

TEMASEK REVIEW 2006  
MANAGING FOR VALUE

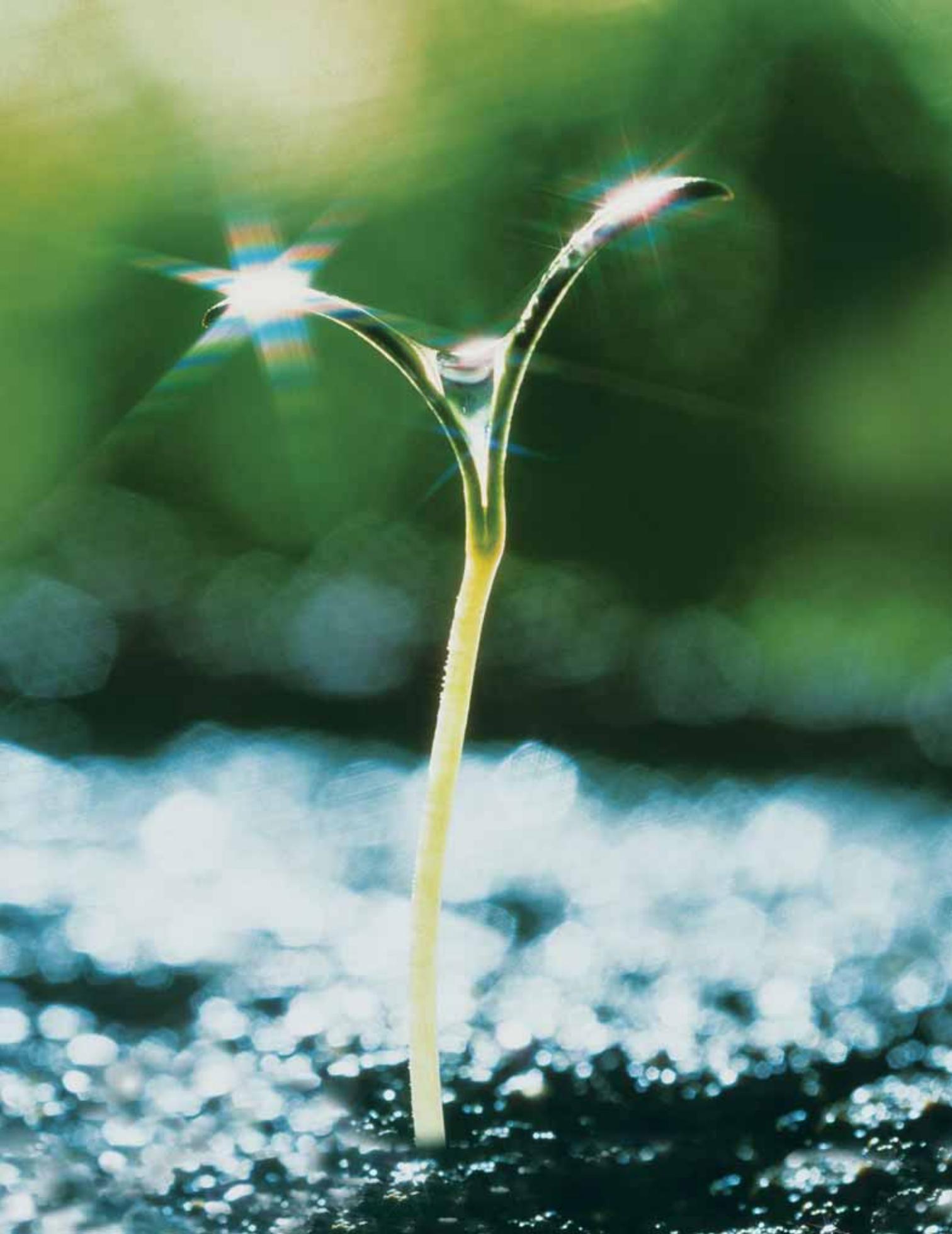
TEMASEK  

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HOLDINGS



TEMASEK REVIEW 2006  
MANAGING FOR VALUE



# Managing for Value

Established on 25 June 1974 as an exempt private investment holding company, Temasek Holdings was founded on the philosophy of managing for long-term value.

We know the principle of managing for value must remain a constant, as must our values of integrity and excellence. This defines when and where we invest, who and what we are, and why and how we engage with our stakeholders, including our portfolio companies, shareholder, employees, bondholders, partners, friends and the community at large.

We hold in trust the vision, commitment and dedication of our founding generation as well as the companies who have contributed to our success over the years. We remain stewards to create and deliver value for our present and future generations.





*Some look at things that are, and ask why  
I dream of things that never were, and ask why not*

– GEORGE BERNARD SHAW



# About Temasek Holdings

Incorporated in 1974, Temasek Holdings is an Asia investment firm headquartered in Singapore.

Supported by affiliates and offices around Asia, we manage a diversified S\$129 billion (US\$80 billion) portfolio, concentrated principally in Singapore, Asia and the OECD economies. Our portfolio spans various industries including telecommunications & media, financial services, real estate, transportation & logistics, energy & resources, infrastructure, engineering & technology as well as bioscience & healthcare.

We benefited from our investments into an emerging Singapore in our early history. In the process, we also contributed to Singapore's progress through successful enterprise.

As Asia transforms, we have the opportunity to reshape our investment focus, strengthen our portfolio and re-imagine the future. One strategy is to focus on Asia's potential for sustainable development in the decades ahead. We hope to both participate in and contribute to Asia's continued growth.

In recent years, our investment activities have been primarily focused on four key themes:

- Rising Asian economies
- Growing middle class
- Deepening comparative advantages
- Emerging champions

As an active investor, we seek opportunities within our risk-return framework to maximise our sustainable returns. We have the flexibility of adopting short or long investment horizons, as well as the option of taking concentrated or diversified positions. As an active shareholder and investor, we aim to create and maximise sustainable shareholder value.

We encourage a culture of excellence, leadership and sound governance in all our portfolio companies through active and engaged Boards of Directors. These characteristics, together with a competitive business focus and emphasis on the development of human capital, provide the foundation for sustainable growth and long-term value.

Our total shareholder return since 1974 has been 18% compounded annually. We have a corporate credit rating of AAA/Aaa by rating agencies Standard & Poor's and Moody's respectively.



## Our Mission

To create and maximise long-term shareholder value  
as an active investor and shareholder of successful enterprises







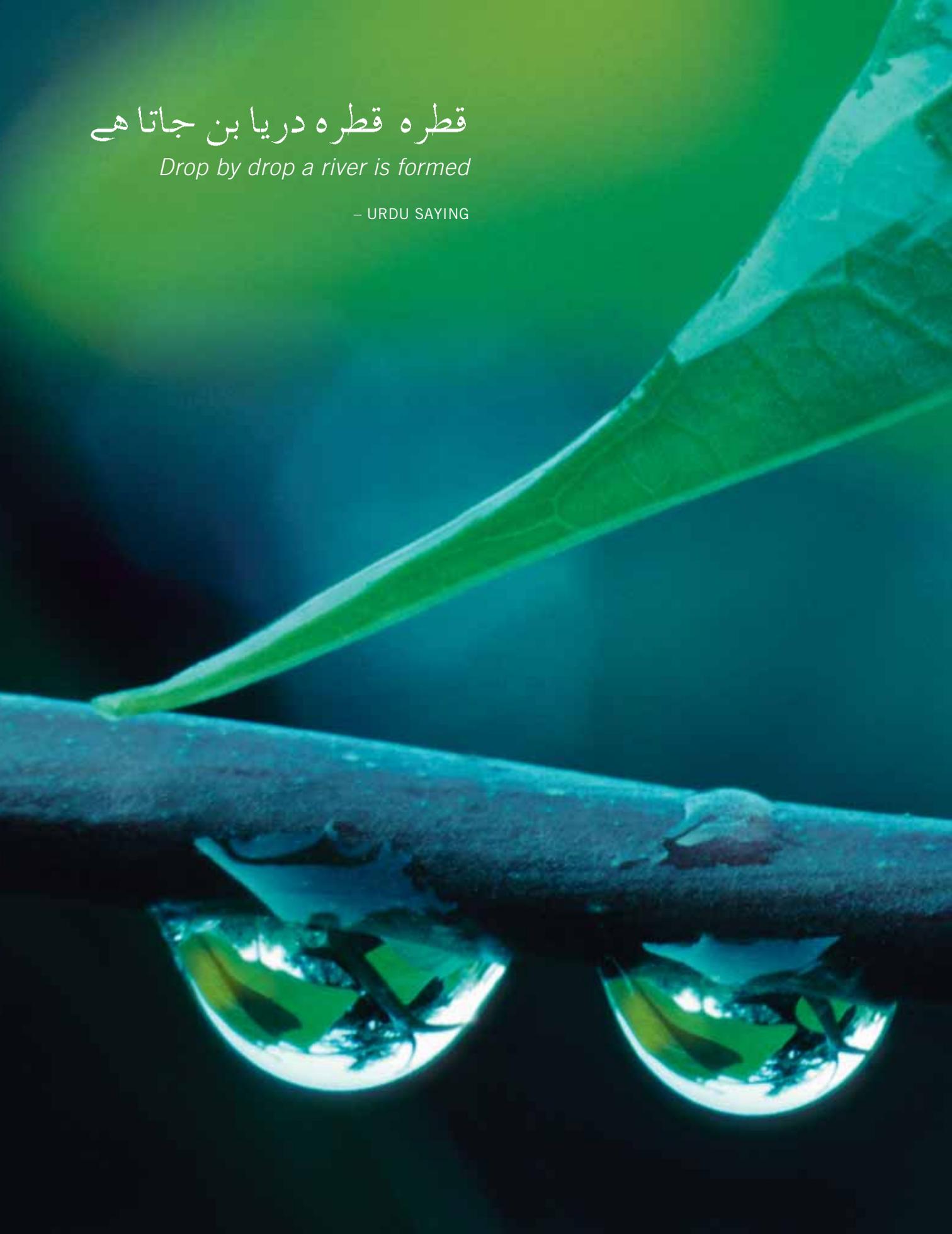
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قطره قطره دریا بن جاتا ہے

*Drop by drop a river is formed*

– URDU SAYING

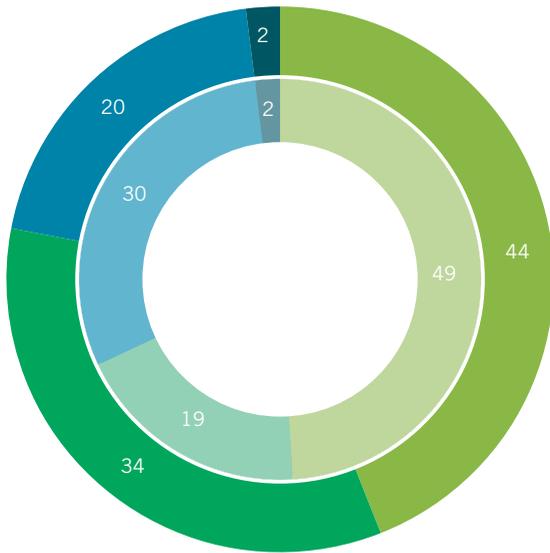




Our Portfolio Highlights

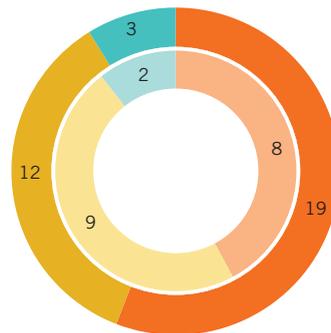
# Our Portfolio By Geography (%)

NET PORTFOLIO VALUE OF S\$129 BILLION AS AT 31 MARCH 2006\*



	31 Mar 05	31 Mar 06	
49	44	44	Singapore
19	34	34	Rest of Asia† (excluding Japan)
30	20	20	OECD Economies (excluding Korea)
2	2	2	Others

## † Rest Of Asia (excluding Japan)

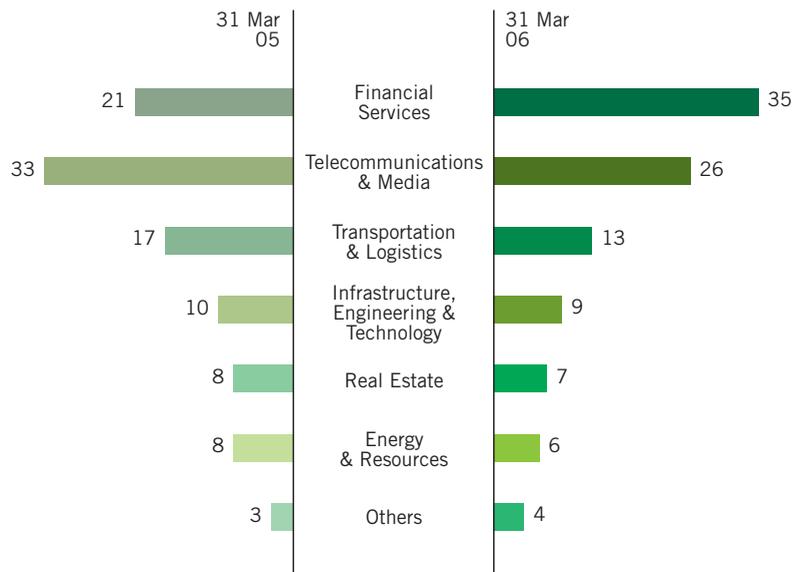


	31 Mar 05	31 Mar 06	
8	19	19	North Asia (China, Taiwan & Korea)
9	12	12	ASEAN (excluding Singapore)
2	3	3	South Asia (India & Pakistan)

