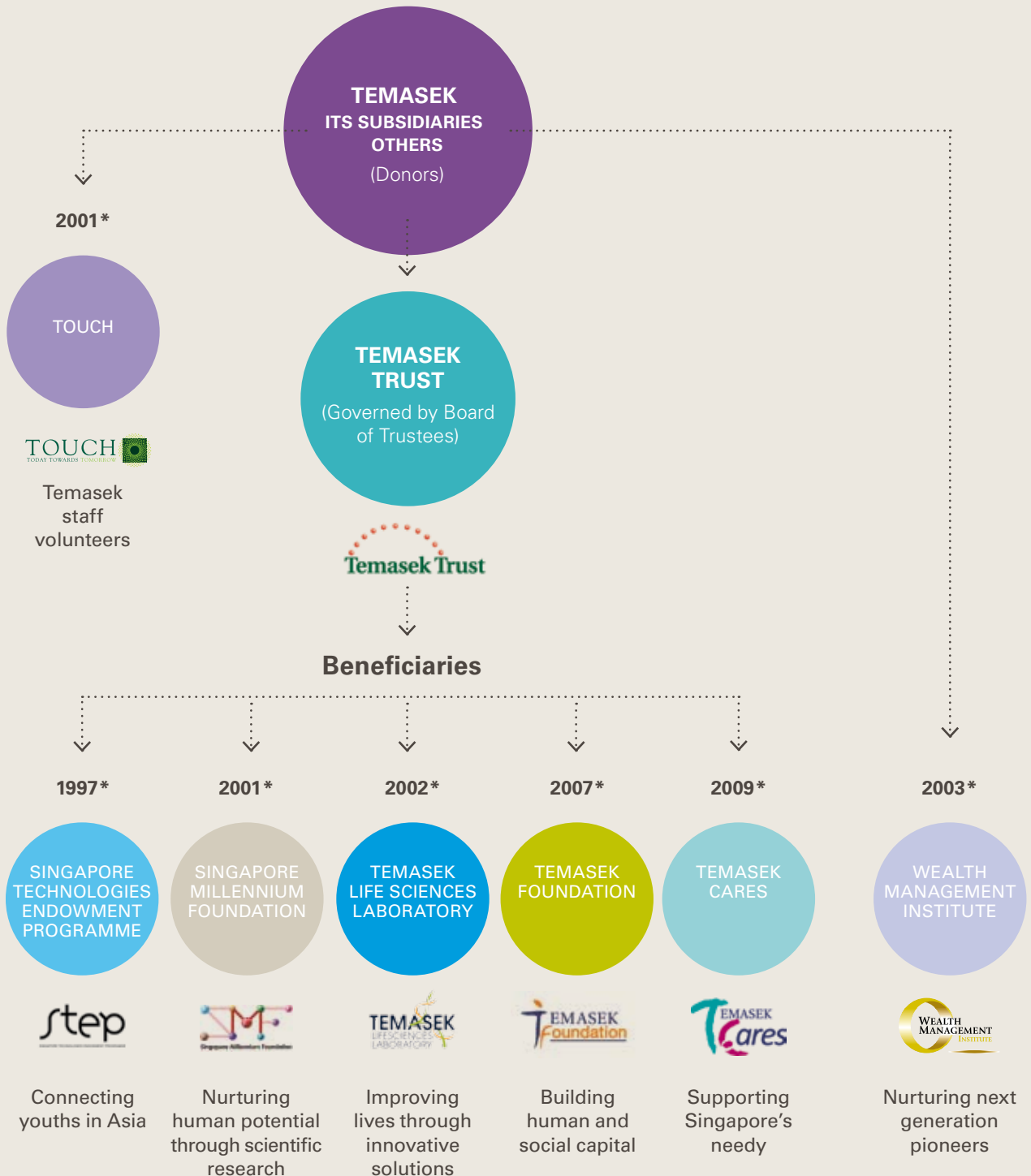
### **Wealth Management Institute**

Established six years ago to train and develop wealth managers in Asia, the Wealth Management Institute (WMI) continues to grow from strength to strength.