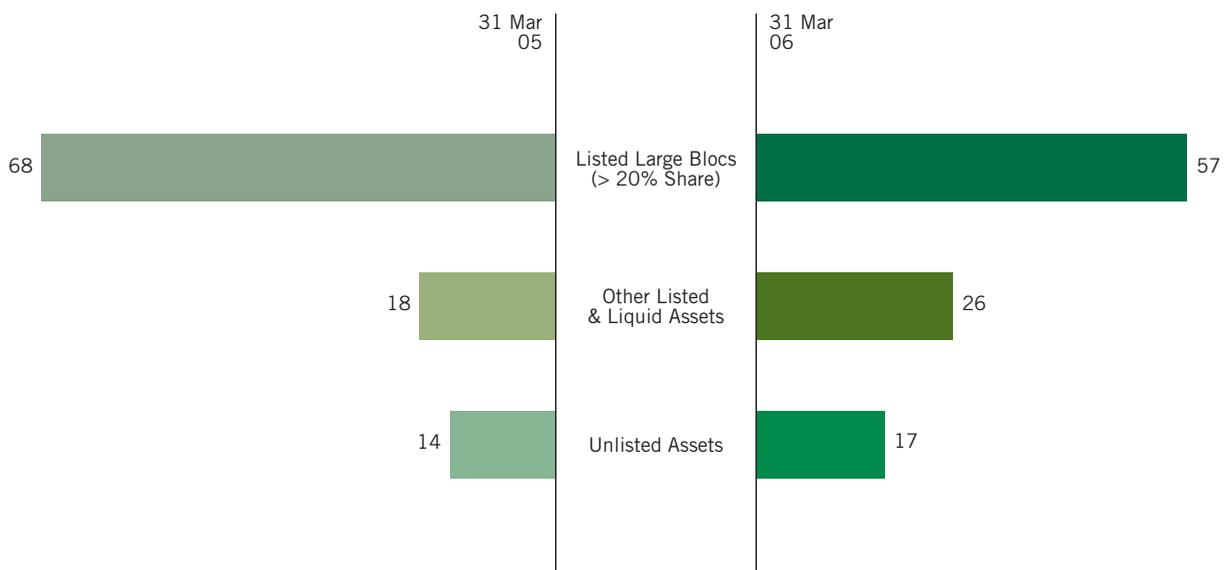
\* Note:

1. Based on market value of listed assets and book value for unlisted assets less debt as at 31 March 2006.
2. Net portfolio value was S\$103 billion as at 31 March 2005.

## By Sector (%)



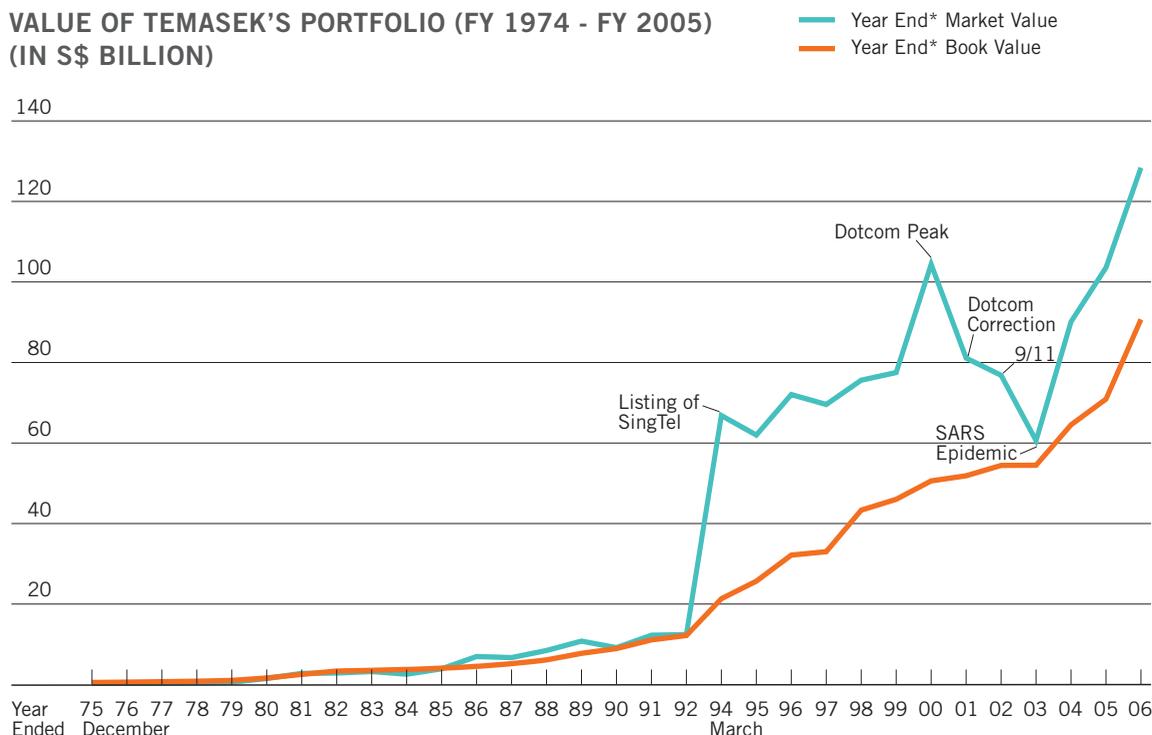
## By Liquidity (%)



## Our Portfolio Value Since Inception

Starting with an initial portfolio worth S\$350 million in 1974, Temasek's portfolio has grown to S\$129 billion as at 31 March 2006.

### VALUE OF TEMASEK'S PORTFOLIO (FY 1974 - FY 2005) (IN S\$ BILLION)



The book value of our portfolio shows a steady increase over the years from the solid operational contributions of our portfolio companies and our investment activities.

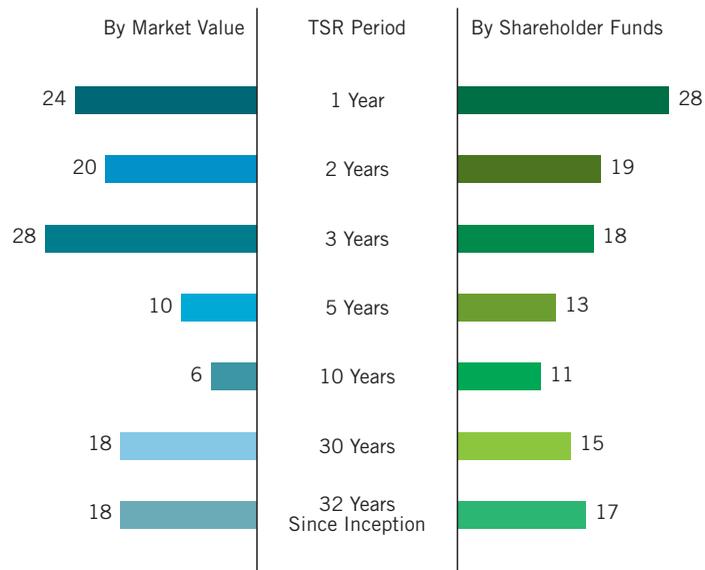
The market value of our portfolio over the years reflects both the performance of the underlying investments, and the effects of external events. For example, the listing of SingTel in 1993 contributed to the biggest single-year increase in portfolio value, followed by the dual listing of technology companies Chartered Semiconductor Manufacturing and STATS (now STATS ChipPAC) on the Singapore Exchange and NASDAQ in November 1999 and January 2000 respectively.

\* Note:

1. First financial year ended in December 1975.
2. Financial year end was changed from 31 December before 1993 to 31 March from 1994 onwards.

## Our Total Shareholder Return

### % BY MARKET VALUE AND SHAREHOLDER FUNDS



Total shareholder return (TSR) by market value is the compounded annual return over the specified time period. It takes into account the appreciation or depreciation in the market value of our portfolio, dividends paid, as well as net new capital issued. For unlisted investments, we track the changes in shareholder funds in lieu of market value.

Our one-year TSR by market value was 24%. Coming off the depths of the SARS impact in 2003, our three-year TSR was 28%. Our 30-year TSR was a healthy 18%.

TSR by shareholder funds measures the changes in the underlying book value of our portfolio. It provides an owner's perspective of how well the underlying businesses have been doing in terms of profits and losses and also eliminates volatility from capital flows or other extraneous short-term events.

Our TSR as measured by shareholder funds is a commendable 17% since inception. The steady 11% TSR for the turbulent 10-year period since the 1997 Asian financial crisis reflects the operational soundness and strength of our portfolio companies. The active reshaping of our portfolio and restructuring at some of our portfolio companies contributed to the 18% TSR over the last three years.

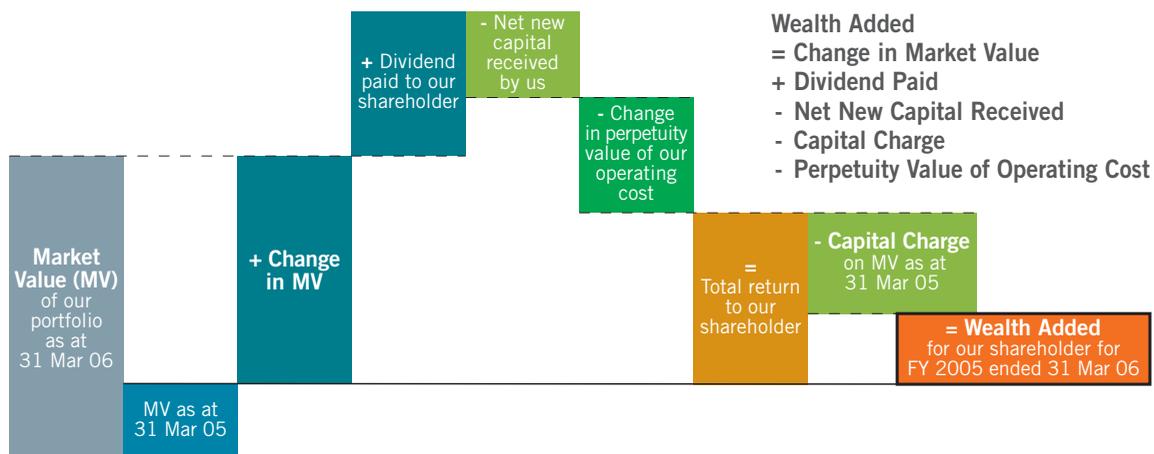
## An Alignment with Shareholder Value

We track Wealth Added (WA) as a key performance indicator. Our group WA for the year was S\$15 billion, with S\$6 billion from direct investment activities.

The key benefit of using WA as a performance indicator is that it takes into account the risk-adjusted return, called the capital charge, that an investor would expect. It factors in the capital employed to achieve the returns, and the risk associated with each investment.

To earn positive WA for our shareholder, Temasek must deliver a return that is higher than its capital charge. The return calculation for Temasek also explicitly takes into account any change in the perpetuity value of the current costs of operating Temasek.

### WEALTH ADDED MEASURES EXCESS RETURNS OVER HURDLE



#### Calculating Wealth Added

The total return to a shareholder is calculated as the change in the market value of the investments (or the change in book value in the case of unlisted assets), plus dividends to the shareholder, adjusted for any net new capital from the shareholder. In the case of Temasek, the total return to our shareholder is further adjusted for any change in the perpetuity value of the costs of operating Temasek, i.e. the change in the present value of a recurring stream of the current costs of operating Temasek.

The capital charge or minimum required return for the shareholder is defined as a risk-adjusted cost of capital return on the market value of his portfolio at the start of the year.

The Wealth Added for the shareholder is his total return less the capital charge.

#### Example:

Consider a listed investment that has a market value of \$1,000 at the start of the year, which then rises to \$1,200 at the end of the year. The investment pays dividends of \$50 during the year, and issues \$120 of new equity during the year. Assume the cost of capital is 10%, giving a capital charge of \$100, or 10% x \$1,000 on the starting market value.

The wealth added created by this investment for its shareholder is therefore = (1,200 - 1,000) + 50 - 120 - (10% x 1,000) = \$30.

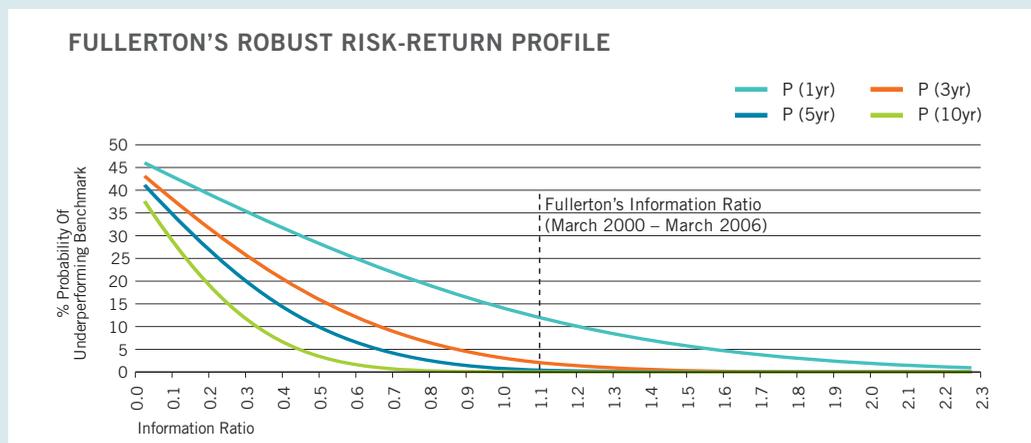
## From Treasury to Fund Manager

Started as an in-house treasury and fund management department of Temasek in the late 80s, Fullerton Fund Management Company (Fullerton) was incorporated in December 2003. It received its fund management licence from the Monetary Authority of Singapore in August 2004. Its operations cover money markets, fixed income, public equities, currencies and hedge funds, specialising in the Asian markets.

Fullerton has consistently delivered good risk-adjusted returns and relative out-performance for Temasek. As at 31 March 2006, its three-year overall portfolio return for Temasek was a creditable 12.5% per annum with robust Information and Sharpe ratios<sup>1</sup> of 1.6 and 2.1 respectively. Its six-year portfolio return through a cycle of bear and bull markets between March 2000 and March 2006 was 5.7% with steady Information and Sharpe ratios of 1.1 and 0.7 respectively.

Since receiving its operating licence, Fullerton has launched six commingled funds for selected investors. It has joint-venture asset management companies in India and Pakistan, and collaborates with Monex Beans Holdings, Japan's second largest Internet broker, to co-manage and co-distribute an Asian fund of hedge funds. It continues to explore business opportunities in the major markets in Asia, such as China and Korea.

Fullerton has over 50 staff, covering fund management, risk management, performance measurement, operations, legal & compliance as well as marketing. The company has an eight-member Board with two Board committees, namely the Audit & Risk Committee and the Executive Resources & Compensation Committee.



1. Information and Sharpe ratios of above 0.5 and 1.0, respectively, are generally regarded as good.

## From the Chairman

Financial year 2005<sup>1</sup> was another busy year.

We made S\$21 billion of new investments, and monetised S\$13 billion of our portfolio.

The market value of our portfolio rose 24% to S\$129 billion. Our shareholder funds grew by 28% to S\$91 billion.

Our asset exposure to Singapore increased 14% from S\$50 billion to S\$57 billion, while the rest of Asia outside Singapore and Japan now forms about a third of our overall portfolio exposure.

We continue to maintain a cautious medium-term outlook for Asia, reinforced by a soft forward view of the global economy in the next few years.

### SHAREHOLDER RETURN

Group net profit rose 71% to S\$13 billion. This was driven by solid realised returns at the Temasek company level, plus the strong operating performance at our portfolio companies.

We delivered a robust total shareholder return of 24% by market value, including dividends, and 28% by shareholder funds for the year.

Group wealth added was S\$15 billion, with S\$6 billion contributed by our investment activities at the Temasek level. This measures our excess shareholder return above a risk-adjusted aggregate cost of capital hurdle, taking into account any net new capital and any changes in perpetuity value of our current operating costs.

Total shareholder return since inception in 1974 remains a healthy 18% by market value, and 17% by shareholder funds, including an average annual dividend yield of more than 7% to our shareholder.

### MANAGING FOR SUSTAINABLE VALUE

The growing economies in Asia continue to hold much promise for the long term, though we can expect bumps along the way.

The banking and financial services sector provides a broad-based exposure to Asian emerging economies.

1. Financial year 2005 (FY 2005) refers to financial year ended 31 March 2006.



In recent years, China has undertaken bold measures to strengthen its banking system. The management leadership and political commitment to reform and restructure their leading banks have also been impressive. These will have significant long-term benefits for the Chinese economy.

Accordingly, some of our largest investments went into China's banking sector through Asia Financial Holdings. Bank of America is a co-investor in China Construction Bank, while Royal Bank of Scotland and UBS are co-investors in Bank of China.

In July 2006, we completed our purchase of an 11.5% stake in Standard Chartered (Stanchart) from the Tan Sri Khoo Teck Puat Estate. Driven by an experienced and well respected management team, Stanchart will increase our long-term exposure to Hong Kong, South Korea, as well as several emerging Asian economies, including the Middle East and Africa.

The telecommunications sector is a proxy for the rising middle class in Asia. The long-term economic prospects of Thailand and her dynamic telecommunications sector led us to join a consortium of Thai investors to invest in Shin Corp. This gives us exposure to Thailand's growing middle class via Advanced Info Service, the leading mobile telecommunications associate of the group with more than 16 million subscribers.

In March 2006, we placed out 770 million SingTel ordinary shares worth over S\$2 billion. This helped us achieve our target of increasing its free float to more than 40%. The improved liquidity and resultant wider institutional investor base are expected to benefit all SingTel shareholders, including ourselves, in the longer term.

In total, telecommunications companies in our portfolio, including ST Telemedia, India's Tata Teleservices, and Japan's eMobile, cover 120 million wireless subscribers across Asia.

The financial services and telecommunications and media sectors form 61% of our portfolio by industry, compared to 54% a year earlier.

Overall, we have increased our non-Singapore Asia exposure (excluding Japan) to 34%, up from 19% a year earlier. This brings us closer to our long-term balanced portfolio target of approximately one-third exposure to Singapore, one-third to the rest of Asia outside Japan, and the balance one-third to the OECD (excluding Korea), and other economies.

## PARTNERING ASIA FOR GROWTH & DEVELOPMENT

As value investors, we look for opportunities to benefit from, as well as to contribute to, the growth and development of Asian economies over the long term.

One example is Bank Danamon, Indonesia's fifth largest commercial bank. Danamon introduced an innovative technology-enabled savings and loan initiative known as *Danamon Simpan Pinjam*. This helps the under-banked segment of the emerging middle class population to access credit and banking facilities to meet the needs of small businesses and families.

We believe such innovative business models can be adapted to other markets in Asia. It allows us to benefit from the growth of the emerging middle class, while contributing positively to their economic and social opportunities. Already, another subsidiary of Asia Financial Holdings, First India Credit Corporation, a Category A Non-Banking Finance Company, has launched pilot schemes to test the viability and relevance of such a model for India.

We continue to partner stakeholders in key markets in Asia to promote professional and institutional exchanges. The annual Asia Banking CEO Roundtable, inaugurated in 2004, continues to be a platform for leading bank chairmen and CEOs around Asia to share their experiences, knowledge and perspectives. Temasek continues to co-host this event in partnership with leading Asian banks.

We also support opportunities to share and exchange ideas and experiences on governance among Asian players. One example is a series of SASAC-Temasek Directors Forums which we co-organised in Singapore with China's State-owned Assets Supervision and Administration Commission (SASAC).

Since August 2002, we have sponsored the Temasek Life Sciences Laboratory (TLL) to undertake cutting edge and applied research in molecular biology and genetics. On the public service front, TLL has hosted a series of biosafety training programmes for 320 regional participants from 11 countries. This supports efforts by international agencies such as the World Health Organisation as well as American, Canadian and Singapore agencies to build up capability for a first line of defence against a pandemic outbreak in the region.

## STRENGTHENING OUR INSTITUTION

Over the last two years, we set in place three public markers as part of our institutional framework for financial discipline.

The first is our long-term shareholder return of 18% compounded annually since inception. This performance indicator was first made public in February 2004 and has been maintained since. Together with the release of our group results, this performance marker serves as a reminder for us to deliver long-term value.

The second part of our institutional framework was the rating of our corporate credit by Standard & Poor's and Moody's. Their respective ratings of AAA/Aaa in October 2004 reflected our liquidity profile as an investment holding company, as well as the strong asset quality of our portfolio. More important is our continued engagement with these rating agencies whenever we make major investments or reshape our portfolio.

In September 2005, we issued our global bond of US\$1.75 billion of 10-year 4.5% fixed-rate notes. Forming the third public marker, this maiden bond broadens our engagement with the global capital markets.

Aside from these institutional markers, we also continued to strengthen our operations through systematic improvements to our internal systems and processes. These changes guide our investments, mitigate our risks and strengthen our legal and compliance functions.

Amidst a packed calendar, we completed the implementation of a straight-through-processing system. This streamlines our processes and minimises settlement risks.

We established an operational risk function, and separated legal & regulatory compliance from internal compliance. We have also updated our ethics and personal account dealing policies, expanded our mandatory leave requirements and implemented a whistle blowing policy. Our technology platform enables our compliance processes to be more robust.

Not least, we developed business continuity plans for all of our offices. Key processes and supporting infrastructure were reviewed and vulnerable areas were fortified.

## OUR PEOPLE, OUR COMMUNITY

As we grow our portfolio, we also grow the diversity of our team in Temasek.

There are more than a dozen different nationalities among our staff. They include American, Canadian, Chinese, Indian, Lebanese, Malaysian, Russian, South African and Vietnamese nationals. Close to 40% of our senior leadership is non-Singaporean. This diversity helps extend our reach in geography and industry know-how, expands our horizon and thinking, and deepens our understanding of new markets.

I am encouraged by our efforts to provide our staff a platform for success, building on a culture of integrity and excellence, as well as a strong sense of personal ownership. They are supported by various initiatives and tools for them to take ownership and develop themselves to achieve their personal best. These range from self-approval of leave, to 360° feedback and various learning opportunities.

Beyond Temasek, we continue to support the larger community in which we operate. These range from the *Temasek Cares* volunteer support initiated by our staff for the elderly residents in the Singapore Leprosy Relief Association Home and the young residents in the Spastic Children's Association of Singapore, to our post-tsunami contribution to rebuild lives and infrastructure around the region. Our community partners range from the Red Cross of Thailand for the post-tsunami reconstruction projects to the Singapore Exchange for *The Bull Run™* charity fund-raising event in Singapore.

Another initiative for community development is our commitment of up to ten annual scholarships each year for central bankers and financial regulators in Asia to take up the Master of Science in Wealth Management. This graduate course is organised by the Wealth Management Institute in collaboration with the Singapore Management University and the Swiss Finance Institute. To date, a total of 12 young central bankers from around Asia have successfully completed this intensive Masters degree course. This is also an opportunity for Asia's future leaders in the financial sector to network among themselves, as they deepen their knowledge, skills and exposure to a fast changing Asia.

Whether it is bringing together students, CEOs or future leaders from Asia through various forums, camps or networking opportunities, or sponsoring research scholars in diverse fields through the Singapore Millennium Foundation, we hope to be a catalyst among many for a peaceful and prosperous Asia.

Going forward, we will be setting up a trust to focus our efforts in contributing to the development of people in Asia. We have been preparing for this by putting aside funds over the past three years, for each year of positive wealth added. We intend to launch this some time before the end of this financial year.

## **BOARD CHANGES**

I am very pleased that Mr Simon Israel, a Temasek Board member since August 2005, has joined our senior leadership team as an Executive Director with effect from 1 July 2006. His vast experience in consumer markets across Asia adds a valuable dimension to our deliberations and decisions.

I am also happy to have Mr Goh Yew Lin join our Board in August last year. His extensive knowledge of the region and thoughtful participation have brought us fresh perspectives.

Once again, I would like to place on record the Board's gratitude and my personal thanks to Mr Fock Siew Wah and Mr Ng Kok Song, who retired from our Board in 2005. Siew Wah served on our Board for 15 years and could always be relied on for his wisdom. Kok Song's insights into the fund management industry were very helpful in guiding our development. We value their contributions to Temasek and miss them both.

## **APPRECIATION**

We have had a good year. We continue to strengthen our foundation for long-term returns.

I am deeply grateful for the friendship and support of the global leaders on our Temasek International Panel. Their frank insights and deep perspectives have helped us sharpen our strategic approach and focus.

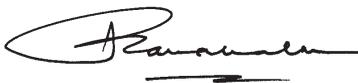
Similarly, my heartfelt thanks go to our friends and partners on the Temasek Advisory Panel. They have added depth and breadth to our capacity and capability through their advice, support and active involvement in many areas.

I would also like to thank our Board, management and staff, past and present. Their dedication, enterprise and energetic persistence have transformed Temasek. Their insights and contributions have been instrumental in creating and delivering value to all of our stakeholders.