Over 200 graduates have completed its flagship Master of Science in Wealth Management course, while another 740 from Europe and Asia Pacific underwent the WMI Certificate in Private Banking programme. Under the Temasek Regional Regulators Scholarship programme, some 35 regulators and central bankers from six countries also had the opportunity over the last five years to complete their Master of Science in Wealth Management and intern with various industry partners.

The WMI Advanced Wealth Management Programme (AWMP) was launched in October 2008 with 20 participants. Each of them brought an average of more than 10 years of invaluable industry knowledge to the course interaction.

# BUILDING COMMUNITY PLATFORMS

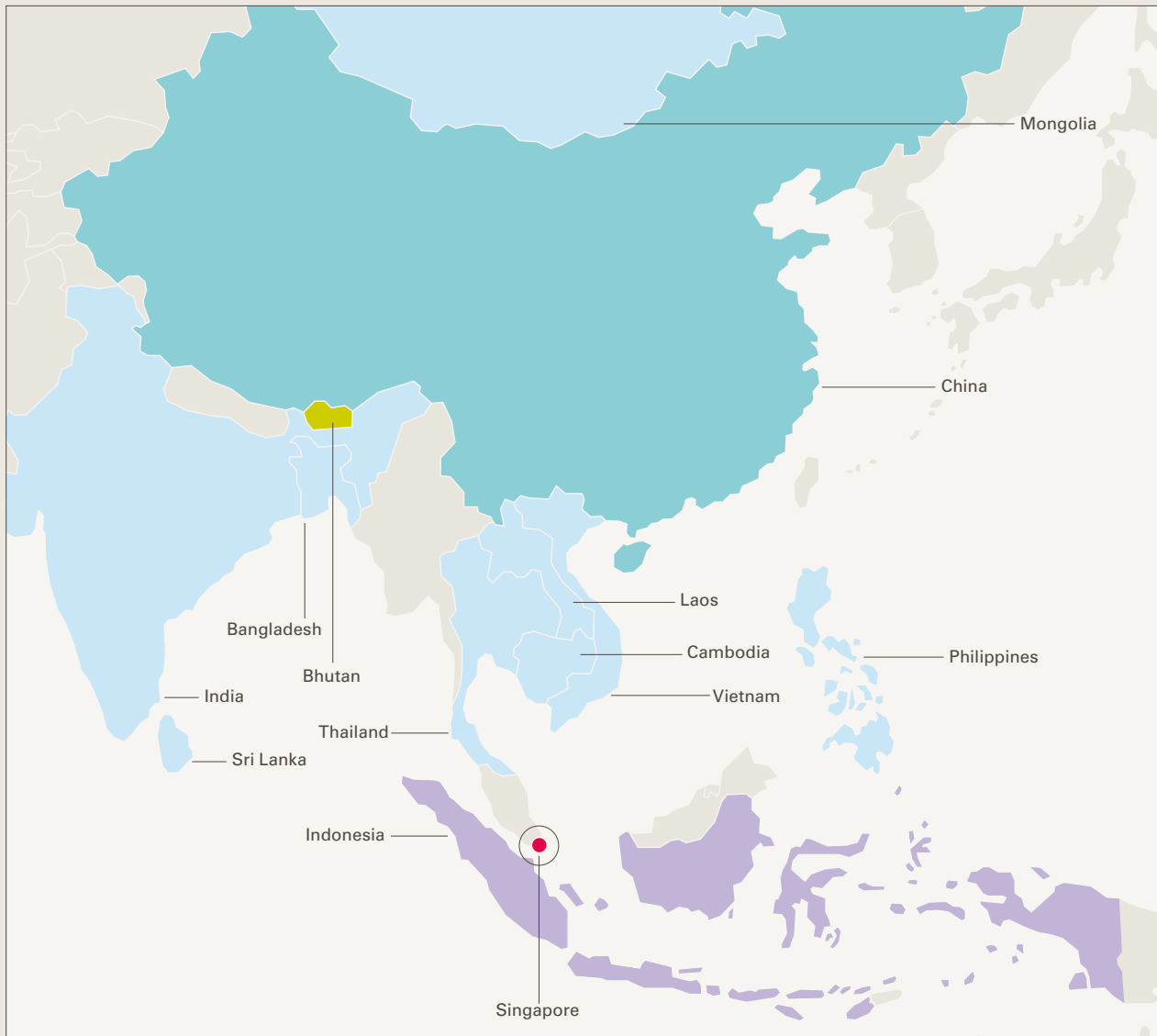


\* Year of establishment.