The boards, management and staff in our portfolio companies too deserve deep thanks. From chairmen to cleaners, from cabin crews to crane operators, it is their vision, discipline and commitment over the years to deliver that have helped their respective companies achieve strong results and sustainable businesses. They have planted the trees that their future generations can enjoy.

I am most appreciative of our stakeholders' support. From our shareholder and bondholders to our partners, from the interested public and friends to governments and regulators across Asia, we owe our success to their support, guidance and interest in our progress.

We will continue our journey to grow with Singapore and Asia and contribute to their development through successful enterprise.



**S DHANABALAN**

Chairman

August 2006



与其临渊羡鱼  
不如退而结网

*Rather than stand by the water and long for fish  
Why not go weave a net*

– CHINESE PROVERB

# Group Financial Summary

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## Statement by Auditors to Temasek

Under the Singapore Companies Act, Temasek Holdings (Private) Limited (“Temasek”) is by definition an exempt private company. Accordingly, Temasek is not required to publish its audited financial statements.

We have audited the company and the consolidated financial statements of Temasek for the financial years ended 31 March 2002, 2003, 2004, 2005 and 2006 in accordance with the Singapore Standards of Auditing. The auditors’ reports, in respect of the company and the consolidated financial statements of Temasek for each of the financial years ended 31 March 2002, 2003, 2004, 2005 and 2006 respectively, were unqualified.

The Group Financial Highlights set out on pages 32 to 33 and the consolidated financial information set out on pages 34 to 37, were prepared and presented by Temasek based primarily on the audited consolidated financial statements of Temasek for the financial years ended 31 March 2002, 2003, 2004, 2005 and 2006.

The consolidated financial information comprising Group Income Statements, Group Balance Sheets and the Group Cash Flow Statements set out on pages 34 to 36 were properly summarised from the underlying audited consolidated financial statements of Temasek for the financial years ended 31 March 2002, 2003, 2004, 2005 and 2006 respectively. The Group Statement of Changes in Equity set out on page 37 were properly summarised from the underlying audited consolidated financial statements of Temasek for the financial years ended 31 March 2005 and 2006 respectively.



**PricewaterhouseCoopers**

Certified Public Accountants

Singapore

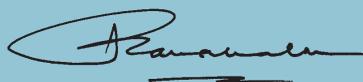
## Statement by Directors

Our auditors have expressed an unqualified opinion on the audited company and audited consolidated financial statements of Temasek Holdings (Private) Limited (“Temasek”) for each of the financial years ended 31 March 2002, 2003, 2004, 2005 and 2006.

The Group Financial Highlights and consolidated financial information set out on pages 32 to 37 are the responsibility of the directors of Temasek.

These Group Financial Highlights and consolidated financial information were prepared and presented by Temasek based primarily on the audited consolidated financial statements of Temasek for the financial years ended 31 March 2002, 2003, 2004, 2005 and 2006.

On behalf of the directors



**S DHANABALAN**

Chairman



**LIM SIONG GUAN**

Deputy Chairman

## Group Financial Highlights

GROUP INCOME STATEMENTS (IN S\$ BILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH					
	2002	2003	2004	2005	2005* (RESTATED)	2006*
Revenue	42.6	49.6	56.5	68.7	67.5	79.8
Profit before exceptional items	4.8	4.1	7.4	10.1	9.4	14.9
Net profit attributable to equity holder	4.9	0.2	7.4	7.6	7.5	12.8

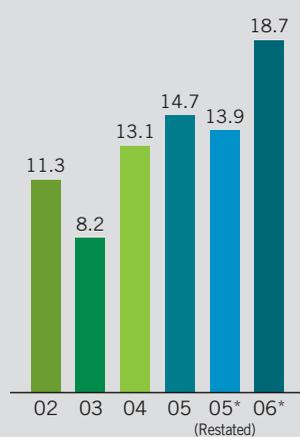
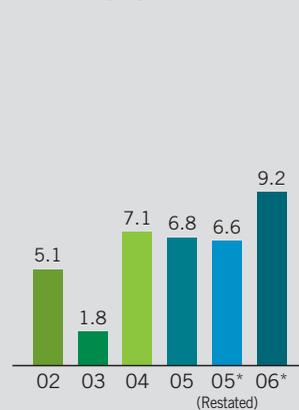
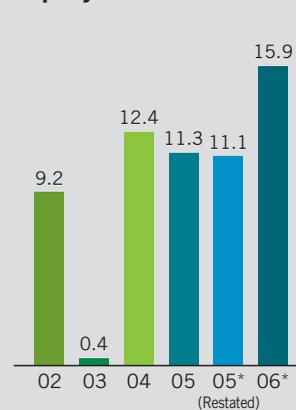
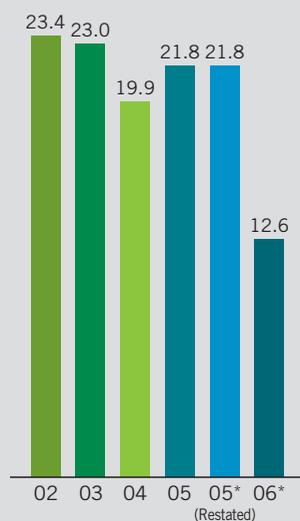
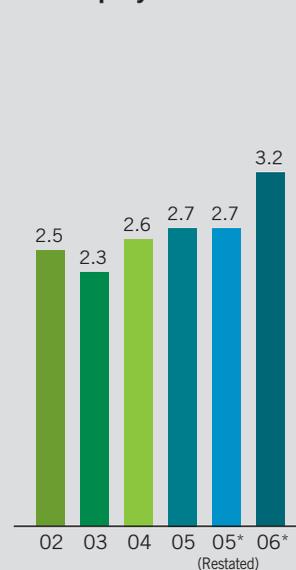
  

GROUP BALANCE SHEETS (IN S\$ BILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH					
	2002	2003	2004	2005	2005* (RESTATED)	2006*
Total assets	146.4	140.0	180.8	199.1	199.1	213.7
Shareholder equity	54.5	54.5	64.5	70.9	70.9	90.6
Net debt **	22.3	22.1	21.9	26.9	26.9	16.7

\* Numbers for the financial years ended March 2006 and 2005 (restated) are in compliance with current year's new or revised Financial Reporting Standards (FRS). The main changes came from compliance with FRS 1, FRS 32, FRS 39, FRS 102, FRS 103 and FRS 105, which includes changes in the presentation of financial statements, for example reclassification of revenue, interest income and non-operating items.

\*\* Total debt less cash and cash equivalents (excluding customer deposits at banks).

## FOR THE YEAR ENDED 31 MARCH

Profit Margin (%)<sup>1</sup>Return On Average Assets (%)<sup>2</sup>Return On Average Equity (%)<sup>3</sup>Net Debt\*\* To Capital (%)<sup>4</sup>EVA (S\$ Billion)<sup>5</sup>VA/Employment Cost<sup>6</sup>

1. Profit before exceptional items, expressed as a percentage of revenue.
2. Profit after tax before minority interest, add back financing cost, expressed as a percentage of average total assets.
3. Net profit attributable to equity holder of the company expressed as a percentage of average shareholder equity.
4. Net debt expressed as a percentage of the sum of shareholder equity, minority interests and net debt.
5. Economic value added attributable to investors.
6. Gross value added per dollar of employment cost.

## Group Income Statements

(IN S\$ MILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH					
	2002	2003	2004	2005	2005* (RESTATED)	2006*
Revenue	42,560	49,645	56,468	68,705	67,520	79,822
Cost of sales	(29,337)	(34,604)	(37,659)	(44,876)	(43,780)	(53,309)
Gross profit	13,223	15,041	18,809	23,829	23,740	26,513
Other operating income	461	998	1,482	1,058	3,334	7,678
Expenses: Selling & Distribution	(2,591)	(3,255)	(3,559)	(3,729)	(3,939)	(4,086)
Administrative	(4,357)	(5,239)	(5,722)	(7,003)	(7,003)	(8,040)
Finance	–	–	–	–	(2,120)	(2,415)
Other operating expenses	(1,912)	(3,482)	(3,633)	(4,054)	(4,648)	(4,758)
Profit before exceptional items	4,824	4,063	7,377	10,101	9,364	14,892
Exceptional items	332	(2,564)	2,165	404	404	1,666
Profit after exceptional items	5,156	1,499	9,542	10,505	9,768	16,558
Non-operating items	2,731	(263)	1,077	1,108	–	–
Finance income	668	355	619	574	–	–
Finance costs	(1,468)	(1,666)	(1,724)	(2,120)	–	–
Share of results of associated companies and partnerships	402	1,078	2,225	2,853	2,136	2,158
Share of results of joint ventures	(39)	113	34	356	311	268
Profit before income tax	7,450	1,116	11,773	13,276	12,215	18,984
Income tax expense	(1,980)	(275)	(2,050)	(2,521)	(1,837)	(2,518)
Profit from continuing operations	5,470	841	9,723	10,755	10,378	16,466
Profit from discontinued operations	–	–	–	–	31	67
Total profit	5,470	841	9,723	10,755	10,409	16,533
Attributable to:						
Equity holder of the Company	4,923	241	7,365	7,647	7,521	12,827
Minority interests	547	600	2,358	3,108	2,888	3,706
Total profit for the financial year	5,470	841	9,723	10,755	10,409	16,533

## Group Balance Sheets

(IN S\$ MILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH					
	2002	2003	2004	2005	2005* (RESTATED)	2006*
Shareholder equity	54,468	54,516	64,522	70,890	70,890	90,630
Minority interests	18,525	19,227	23,862	25,325	25,325	25,412
	72,993	73,743	88,384	96,215	96,215	116,042
Property, plant and equipment	58,958	57,005	61,558	69,268	69,268	65,552
Intangibles	13,047	12,672	13,543	14,714	14,714	14,481
Investments	16,594	17,717	27,339	28,880	16,976	27,137
Financial assets	–	–	–	–	13,829	27,529
Investment properties	8,976	8,159	8,159	7,848	7,848	1,817
Properties under development	1,042	367	370	453	453	518
Other non-current assets	2,757	3,004	6,488	8,587	8,266	9,972
Deferred tax assets	930	1,566	1,645	2,138	2,138	1,735
Current assets	44,103	39,460	61,695	67,219	65,614	64,987
Current liabilities	(32,067)	(29,811)	(45,779)	(51,026)	(50,901)	(52,269)
Net current assets	12,036	9,649	15,916	16,193	14,713	12,718
	114,340	110,139	135,018	148,081	148,205	161,459
Non-current liabilities	(41,347)	(36,396)	(46,634)	(51,866)	(51,990)	(45,417)
	72,993	73,743	88,384	96,215	96,215	116,042

\* Numbers for the financial years ended March 2006 and 2005 (restated) are in compliance with current year's new or revised Financial Reporting Standards (FRS). The main changes came from compliance with FRS 1, FRS 32, FRS 39, FRS 102, FRS 103 and FRS 105, which includes changes in the presentation of financial statements, for example reclassification of revenue, interest income and non-operating items.

## Group Cash Flow Statements

(IN S\$ MILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH					
	2002	2003	2004	2005	2005* (RESTATED)	2006*
Operating cash flow before working capital changes	9,520	11,180	13,936	16,555	16,854	18,661
Change in working capital	6,236	304	(2,535)	(4,054)	(4,353)	2,577
Cash generated from operations	15,756	11,484	11,401	12,501	12,501	21,238
Income tax paid	(1,310)	(1,331)	(1,151)	(1,480)	(1,480)	(1,558)
Net cash inflow from operating activities	14,446	10,153	10,250	11,021	11,021	19,680
Net cash outflow from investing activities	(16,363)	(6,418)	(7,701)	(4,765)	(4,765)	(16,509)
Net cash inflow/(outflow) from financing activities	4,181	(7,922)	6,770	(4,793)	(4,793)	(238)
Net increase/(decrease) in cash and cash equivalents held	2,264	(4,187)	9,319	1,463	1,463	2,933

\* Numbers for the financial years ended March 2006 and 2005 (restated) are in compliance with current year's new or revised Financial Reporting Standards (FRS). The main changes came from compliance with FRS 1, FRS 32, FRS 39, FRS 102, FRS 103 and FRS 105, which includes changes in the presentation of financial statements, for example reclassification of revenue, interest income and non-operating items.