## TOUCHING LIVES

Over the last 35 years, Temasek has contributed to Asia's growth and development both as a long-term investor and as a corporate citizen. We touch lives through successful enterprises and uplift the wider community through our commitment and contributions.

Countries where Temasek and its non-profit philanthropic affiliates have been active in community programmes, particularly in support of building human capacities and improving lives and capabilities.



## China

- Temasek Foundation in partnership with Nanyang Technological University Lien Institute for the Environment
- Imparts cost-effective wall-strengthening and reinforcement techniques to help prevent or delay collapse of schools during earthquakes
- Trains master-instructors from provincial universities and local builders from Sichuan, Hebei, Liaoning, Jiangsu, Shaanxi and Yunnan
- Pilot completed for two Sichuan primary school buildings damaged by a May 2008 earthquake
- Similar training also implemented in July 2008 in West Sumatra, Indonesia

“I’ve been building for 15 years. This method uses local materials to strengthen buildings, and is quite detailed. And the result is extremely good. We can use this method we’ve learnt on constructing quake-resistant buildings and apply this technique to other buildings.”

*Local mason  
Sichuan Province*

## Bhutan

- W.I.R.ED (Weaving Infotech Resources into Education) programme in Bhutan by Temasek Foundation and Singapore International Foundation
- Trains teacher-trainers and master-teachers to integrate and implement information technology into teaching and learning methods
- 30 principals and teachers from five pilot schools training to develop their schools into centres of excellence
- 40 lecturers in colleges of education training in e-learning techniques

## Indonesia

- Jointly sponsored by Temasek Foundation and Madrasah Al-Irsyad Singapore
- New Islamic International School (IIS) Pesantren Sabilil Muttaqin (PSM) established as a model pesantren (school) for school leadership, teacher training, and development of academic curriculum
- Includes upgrading of curriculum in both science and Islamic disciplines
- PSM plans to use IIS education system and technologies throughout its network of 200 Islamic schools with 75,000 students

## Singapore

- Collaboration between TLL, National Parks Board of Singapore, supported in part by Ministry of National Development Research Fund
- Uses plant tissue culture technology to clone and preserve rare tree individuals, and trees with horticultural, historical or social significance
- Conservation of heritage trees will protect Singapore’s green environment for the benefit of future generations
- National Cancer Centre Liver Cancer Project funded by SMF
- 30 biomarkers identified from 54,000 genes to facilitate early detection of liver cancer
- Producing tumour suppressor gene to arrest the onset of liver cancer
- Researching link between consumption of contaminated food and the possibility of developing liver cancer





Mt Kilimanjaro  
Aligning our future





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# MAJOR PORTFOLIO COMPANIES

The foundation of our success is our portfolio of successful enterprises.

# MAJOR PORTFOLIO COMPANIES

## Accompanying Notes

- Market Capitalisation/Shareholder Equity:  
For listed companies, 2009 refers to positions as at March 2009. For unlisted companies, 2009 refers to positions as at March 2009 or December 2008 or September 2008, in accordance with their respective financial year ends. Similarly for 2008.
- Key Figures:  
FY2008 refers to financial year ended March 2009 or December 2008 or September 2008, in accordance with their respective financial year ends of the portfolio companies. Similarly for FY2007.  
Revenue for the Financial Services 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, Bharti Airtel, China Construction Bank, DBS Group, Fraser and Neave, Hana Financial Group, ICICI Bank, NIB Bank, Bank Danamon Indonesia, Li & Fung and Standard Chartered.
3. Market relevant information is sourced from Bloomberg.