## 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 April 2005 (Restated)*</b>	28,999	41,414	477	25,325	96,215
Effects of adopting FRS	1,383	46	–	52	1,481
Net profit for the financial year	–	12,827	–	3,706	16,533
Others, net***	9,876	(3,686)	(706)	(3,671)	1,813
<b>Balance at 31 March 2006</b>	<b>40,258</b>	<b>50,601</b>	<b>(229)</b>	<b>25,412</b>	<b>116,042</b>
	← (Restated)* →				
<b>Balance at 1 April 2004</b>	28,117	35,448	957	23,862	88,384
Goodwill previously charged to reserves realised on disposal of/dilution of interests in subsidiary and associated companies	61	280	–	–	341
Net profit for the financial year	–	7,521	–	2,888	10,409
Others, net***	821	(1,835)	(480)	(1,425)	(2,919)
<b>Balance at 31 March 2005</b>	<b>28,999</b>	<b>41,414</b>	<b>477</b>	<b>25,325</b>	<b>96,215</b>

\*\*\* Comprises of movement during the year including but not limited to:

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



*We must learn to do things today with  
tomorrow very clearly in our minds*

– S RAJARATNAM

# Our Investments



# From Singapore to Asia and Beyond

## THE STARTING POINT

We began our journey as an investment holding company 32 years ago. Some S\$350 million worth of assets held by the Minister for Finance (Incorporated) were transferred to Temasek.

Our mandate then and now is to invest, manage and add value to our portfolio as an owner of our assets and investments.

We operate on a flexible investment horizon, and have the option of taking concentrated risks. We may choose to remain in cash if the returns do not justify the risks.

Commercial discipline and an ownership mindset are key operating philosophies which guide our decisions.

## MANAGING FOR VALUE

To date, we have delivered a total shareholder return (TSR) by market value of 18% compounded annually since inception, including an average annual dividend yield of more than 7% to our shareholder. Our total portfolio value stands at S\$129 billion as at 31 March 2006, up from S\$350 million at our incorporation 32 years ago.

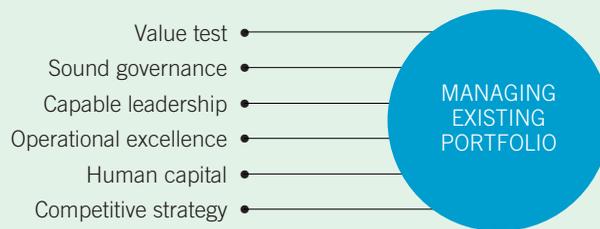
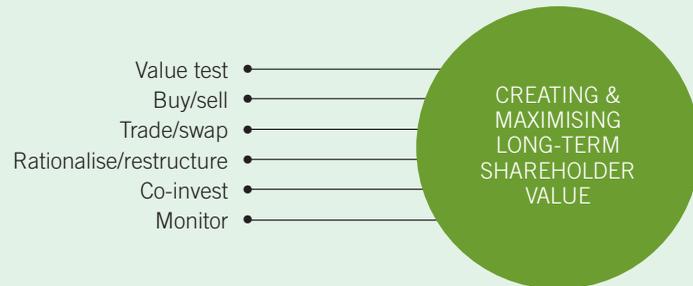
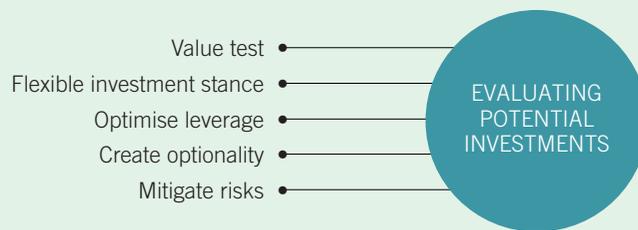
We regularly monitor the performance of our existing portfolio companies and investments. We remain open at all times to maintain, increase or reduce our holdings, based on our value tests. New investments are made or existing ones divested, as part of our overall portfolio re-balancing for sustainable returns.

Long held investments reflect our fundamental confidence in the growth of a sector, an economy or an investment thesis. An example is the concentrated positions that we had taken in an emerging Singapore.

We have exited investments in the past, and re-entered some of them when attractive opportunities presented themselves. Underperforming companies that cannot be restructured or turned around are divested or closed.

As a shareholder, we actively engage our various stakeholders. These include the boards and managements of our portfolio companies, our fellow shareholders, regulators and other market participants. This approach not only helps us validate our own analyses, but also tests our judgment or investment theses against independent third-party perspectives.

## MANAGING FOR VALUE



## ENGAGING ASIA

In the medium term, we maintain a cautious investment stance in the face of global uncertainties.

Our confidence in a developing Asia is reflected in our eight to ten-year portfolio target of one-third exposure to Singapore, one-third to the rest of Asia (excluding Japan), and the remaining one-third to OECD (excluding Korea) and other economies.

We continue to build our exposure to Asia through four investment themes:

**Rising Asian Economies**

**Growing Middle Class**

**Deepening Comparative Advantages**

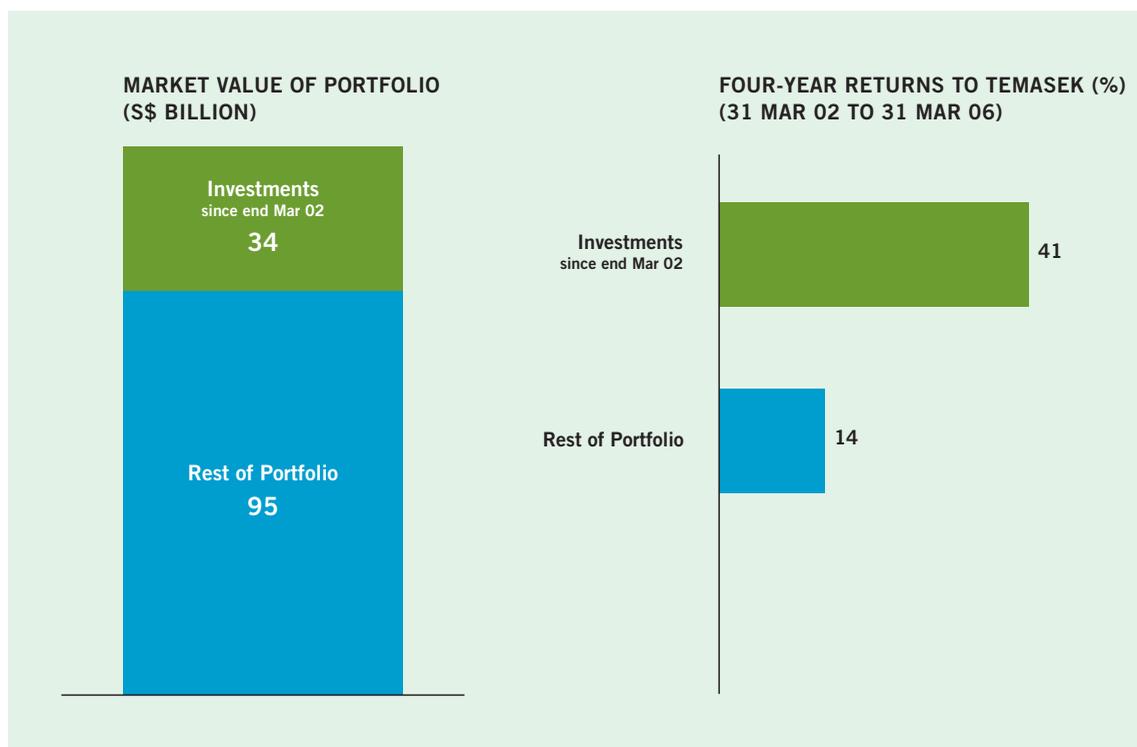
**Emerging Champions**

Our focus on Asia through these themes has reshaped our portfolio in both geographical and sector mix. The underlying exposure to Singapore now constitutes 44% of our enlarged portfolio as at end March 2006. Our exposure to the rest of Asia (excluding Japan) stands at 34%, up from 19% in the previous year. This brings our overall Asia exposure (excluding Japan) to 78%, compared to 68% a year earlier.

New investments made since early 2002, when we began actively engaging with Asia, have now grown to S\$34 billion in market value. These gave us a four-year total compounded return of 41% per year. Over the same period, the rest of our then existing portfolio saw a swift 2004 recovery from the sharp decline in market value due to the SARS epidemic in early 2003, and yielded a steady four-year compounded return of 14% per annum to us.

INCREASING ASIA EXPOSURE (%)	31 MAR 05	31 MAR 06
Singapore	49	44
Rest of Asia (excluding Japan)		
– North Asia (China, Taiwan, Korea)	8	19
– ASEAN (excluding Singapore)	9	12
– South Asia (India & Pakistan)	2	3
OECD Economies (excluding Korea)	30	20
Others	2	2

## PORTFOLIO RESHAPING YIELDS RETURNS



## Rising Asian Economies

Temasek benefited from its investments in an emerging Singapore in the 70s and 80s. The growth and development of Asia since the 90s is a reprise of the Singapore journey on a larger canvas as governments embark on reforms and connect their economies into the global market.

China and India have been achieving average annual growth rates of about 9% and 7% respectively over the last 10 years. Intra-Asia trade has also been growing rapidly and currently constitutes about 40% of global trade. Alongside Korea, Taiwan, Hong Kong and Singapore, various ASEAN economies were also among the earliest non-Japanese Asian economies to benefit from the global investment flows, including from Japan, in the 70s and 80s. While the 1997 Asian financial crisis was a major setback, Asia has resumed its growth powered by the post-crisis reform and restructuring and fuelled by the rise of a resurgent India and a dynamic China.

We accelerated our investments into Asia, as part of our overall portfolio rebalancing since 2002.

### CHINA

As China grows, we invest in long-term opportunities at two levels.

First are sectors that provide broad-based correlation for the economic transformation of China. These include the financial & banking, energy & resources, as well as the infrastructure sectors. Following our US\$1.5 billion investment for an initial 5% stake in China Construction Bank in August 2005, we also invested US\$1.5 billion for a 5% stake in Bank of China in December 2005. We made additional follow-on investments when these banks were listed. Both investments are held through our subsidiary, Asia Financial Holdings (AFH).

The second level covers promising businesses which serve the needs of the growing middle class and facilitate the integration of China with the regional and global economies. An example is our investment in Hopson Development Holdings, a major developer of residential properties in China.

We also participated in the restructuring of China Aviation Oil (Singapore), with a minority co-investment stake alongside BP, the global oil major. This investment in China's dominant jet fuel importer anticipates the continued growth in the air travel sector in China.

## INDIA

India continues to hew to its path of economic and market reforms.

Our focus is on companies that benefit from a rapidly growing domestic market as well as those enjoying growing comparative advantages in the global market. These companies have the benefit of a skilled and literate workforce with relatively low labour costs in selected areas.

Mahindra & Mahindra is India's largest utility vehicle and tractor manufacturer. It not only has a dominant position in the Indian agricultural machinery sector, but also has a strong following in the rising domestic automotive market through its award-winning flagship vehicle, the Scorpio SUV. Likewise, Shringar Cinemas, one of India's leading movie multiplex chains, provides us with an exposure to the growing demand for modern integrated retail and entertainment venues in India. In March 2006, we also invested in Tata Teleservices, one of India's leading telecom service providers.

Our June 2005 investment in Apollo Healthstreet, a medical business process outsourcing (BPO) and IT services company that specialises in servicing US-based clients, increased our exposure to India's comparative advantage in global outsourcing. A similar investment is Indian pharmaceutical firm Medreich, which provides drug formulation and manufacturing services for a wide range of generic products to leading global pharmaceutical companies. In April 2006, Temasek made a follow-on investment in ICICI OneSource, another of India's leading BPO providers.

As part of our exposure to infrastructure in India, we partnered Reliance Energy for a 50% stake in the US\$200 million Reliance India Power Fund in April 2006. The investment followed our earlier investment in Reliance Energy, the largest private sector power generation and distribution company in India, to participate in the rapidly growing power industry.

## ASEAN

A resource-rich region with a population of over 500 million, ASEAN's trade with China and India has been growing rapidly on the back of its resources as well as its long held strengths in consumer electronics and contract manufacturing.

To tap the region's strength in primary industries, Temasek co-invested with Cargill in oil palm plantations in Indonesia and Papua New Guinea. With about 90,000 hectares, the joint-venture company, CTP Holdings, is majority-led and managed by Cargill. We also own 30% in PT Chandra Asri, Indonesia's largest producer of ethylene, a key feedstock for petrochemical products.

## ELSEWHERE IN ASIA

In March 2006, we entered into an agreement to acquire an 11.5% stake in Standard Chartered. This investment, completed in July 2006, helps to widen our exposure in emerging Asia, the Middle East and parts of Africa.

We invested approximately US\$400 million in E.Sun Financial Holding Company, the holding company of E.Sun Commercial Bank, and the E.Sun Group of companies. E.Sun is the fifth largest private sector bank in Taiwan with one of the fastest growing franchises in consumer mortgages, credit cards and SME loans.

Our interest in Japan is more recent. In March 2006, we acquired nearly 10% of i-Logistics Corporation, a general logistics firm with strong core capabilities in international multi-modal distribution services.



Rising Asian economy



Oil palm plantation

## Growing Middle Class



Growing middle class

As Asia develops, a growing middle class with increasing purchasing power will drive demand for services such as telecommunications, consumer finance, healthcare, and consumer products.

### **TELECOMMUNICATIONS & MEDIA**

India is a fast growing market for telecommunications services. As at May 2006, less than one in ten people own a mobile phone. Its average monthly subscriber growth rate of 4.5% is almost four times that of China. Our investment in March 2006 into Tata Teleservices gives us the opportunity to benefit from the surging demand for wireless telecommunications services in India.