Financial Services		Core interest % as at 31 Mar 2009	Currency	Market Capitalisation or Shareholder Equity	
				2008	2009
	Bank of China Limited <sup>1</sup>	4 <sup>3</sup>	HKD'm	1,241,241	893,146
	China Construction Bank Corporation <sup>1</sup>	6 <sup>3</sup>	HKD'm	1,373,474	1,032,523
	DBS Group Holdings Ltd <sup>1</sup>	28	SGD'm	27,339	19,278
	Hana Financial Group Inc. <sup>1</sup>	10 <sup>3</sup>	KRW'b	8,580	4,407
	ICICI Bank Limited <sup>2</sup>	8 <sup>3</sup>	INR'm	856,102	370,490
	NIB Bank Limited <sup>1</sup>	74 <sup>3</sup>	PKR'm	51,187	22,200
	PT Bank Danamon Indonesia Tbk <sup>1</sup>	68 <sup>3</sup>	IDR'b	34,807	15,770
	Standard Chartered PLC <sup>1</sup>	19	USD'm	48,200	23,548

<sup>1</sup> For year ended Dec 2007/2008.

<sup>2</sup> For year ended Mar 2008/2009.

<sup>3</sup> Includes significant interests held by Fullerton Financial Holdings.

## Glossary








EVA	=	Economic Value Added (excluding unusual items), attributable to investors
Market Capitalisation	=	Market value as at 31 March 2009 and 31 March 2008
NA	=	Not applicable
PATMI	=	Profit/ (Loss) after tax and minority interest
Shareholder Equity	=	Shareholder equity reported by the respective portfolio companies based on their annual filings
TSR	=	Total Shareholder Return For listed companies, source is Bloomberg and Datastream For unlisted companies, shareholder equity is used in the computations Period for 1-year TSR is from 31 March 2008 to 31 March 2009 Period for 3-year TSR is from 31 March 2006 to 31 March 2009 (annualised) Period for 5-year TSR is from 31 March 2004 to 31 March 2009 (annualised) The exceptions are unlisted companies where we compute the TSR based on shareholder equity as at their financial year-ends.

	Key figures							TSR (%)			
	Revenue		PATMI		EVA	Change in EVA		Years			
	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	1	3	5
	194,975 <sup>4*</sup>	<b>228,896<sup>4</sup></b>	56,248 <sup>4</sup>	<b>64,360<sup>4</sup></b>	17,328 <sup>4*</sup>	<b>18,123<sup>4</sup></b>	4,981 <sup>4*</sup>	<b>795<sup>4</sup></b>	(20.1)	NA	NA
	220,717 <sup>4</sup>	<b>269,747<sup>4</sup></b>	69,053 <sup>4</sup>	<b>92,599<sup>4</sup></b>	38,011 <sup>4</sup>	<b>44,454<sup>4</sup></b>	29,075 <sup>4</sup>	<b>6,443<sup>4</sup></b>	(21.0)	9.8	NA
	6,163	<b>6,053</b>	2,278	<b>1,929</b>	393	<b>(78)</b>	166	<b>(471)</b>	(42.6)	(11.9)	(3.7)
	13,288	<b>41,086</b>	1,298	<b>483</b>	253	<b>(198)</b>	15	<b>(451)</b>	(48.3)	(21.9)	NA
	342,861	<b>376,658</b>	33,982	<b>35,770</b>	(29,581)	<b>(25,623)</b>	(23,667)	<b>3,958</b>	(56.0)	(16.1)	4.2
	2,842 <sup>*</sup>	<b>6,234</b>	(326) <sup>*</sup>	<b>(9,179)</b>	(6,072) <sup>*</sup>	<b>(22,080)</b>	NA	<b>(16,008)</b>	(69.5)	(15.1)	(3.6)
	8,877	<b>10,351</b>	2,117	<b>1,530</b>	(211)	<b>(913)</b>	47	<b>(702)</b>	(53.0)	(10.2)	6.0
	11,067	<b>13,968</b>	2,841	<b>3,408</b>	293 <sup>*</sup>	<b>1,641</b>	(652) <sup>*</sup>	<b>1,348</b>	(39.6)	(8.5)	5.2

<sup>4</sup> Figures in RMB'm.

\* Restated.

# MAJOR PORTFOLIO COMPANIES

		Core interest % as at 31 Mar 2009	Currency	Market Capitalisation or Shareholder Equity	
				2008	2009
<b>Telecommunications &amp; Media</b>					
	Bharti Airtel Limited <sup>2</sup>	5	INR'm	1,568,146	<b>1,187,824</b>
	MediaCorp Pte. Ltd. <sup>2</sup>	100	SGD'm	914	<b>869</b>
	Shin Corporation Public Company Limited <sup>1</sup>	42 <sup>3</sup>	THB'm	92,715	<b>60,820</b>
	Singapore Technologies Telemedia Pte Ltd <sup>1</sup>	100	SGD'm	1,355	<b>2,232</b>
	Singapore Telecommunications Limited <sup>2</sup>	54	SGD'm	62,250	<b>40,295</b>
<b>Transport &amp; Logistics</b>					
	Neptune Orient Lines Limited <sup>1</sup>	66	SGD'm	4,778	<b>1,739</b>
	PSA International Pte Ltd <sup>1</sup>	100	SGD'm	6,955	<b>7,390</b>
	Singapore Airlines Limited <sup>2</sup>	55	SGD'm	18,471	<b>11,826</b>
	SMRT Corporation Ltd <sup>2</sup>	54	SGD'm	2,758	<b>2,320</b>
<b>Real Estate</b>					
	CapitaLand Limited <sup>1</sup>	40	SGD'm	17,890	<b>9,889</b>
	Mapletree Investments Pte Ltd <sup>2</sup>	100	SGD'm	4,411	<b>4,671</b>

<sup>1</sup> For year ended Dec 2007/2008.

<sup>2</sup> For year ended Mar 2008/2009.

<sup>3</sup> Includes significant interests held by Aspen Holdings.












								Key figures		TSR (%)	
Revenue		PATMI		EVA		Change in EVA		Years			
FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	1	3	5	
270,250	<b>369,615</b>	67,008	<b>84,699</b>	31,765*	<b>39,781</b>	NA	<b>8,016</b>	(24.3)	14.9	32.2	
530	<b>539</b>	52	<b>37</b>	13	<b>(6)</b>	9	<b>(19)</b>	(4.9)	0.5	7.9	
10,359	<b>8,918</b>	960	<b>5,649</b>	(2,141)	<b>944</b>	3,279	<b>3,085</b>	(30.6)	(16.8)	(5.4)	
5,624*	<b>5,965</b>	223	<b>783</b>	(231)	<b>(151)</b>	172	<b>80</b>	64.6	30.4	14.0	
14,844	<b>14,934</b>	3,960	<b>3,448</b>	2,467	<b>1,869</b>	364	<b>(598)</b>	(32.6)	3.7	6.5	
8,160 <sup>4</sup>	<b>9,285<sup>4</sup></b>	523 <sup>4</sup>	<b>83<sup>4</sup></b>	185 <sup>4</sup>	<b>(204)<sup>4</sup></b>	106 <sup>4</sup>	<b>(389)<sup>4</sup></b>	(61.9)	(16.1)	(0.8)	
4,151	<b>4,392</b>	1,925	<b>1,039</b>	507	<b>503</b>	(66)	<b>(4)</b>	13.4	21.8	24.2	
15,972	<b>15,996</b>	2,049	<b>1,062</b>	708	<b>(610)</b>	482	<b>(1,318)</b>	(31.2)	(5.7)	2.6	
802	<b>879</b>	150	<b>163</b>	103	<b>111</b>	26	<b>8</b>	(12.2)	16.6	27.2	
3,793	<b>2,752</b>	2,759	<b>1,260</b>	(52)	<b>(511)</b>	83	<b>(459)</b>	(54.7)	(14.3)	16.8	
366	<b>445</b>	1,041	<b>210</b>	893	<b>(499)</b>	29	<b>(1,392)</b>	6.2	25.5	16.8	

<sup>4</sup> Figures in USD'm.