Thailand is another promising economy in ASEAN, with its GDP growing at about 5% annually since 2000. We invested in Shin Corp, together with Thai investors in early 2006. This allows us to participate in the provision of telecommunications services for Thailand's steadily growing middle class.

In May 2006, we made a US\$106 million investment in eMobile, which is deploying a nationwide network in Japan to provide wireless services.

### CONSUMER BANKING AND FINANCE

In 2005, AFH took a majority stake in First India Credit Corporation (FICC) to provide financing to consumers, and small & medium enterprises across India. Taking a leaf from the successful roll-out of *Danamon Simpan Pinjam* for the small savings and loans market in Indonesia, FICC has established about 20 pilot programmes in different cities in India to test this technology-enabled approach to serve the emerging middle class.

### FOOD & LIFESTYLE

Vietnam is a fast growing market as its government pushes for economic and market reform. Its growing middle class has seen significant improvements in their earnings and purchasing power.

In September 2005, we took a 5% stake in a leading Vietnamese confectionery maker, Kinh Do. It has a 50% market share in Vietnam and also distributes its products into neighbouring Cambodia.

### OTHER INVESTMENTS

In December 2005, Temasek partnered Troika Dialog Asset Management to establish the Russia New Growth Fund LP. Dedicated to investments in Russia, and the countries of the former Soviet Union, this private equity fund with an initial total commitment of US\$150 million seeks out investments that address the needs of the growing middle class in this region.



A thriving Asian marketplace



Breaking new ground in Russia

## Serving the Under-served

*The best way to find yourself  
is to lose yourself in the service of others*

– MAHATMA GANDHI

As Asia develops, many of her millions are jostling their way up into the growing middle class. This mass market of semi-skilled employees and self-employed small proprietors is a dynamic segment of the economy that is often overlooked and under-served.

Among other responsibilities, Asia Financial Holdings (AFH) provides the focal point for Temasek to tap into the growth opportunities to serve the emerging middle class. This is a win-win proposition for us to benefit from as well as contribute to the growth of a thriving Asia.

In Indonesia, the *Danamon Simpan Pinjam* (DSP) savings and loan model is the result of a successful collaboration and transfer of AFH's technical know-how and execution capabilities in the mass market segment. Through a network of more than 700 outlets and close to 7,000 employees, DSP serves a potential market of 19 million traditionally non-bank customers throughout Indonesia. Its relationship officers come from, and are deeply embedded in, the local communities that they serve. They are knowledgeable and are intimately linked to the day-to-day activities of their DSP customers. They are also proud to be part of a successful business that can make a difference in people's lives. The introduction of DSP has proven that micro-financing can be an important part of the banking business – its mass market customers now have an avenue to responsible financing, and are served by individuals who care and treat them with respect and dignity.

Danamon's own employment more than doubled with the introduction of new business models like DSP. Such business innovations serve a useful social function by opening up credit facilities to the lower income population, while creating more jobs within the bank itself.

With the success of Danamon's DSP model, AFH is now engaged in rolling out similar services in other parts of Asia.

## Deepening Comparative Advantages

Companies may develop distinctive competitive advantages, while economies may deepen their comparative advantages as the world adjusts to a globalised value chain.

### **AUTOMOTIVE**

Besides offering a growing market that desires mobility, Asia also provides a competitive manufacturing base for automobiles and automotive parts.

In December 2005, we participated as a cornerstone investor in the initial public offering of China's Dongfeng Motor Group. Dongfeng is one of the top three automobile producers in China with a portfolio of passenger cars, commercial vehicles, engines and automotive parts.

In May 2006, we completed our investment in Neumayer Tekfor, a global producer of precision automotive parts. Headquartered in Germany, it has established a joint-venture to supply engine components for the Indian market.

### **BIOSCIENCE & HEALTHCARE**

Over the last financial year, our investments in this sector ranged from biotechnology to pharmaceutical and healthcare services companies, covering India, China, Thailand, Europe as well as the USA.

In June 2005, we partnered Zuellig and Quintiles to form a pharmaceutical sales and commercialisation joint-venture, Asia Pacific Pharmaceutical Holdings (APPH). APPH, through its operating company, PharmaLink, has over 2,000 sales representatives in 11 Asian economies and will acquire Asian sales and marketing rights for branded drugs.

In January 2006, we co-invested with Istithmar PJSC of Dubai in Thailand's healthcare sector, each taking about 6% in Bumrungrad Hospital. Bumrungrad is one of the largest hospitals in Southeast Asia and the first in Asia to be accredited by the US-based Joint Commission on International Accreditation. It has an international reputation for premier healthcare services.

## ENERGY & RESOURCES

The demand for energy and other resources continues to rise. Notably, water will be increasingly scarce.

In April 2005, we joined a Rolls-Royce-led US\$100 million consortium to develop high temperature solid oxide fuel cells for one to two megawatt power systems. This can potentially feed the increasing demand for environmentally-friendly and fuel-efficient power generation.

Likewise, our 50% stake in SingSpring gives us the opportunity to ride the growing need for water resources in Singapore. This is a desalination facility in Singapore built by Hyflux, one of Asia's leading water purification and fluid treatment companies.



Research in genetics



SingSpring desalination facility

## TECHNOLOGY

In November 2005, Temasek committed US\$10 million in a venture capital fund, GSR Ventures. This fund focuses on wireless, Internet, new media, semiconductor and other technology-rich companies in China.

In December 2005, we co-invested with Silver Lake Partners and KKR, two major USA private equity firms, in the US\$2.7 billion carve-out of the Semiconductor Products Group of Agilent Technologies to form Avago Technologies. Avago manufactures analogue and optoelectronic components, deriving about 60% of its revenues from Asia. This was the largest private equity buyout of a semiconductor company.

## From Laboratory to Industry and Community

*To see a world in a grain of sand  
And a heaven in a wild flower,  
Hold infinity in the palm of your hand  
And eternity in an hour*

– WILLIAM BLAKE

Temasek Life Sciences Laboratory (TLL) was established in August 2002 to undertake research at the molecular and genetics levels, and apply the findings to areas such as plant science and the control of infectious diseases.

Funded principally by Temasek, TLL is guided by an eminent scientific advisory board, chaired by Nobel Laureate Paul Nurse. It has evolved into a collegial and productive environment with 190 multinational researchers, half of whom are Singaporeans and the rest from China, India, Russia and elsewhere in the world. In less than four years, TLL has produced 25 patented inventions and more than 160 publications, a quarter of which were in top research journals like *Nature*.

Affiliated to the National University of Singapore and the Nanyang Technological University, TLL currently supervises 45 PhD candidates. It has good ties with leading institutions in Asia, such as the Beijing University in China, the RIKEN Centre for Developmental Biology in Japan and the Tata Institute of Fundamental Research in India.

### PLANT SCIENCE

TLL has successfully translated its work from laboratory to field applications.

Its molecular pathogenesis group discovered that a unique transformation of the rice host at the molecular level provides some natural resistance to blight-causing bacteria. This transformation could also take place in human and animal hosts. This promising discovery against rice blight bacteria was published in the prestigious scientific journal, *Nature*.

Additionally, some insect resistant and herbicide-tolerant products from its cotton research group will undergo regulatory approval in major cotton-producing countries in the coming years.

## INFECTIOUS DISEASES

Infectious diseases like Severe Acute Respiratory Syndrome (SARS) and bird flu are potential pandemics.

Working with Singapore hospitals and DSO at the height of the SARS outbreak in 2003, TLL developed a SARS rapid test kit in three months, leveraging on research it had initiated earlier in 2002. This was deployed in Tan Tock Seng Hospital, which was the designated medical centre to handle SARS cases in Singapore.

TLL is currently working with the Centers for Disease Control and Prevention (CDC) in Atlanta, USA to characterise a panel of monoclonal antibodies that had been developed in-house at TLL. This is to support the development of rapid diagnostic kits for H5N1 flu virus in birds, farm animals and humans.

## BIOSAFETY

Learning from the SARS experience, TLL established a biosafety programme in 2004 as the first line of defence against deadly infections. This covers training programmes for safe management of micro-organisms, epidemiological surveillance and preparedness in the case of a disease outbreak. It established a Biosafety Level 3 facility for research and training. Since then, 320 researchers, administrators and government officials from the healthcare and veterinary sectors in ASEAN and China have participated in TLL's biosafety training courses. This makes TLL the foremost biosafety training centre in Asia.



Professor Daniel Louvard with TLL researcher

Study of virology

## Emerging Champions

As Asia grows, we see regional and global champions emerging.

Osim is a Singapore-based lifestyle products company with a strong Asian presence through its 560 outlets in 23 countries. Temasek co-invested with J. W. Childs, a private equity firm in the USA, in an investment consortium led by Osim to acquire Brookstone, a specialty retail chain of 300 outlets across the USA. This acquisition adds new distribution and product synergies to both Osim and Brookstone.

Our investments in India, like Bajaj Auto and Mahindra & Mahindra, are leaders in their field. They are driven by innovative design and engineering, as well as best industry practices. These emerging champions are investing outside of their home markets to expand into the rest of Asia and the world.



Mahindra & Mahindra Scorpio



Bajaj Avenger DTS-i

## Other Highlights

During the year, we refocused our portfolio of private equity funds, divested some of our holdings as part of our overall portfolio management and improved our capital efficiency via a maiden bond issue.

### **PRIVATE EQUITY FUND INVESTMENTS**

In FY 2005, our Private Equity Fund Investment (PEFI) unit was repositioned to complement our direct investment activities.

We leveraged on our longstanding relationships with major private equity funds to generate co-investment opportunities, particularly in new geographies, industries or products. Such opportunities included our investments in Avago Technologies and Aptuit, a contract research company providing pre-clinical development services and clinical trial materials.

### **DIVESTMENTS**

In FY 2005, we divested S\$13 billion of our portfolio. We placed out some of our holdings in subsidiaries in order to widen the investor base of our portfolio companies, improving the liquidity of their shares. Our largest transaction was the placement of 770 million SingTel shares. Similar placements for SMRT and CapitaLand also increased their public float to more than 40%. Among others, we also divested our 30% stake in CapitaCommercial Trust.

These disposals are a part of our ongoing efforts to actively manage and refocus our portfolio.

### **BOND ISSUE**

In September 2005, we issued US\$1.75 billion of 10-year 4.5% fixed-rate notes to investors worldwide. Our initial bond investors were a balanced global mix with 43% from USA, 32% from Asia and the remaining 25% from Europe. This global bond widened our funding options.



摸着石头过河

*Crossing the river by feeling the stones*

– DENG XIAOPING

# Our Institution

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## Our People, Our Values

Temasek is where it is today because of our people.

We are shaped by the vision of our founding generation. We continue to be transformed by fresh minds, new perspectives and renewed energies of each generation.

Collectively, our values, capabilities and continued commitment will determine Temasek's growth and success as an investment firm headquartered in Singapore and anchored in Asia.

### OUR TEAM

A team of 250, we come from diverse cultures and backgrounds. This reflects in part Temasek's development as an Asia investment firm.

We have more than a dozen nationalities in our team with Singaporeans forming two-thirds of our management staff. At senior leadership level, 40% are non-Singaporean with representation from Malaysia, China and India, as well as others from the rest of Asia, Africa, Europe and the Americas. Overall, more than a quarter are non-Singaporean, up from almost none five years ago.

Slightly more than half of our people are female, while two-thirds are younger than 40 years old. Nearly half of our professional staff have had prior experience in the banking and financial services sector. They are complemented by fresh graduates from top institutions around the world.

Our extended family includes Asia Financial Holdings, Trusted Board, Temasek Management Services, Trusted Source and Fullerton Fund Management Company. Together with various partners and service providers, they support or work with us in a variety of ways, and enable us to tap into a wider pool of talents and capabilities.



The Bull Run™ 2005



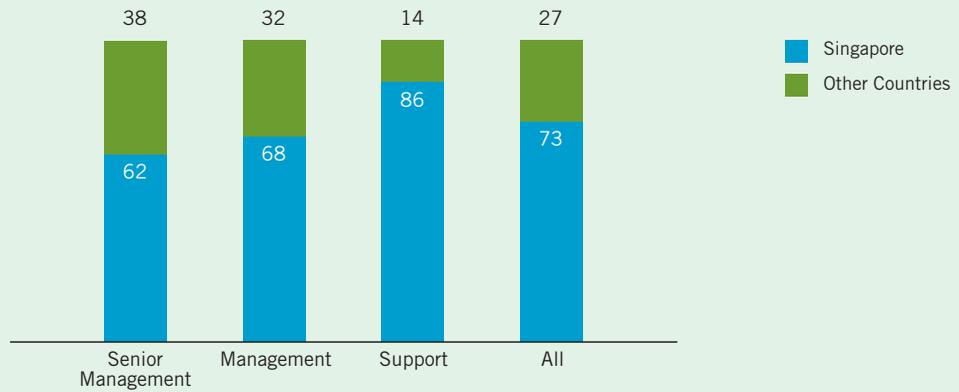
Teamwork

# Growing Diversity

**% BY COUNTRY OF ORIGIN**



**% BY STAFF CATEGORY AS AT 31 MARCH 2006**



Taking a break

## OUR VALUES

Through the years, our basic values have not changed – we strive to achieve excellence and deliver in a professional and responsible way. This is captured in our set of MERIIT values.