\* Restated.

# MAJOR PORTFOLIO COMPANIES

		Core interest % as at 31 Mar 2009	Currency	Market Capitalisation or Shareholder Equity	
				2008	2009
<b>Infrastructure, Industrial &amp; Engineering</b>					
	Keppel Corporation Limited <sup>1</sup>	21	SGD'm	15,724	7,982
	Sembcorp Industries Ltd <sup>1</sup>	49	SGD'm	7,237	4,179
	Singapore Technologies Engineering Ltd <sup>1</sup>	50	SGD'm	10,109	7,385
<b>Energy &amp; Resources</b>					
	Singapore Power Limited <sup>2</sup>	100	SGD'm	4,615	4,052
<b>Technology</b>					
	Chartered Semiconductor Manufacturing Ltd. <sup>1</sup>	59	SGD'm	1,842	343
	STATS ChipPAC Ltd. <sup>1</sup>	84	SGD'm	2,304	694
<b>Consumer &amp; Lifestyle</b>					
	Fraser and Neave, Limited <sup>3</sup>	15	SGD'm	6,735	3,516
	Li & Fung Limited <sup>1</sup>	5	HKD'm	99,636	66,148
	Wildlife Reserves Singapore Pte Ltd <sup>2</sup>	88	SGD'm	114	131

<sup>1</sup> For year ended Dec 2007/2008.

<sup>2</sup> For year ended Mar 2008/2009.

<sup>3</sup> For year ended Sep 2007/2008.

Key figures								TSR (%)		
Revenue		PATMI		EVA		Change in EVA		Years		
FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	1	3	5
10,431	<b>11,805</b>	1,026	<b>1,097</b>	779	<b>855</b>	363	<b>76</b>	(45.9)	(6.3)	11.2
8,619	<b>9,928</b>	526	<b>507</b>	132	<b>326</b>	(250)	<b>194</b>	(40.2)	(7.7)	14.3
5,051	<b>5,345</b>	504	<b>474</b>	378	<b>358</b>	81	<b>(20)</b>	(23.0)	(2.8)	8.6
5,447	<b>6,618</b>	1,086	<b>719</b>	220	<b>172</b>	(149)	<b>(48)</b>	(12.2)	9.3	17.9
1,355 <sup>4</sup>	<b>1,661<sup>4</sup></b>	102 <sup>4</sup>	<b>(93)<sup>4</sup></b>	(280) <sup>4</sup>	<b>(471)<sup>4</sup></b>	12 <sup>4</sup>	<b>(191)<sup>4</sup></b>	(71.9)	(49.4)	(33.6)
1,652 <sup>4</sup>	<b>1,658<sup>4</sup></b>	94 <sup>4</sup>	<b>26<sup>4</sup></b>	(55) <sup>4</sup>	<b>(105)<sup>4</sup></b>	(10) <sup>4</sup>	<b>(50)<sup>4</sup></b>	(71.9)	(37.5)	(28.9)
4,731*	<b>4,951</b>	379	<b>436</b>	(43)*	<b>(7)</b>	(46)*	<b>36</b>	(45.8)	(11.1)	0.7
92,460	<b>110,722</b>	3,060	<b>2,422</b>	NA	<b>2,029</b>	NA	<b>NA</b>	(35.0)	7.4	14.5
85	<b>87</b>	18	<b>17</b>	8*	<b>5</b>	0	<b>(3)</b>	15.2	18.2	19.6

<sup>4</sup> Figures in USD'm.

\* Restated.

## OUR CONTACT POINTS

We expanded our international coverage to 12 offices and affiliates in Asia and Latin America, including Chennai, Hanoi, Mexico City, and São Paulo last year.



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**Mt Kilimanjaro**  
It's a beautiful world





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