These values are the foundation of our culture and development as an investment firm.

### **MERITOCRACY**

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

### **EXCELLENCE**

We are passionate about delivering results and committed to continually improving and succeeding in everything we do.

### **RESPECT FOR PEOPLE**

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

### **INTEGRITY**

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

### **INNOVATION**

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

### **TEAMWORK**

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

## OUR CULTURE

We take ownership of our own development. These range from managing our priorities as part of a team, including self-approval of leave and flexi-benefits, to our ongoing learning through the wide range of programmes available under the Temasek Learning Network.

There is always something for us to learn.

We continue to focus on developing the right capabilities and capacities to deliver sustainable returns. These include efforts to rotate our leadership and management through different roles and responsibilities, as well as programmes for mid-career and leadership development.

There is always an opportunity for us to grow and contribute.



Our people

Temasek Dinner and Dance

# Corporate Governance

Sound corporate governance is an important pillar of our ongoing commitment to achieve sustainable shareholder value through excellence and integrity.

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

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

## RELATIONSHIP WITH OUR SHAREHOLDER

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

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

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

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

Matters which specifically require shareholder approvals are provided for in the Articles of Association and the Companies Act. We also provide audited annual financial reports, as well as periodic updates to our shareholder. While not required to release financials publicly, we have published our group financial highlights in our annual *Temasek Review* since 2004.

We also review our dividend policy from time to time, balancing cash returns to our shareholder against re-investments to sustain future returns.

1. As defined by the Singapore Companies Act, an exempt private company includes a private company which is not owned directly or indirectly by any corporation, and which has not more than 20 members (shareholders). An exempt private company is not required to publish or publicly disclose its financial accounts.

## RELATIONSHIP WITH THE ELECTED PRESIDENT

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

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

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

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

Most importantly, our Board is required to ensure that our annual operating budget or any proposed transaction does not draw on or diminish our past reserves. These past reserves have been built up over the years from our profits, including dividends and gains from our investments and accounted for before the current term of office of the Singapore Government. Our reserves, past or current, may be re-invested in the form of assets or other investments. Our Board is required to seek the approval of the President before we draw on our own past reserves<sup>3</sup>.

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

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

2. 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.
3. Temasek does not manage the reserves of the Singapore Government, 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 past reserves.

## RELATIONSHIP WITH PORTFOLIO COMPANIES

Companies in our portfolio are managed by their respective management teams. They are guided and supervised by their boards of directors.

We do not direct the commercial or operational decisions of our portfolio companies, except where shareholder approval is specifically required under their Articles of Association, the Companies Act or other applicable regulations, such as the stock exchange listing rules.

Where necessary and appropriate, we actively engage various stakeholders, including the boards and managements of our portfolio companies, our fellow shareholders, regulators and other market participants. Over the years, this engagement has widened to include both informal networking opportunities and organised forums such as our annual Asia Banking CEO Roundtable.

Overall, we promote sound corporate governance in our portfolio companies by supporting high calibre, commercially experienced and diverse boards to complement outstanding business leadership and dedicated staff.

BOARD COMPOSITION OF MAJOR PORTFOLIO COMPANIES	%
Independent	60
Non-Singaporean	51
Female	8
Temasek Management and Board Directors	4

## TEMASEK BOARD AND COMMITTEES

The Temasek Board consists of nine Directors, the majority of whom are independent, private sector business leaders. They bring a wealth of experience to our deliberations.

Our Board provides overall guidance and policy directions to our management. Each year, the Board is scheduled to meet on a quarterly basis for full-day sessions, but will meet more often when necessary. Due to the level of activities, 13 Board meetings were held in FY 2005.

Our Board is assisted by the Executive Committee (ExCo), the Audit Committee (AC), and the Leadership Development & Compensation Committee (LDCC), each of which addresses specific matters as determined by the Board. Each committee is chaired by an independent, non-executive Director. The Capital Resource Committee (CRC) was absorbed into the ExCo with effect from 1 September 2005.

The terms of reference are determined by the Board. It delegates the appropriate authority to these committees or to the CEO and management to facilitate timely decisions and approvals of various matters.

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

Our Board also conducts executive sessions where confidential staff matters, including the review of CEO performance and CEO succession plans, are discussed without the presence of our CEO and management.

In the event that they have board or other vested interests that may conflict with specific Temasek interests, Board members recuse themselves from the relevant Board or Board committee discussions and decisions.

## BOARD CHANGES

First appointed to our Board on 1 August 2005, Mr Simon Israel was appointed an Executive Director with effect from 1 July 2006.

Mr Goh Yew Lin also joined our Board on 1 August 2005, while Mr Fock Siew Wah and Mr Ng Kok Song retired on 1 October 2005 and 1 July 2005 respectively.

## BOARD COMMITTEE MEMBERSHIP

	BOARD	ExCo	AC	LDCC	CRC <sup>1</sup>
S Dhanabalan	Chairman	Chairman		Chairman <sup>2</sup>	Chairman
Kwa Chong Seng	Deputy Chairman	Deputy Chairman		Member	
Lim Siong Guan	Deputy Chairman	Member			
Sim Kee Boon	Member			Member	
Koh Boon Hwee	Member	Member			Member
Kua Hong Pak	Member		Chairman		
Goh Yew Lin <sup>3</sup>	Member		Member	Member	
Simon Israel <sup>4</sup>	Executive Director	Member		Chairman <sup>2</sup>	
Fock Siew Wah <sup>5</sup>	Member		Member <sup>2</sup>	Chairman <sup>2</sup>	
Ng Kok Song <sup>6</sup>	Member				Member
Ho Ching	Executive Director & Chief Executive Officer	Member		Member	Member

### Notes:

1. As reported in our last Temasek Review 2005, the CRC was dissolved on 31 August 2005 when its responsibilities were brought under the purview of the ExCo.
2. Mr Fock Siew Wah was Chairman of the LDCC and member of the AC till his retirement with effect from 1 October 2005; Mr Simon Israel was Deputy Chairman of the LDCC from 1 September 2005 and took over as Chairman with effect from 1 October 2005 before relinquishing his chairmanship on 1 March 2006, when Mr Dhanabalan succeeded him as Chairman.
3. Mr Goh Yew Lin joined the Board with effect from 1 August 2005 and was appointed to the AC and LDCC with effect from 1 September 2005.
4. Mr Simon Israel joined the Board with effect from 1 August 2005 and was appointed to the ExCo and LDCC with effect from 1 September 2005. He became Executive Director on 1 July 2006.
5. Mr Fock Siew Wah retired with effect from 1 October 2005.
6. Mr Ng Kok Song retired with effect from 1 July 2005.

### **EXECUTIVE COMMITTEE (ExCo)**

Within the financial limits delegated by our Board, the ExCo is authorised to review, consider, and approve matters relating to supervision and control, financing and funding, mergers & acquisitions, changes in our shareholding structure, dividend policy and major business decisions.

Since September 2005, following the dissolution of the CRC, the ExCo has been responsible for formulating policies and guidelines to manage Temasek's capital resources effectively and efficiently.

The ExCo meets between Board meetings, or as and when required, to provide timely approval of major decisions. In FY 2005, it held two meetings.

### **AUDIT COMMITTEE (AC)**

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

- Financial reporting
- Internal and external audit
- Internal controls
- Compliance with applicable laws and regulations

It reviews the audited accounts before submission for board approval, and makes recommendations to the Board for the appointment or re-appointment of the auditor.

The AC is authorised by the Board to seek any information that it requires from any of our employees. It may also obtain external legal or other professional advice to enable it to discharge its functions appropriately.

The AC met three times in FY 2005. It approved updates to Temasek's valuation policy, code of ethics, personal account dealing policy, mandatory leave policy and whistle blowing policy.

### **LEADERSHIP DEVELOPMENT & COMPENSATION COMMITTEE (LDCC)**

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

Temasek supports robust board governance processes for leadership renewal. These include the separation of roles between the Board Chairman and the CEO, as well as an institutionalised process for CEO performance review and succession.

The LDCC also reviews trends in non-executive directors' compensation in order to keep pace with industry norms for attracting top quality directors.

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

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

For Temasek itself, our LDCC reviews and approves performance-based incentive plans for our management as well as the salary and compensation of our CEO and Executive Directors.

Fees and any other incentives for the non-executive directors on our Board are subject to approval by our shareholder at an Annual or Extraordinary General Meeting.

The LDCC met three times in FY 2005.

## **OUR COMPENSATION FRAMEWORK ALIGNMENT WITH SHAREHOLDER'S INTEREST**

We have put in place a variable incentive system that links our staff compensation to annual performance targets as well as wealth creation for our shareholder on a sustainable basis.

Each year, when Temasek achieves a return above an aggregate risk-adjusted hurdle, particularly from our direct investment activities, we put aside a portion of the excess returns for our staff incentive pool. Similarly, when Temasek's performance falls below the hurdle, a portion of the shortfall is deducted from the staff incentive pool.

One part of the staff incentive pool funds our variable wealth added bonus plan. Distribution for this variable bonus plan is determined by the direct and indirect contributions of our staff to our overall success, including their roles and participation in fostering Temasek values and teamwork. Consistent with market practice, the variable bonus for key management staff is substantially deferred and is subject to future performance. Such deferred bonus will be reduced if wealth added is negative in future years.

Provided that Temasek exceeds specified multi-year performance hurdles over a medium-term of three to five years, another part of the staff incentive pool is set aside for eligible staff to "co-invest" alongside Temasek. Participation in this co-investment plan depends on the individual performance as well as potential of our staff at all levels.

Overall, our compensation philosophy is to maintain competitive base salaries for our staff, with the variable components driven by the risk-adjusted returns for our shareholder over the medium term.



### **BOARD AND COMMITTEE DECISIONS**

Board and committee decisions may be made at a meeting or obtained via circulation. Board members may participate in meetings via telephone or video-conference.

Decisions at our Board and committee meetings are based on a simple majority of the votes. In case of a tied vote, the Chairman has a second or casting vote.

Where a Board resolution is obtained via circulation, the resolution becomes effective upon approval by at least two-thirds of the directors.

### **TEMASEK MANAGEMENT**

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

We have put in place robust systems and processes to ensure we comply with the rules and regulations of the jurisdictions where we have investments or operations.

Our management also participates in dialogues with regulators and other market participants on governance and other regulatory issues to help promote fair and practical market oversight.

# Risk Management

Risk management is integral to our business. Balancing risks against returns is key to our success as an investment house.

Over FY 2005, we implemented several measures to strengthen and institutionalise our risk management processes and techniques as well as our investment processes. These included various policies to mitigate operational risks, along with the upgrading of supporting systems and facilities.

One major effort for the year was our business continuity planning (BCP). This was tested at different levels during the year, culminating in a company-wide exercise.

After commissioning straight-through-processing (STP) for the Fullerton Fund Management Company (Fullerton), we also rolled out STP systems in our Finance Department.

We reviewed and refined our investment processes, balancing rigor and consistency with responsiveness and flexibility. The aim was to lay a sound foundation to integrate our risk management activities as part and parcel of our operations.

## RISK MANAGEMENT CATEGORIES

### STRATEGIC RISKS

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

### FINANCIAL RISKS

- Market Risk
- Credit Risk
- Investment Risk

### OPERATIONAL RISKS

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

## RISK MANAGEMENT FRAMEWORK

Our Board and CEO are responsible for the oversight and management of strategic, financial and operational risks. They are supported by our senior management team and our Risk Management Unit (RMU).

Together, they determine the objectives and policies of our risk management framework, and promote a culture of risk awareness and balanced risk-taking.

We endeavour to make the best possible risk-reward decisions to achieve our goal of maximising long-term shareholder value.

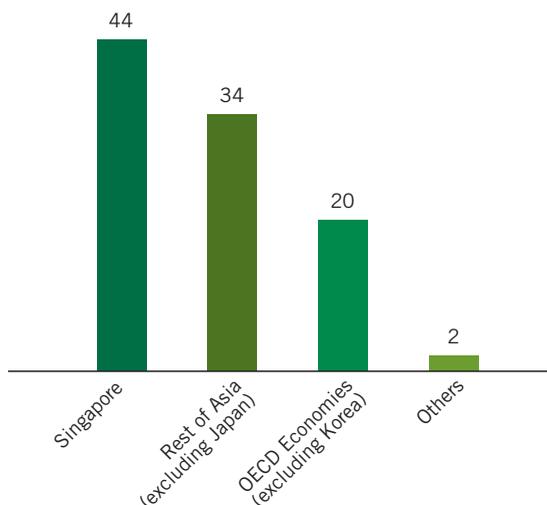
## POLICY CHANGES

Two levels of policy changes took place during the year. The first concerns Fullerton as it evolved into an independent fund management company. The second level deals with Temasek's own needs.

With Fullerton separately incorporated, the Temasek Executive Committee approved new governance structures and control limits for our funds managed by Fullerton. Part of the risk management team in RMU was transferred into Fullerton to serve as their RMU.

For Temasek itself, various policies, pertaining particularly to people-risk, were also updated and approved by the relevant board committees during the year. These included extending mandatory leave to all Temasek staff. Programmes were formalised to ensure employees were educated about the relevant laws and processes governing personal account dealing. A whistle blowing policy was also implemented.

ASSET MIX BY GEOGRAPHY (%)



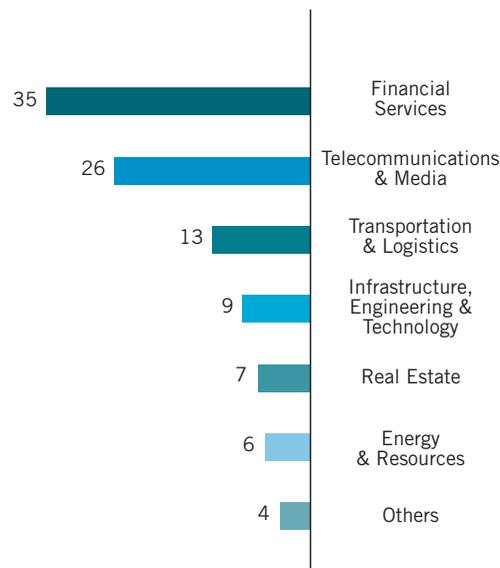
## STRATEGIC RISKS

While our exposure to Singapore grew from S\$50 billion to S\$57 billion, it now constitutes a smaller 44% of our portfolio value as at 31 March 2006. Meanwhile, we increased our exposure to the rest of Asia (excluding Japan) from 19% of our portfolio value to 34%.

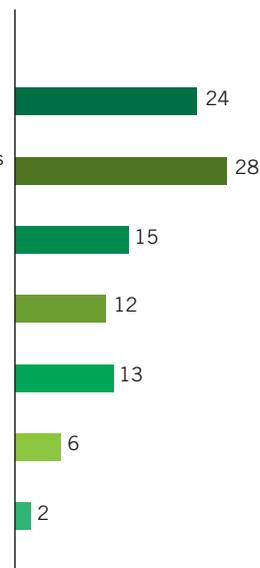
Overall, whilst we have nearly 80% exposure in Asia, our exposure to AAA-rated and the OECD economies forms about two-thirds of our portfolio. More than 80% of our portfolio comprises listed or liquid assets.

61% of our portfolio value is in the financial and telecommunications & media sectors. Both correlate with the growth of the middle class. No single investment accounts for more than 30% of our portfolio value.

ASSET MIX BY SECTOR (%)



TEMASEK VaR BY SECTOR (%)



## FINANCIAL RISKS

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

As at 31 March 2006, our VaR was just under S\$8.5 billion. This implies a 16% probability under normal market conditions of incurring marked-to-market losses in excess of S\$8.5 billion in the following 12-month period.

Over the last financial year, our VaR rose by S\$1.9 billion, while our total portfolio increased by S\$26 billion. As a percentage of our total portfolio value, our VaR increased from 6% in the previous year to 6.6% at the end of March 2006.

RMU conducts monthly stress tests to assess the impact of potential changes in market conditions on the performance of our portfolio. It reviews our overall position every month, and provides ad hoc scenario analyses of specific event, industry or country risks.

## OPERATIONAL RISKS

We continued to strengthen our systems and processes to mitigate operational risks.

In first half 2006, we established an operational risks function within RMU. The internal compliance function was separated from legal & regulatory compliance functions to provide for better operational focus. The STP system is now in place in both Temasek and Fullerton, enabling more efficient and accurate data capture and quicker analyses.



## **LEGAL & REGULATIONS**

As our in-house counsel, members of our Legal & Regulations Unit (LRU) provide legal support and strategic advice proactively. LRU also ensures legal and regulatory compliance in all of the jurisdictions where we have investments.

Legal and regulatory knowledge and experiences are regularly captured and shared. This deepens LRU's knowledge base, and upgrades our execution capabilities.

Where appropriate, LRU also provides feedback and consultation on various new legislations, particularly on governance and market-related matters.

## **INTERNAL COMPLIANCE**

Our policies on ethics as well as on personal account dealing were revised. These together with mandatory leave for all staff, a whistle blowing policy, and the streamlining of workflow through the use of the intranet, help mitigate people-risk and human error.

## **INTERNAL AUDIT**

Internal Audit protects Temasek by verifying that existing processes are well controlled and by recommending new processes to fill identified gaps.





# Board of Directors



Koh Boon Hwee



Goh Yew Lin



Sim Kee Boon



S Dhanabalan



Lim Siong Guan



Kwa Chong Seng



Kua Hong Pak



Ho Ching



Simon Israel

### **S DHANABALAN, CHAIRMAN**

Mr S Dhanabalan has been the Chairman of Temasek Holdings since July 1996, and was Chairman of DBS Group Holdings Ltd from 1999 to 2005.

Dhana began his career in the Singapore Civil Service in 1960. He was at the Economic Development Board from 1961 to 1968, during which he helped establish the Development Bank of Singapore, where he served from 1968 to 1978. He entered politics in 1976 and, while a Member of Parliament, held a number of cabinet positions: Minister for Foreign Affairs, Minister for Culture, Minister for Community Development, Minister for National Development and Minister for Trade and Industry. From 1996 to 1998, Dhana was the Chairman of Singapore Airlines Ltd.

He holds a B.A. (Honours) in Economics from the University of Malaya, Singapore.

### **KWA CHONG SENG, DEPUTY CHAIRMAN**

Mr Kwa Chong Seng is the Chairman and Managing Director of ExxonMobil Asia Pacific Pte Ltd, a Board Member of DBS Group Holdings Ltd and also serves on the Public Service Commission and the Legal Service Commission.

Chong Seng joined Esso Singapore in 1969 and worked abroad for about nine years in various assignments, most of which were with Exxon Company, International (New Jersey), in marketing and investment planning positions. He also worked with Exxon in Houston, New York and Hong Kong. He was conferred Honorary Ningbo Citizenship in 1999 and received the National University of Singapore's Distinguished Engineering Alumni Award in 1994 and the Public Service Star in 2005.

He graduated as a Mechanical Engineer from the University of Singapore.

### **LIM SIONG GUAN, DEPUTY CHAIRMAN**

Mr Lim Siong Guan is the Permanent Secretary of the Ministry of Finance. He is also the Chairman of the Inland Revenue Authority of Singapore, the Chairman of the Accounting and Corporate Regulatory Authority and a Board Member of the Monetary Authority of Singapore.

Siong Guan has been awarded the Public Administration Medal (Gold) and the Meritorious Service Medal.

He holds a First Class Honours degree in Mechanical Engineering from the University of Adelaide.

### **GOH YEW LIN, DIRECTOR**

Mr Goh Yew Lin is the Executive Director of GK Goh Holdings Ltd and Executive Deputy Chairman of CIMB-GK Pte Ltd. He is an independent Director of Boyer Allan Management Ltd and Boyer Allan Pacific Fund Inc, Chairman of the Yong Siew Toh Conservatory of Music and Deputy Chairman of the Singapore Symphonia Company Limited.

He currently chairs the Singapore Exchange's Securities Committee and serves on the Appeal Advisory Panel of the Monetary Authority of Singapore. He previously served on various economic sector committees and as an independent Director on the Board of Singapore Exchange Ltd.

Yew Lin holds a B.S. (Economics) degree from the University of Pennsylvania.

### **SIMON ISRAEL, EXECUTIVE DIRECTOR**

Mr Simon Israel joined Temasek in July 2006 as an Executive Director after spending 10 years with the Danone Group, as Chairman Asia Pacific and as a member of the Group's Executive Committee.

Prior to Danone, Simon enjoyed a 22-year career with Sara Lee Corporation across the Asia Pacific region progressing to Head (Household & Personal Care) of Asia Pacific.

Simon chairs the Singapore Tourism Board, sits on the Business Advisory Board of the Lee Kong Chian School of Business at Singapore Management University and is a Member of the Board of SingTel.

A New Zealander, Simon is a Singapore permanent resident.

### **KOH BOON HWEЕ, DIRECTOR**

Mr Koh Boon Hwee is the Chairman of DBS Group Holdings Ltd, the Executive Chairman and CEO of Sunningdale Tech Ltd, and the Executive Director of Mediarling Ltd. He was previously the Chairman of Singapore Airlines Ltd, SIA Engineering Co. Ltd and Singapore Telecommunications Ltd, Executive Chairman of the Wuthelam Group and Managing Director of Hewlett Packard Singapore.

Boon Hwee was conferred the Meritorious Service Medal in 1995 and the Public Service Star in 1991. He holds a B.Eng. (First Class Honours) in Mechanical Engineering from the Imperial College of Science and Technology, University of London, and an MBA (Distinction) from the Harvard Business School.

### **KUA HONG PAK, DIRECTOR**

Mr Kua Hong Pak is the Managing Director and Group CEO of ComfortDelGro Corporation Ltd and the Deputy Chairman of SBS Transit Ltd and VICOM Ltd. He also sits on the boards of PSA International Pte Ltd, PSA Corporation Ltd, StarHub Ltd and Ringier Print (HK) Ltd. He was previously the President and CEO of Times Publishing Group.

Hong Pak was conferred the Public Service Star in 1996 and re-appointed a Justice of the Peace by the President of Singapore in 2005. He was also conferred Honorary Citizenship by the Shenyang City People's Government in 1997.

### **SIM KEE BOON, DIRECTOR**

Mr Sim Kee Boon is currently a Member of the Temasek Advisory Panel, a Board Director of Asia Financial Holdings Pte Ltd and an Advisor to the Civil Aviation Authority of Singapore and Lum Chang Group. He was the Chairman of the Singapore Council of Presidential Advisers until September 2005 but remained a Member, and was the President Commissioner of Bank Danamon until May 2006.

Kee Boon joined the Civil Service upon graduation, rising to the position of Head of Civil Service in 1979. Shortly after his retirement from the civil service in 1984, he was appointed Executive Chairman of Keppel Corporation Ltd and the Chairman of the Civil Aviation Authority of Singapore; positions he held until 1999. From 1995 to 1999, he was also the Founding Chairman of MobileOne (Asia) Pte Ltd; from 1993 to 2000, he was co-chairman of Singapore-Suzhou Industrial Township Development.

Kee Boon was awarded the Distinguished Service Order in 1991.

### **HO CHING, EXECUTIVE DIRECTOR & CEO**

Ho Ching joined Temasek as its Executive Director in May 2002.

Her first career was with the Ministry of Defence where she held various positions in the Defence Science Organisation and the Defence Materiel Organisation. She next served in the Singapore Technologies group where she last held the position of group CEO.

Conferred the Public Administration Medal (Silver, 1985) and the Public Service Star (1996), Ho Ching is a Distinguished Engineering Alumnus of the National University of Singapore and an Honorary Fellow of the Institute of Engineering, Singapore. She was awarded the President's Scholarship for her undergraduate engineering studies at the University of Singapore, and was sponsored by the Loke Foundation for her MSc (Electrical Engineering) at Stanford University, USA.

# Senior Management

## Investment



**Charles Ong**  
Senior Managing Director  
Chief Investment Officer



**Jimmy Phoon**  
Senior Managing Director  
Investment



**Gan Chee Yen**  
Senior Managing Director  
Investment



**Tow Heng Tan**  
Senior Managing Director  
Investment



**S Iswaran**  
Managing Director  
Investment



**Manish Kejriwal**  
Managing Director  
Investment, India & Russia



**Frank Tang**  
Managing Director  
Investment, China



**Wong Heng Tew**  
Managing Director  
Investment  
Chief Representative,  
Vietnam



**Margaret Lui**  
Managing Director  
Investment



**R Shyamsunder**  
Managing Director  
Investment



**Tan Suan Swee**  
Managing Director  
Investment



**Dinesh N Vaswani**  
Managing Director  
Investment, India



**Grant Ferguson**  
Managing Director  
Investment



**Dennis Siew**  
Managing Director  
Investment

## Corporate Development



**Vijay Parekh**  
Senior Managing Director  
Chief Operating Officer



**Cheo Hock Kuan**  
Senior Managing Director  
Organisation & Leadership  
Chief Representative,  
China



**Leong Wai Leng**  
Managing Director  
Chief Financial Officer



**Eleana Tan**  
Managing Director  
Finance



**Alan Thompson**  
Managing Director  
Value Management



**Lena Chia**  
Managing Director  
Legal & Regulations



**Ong Boon Hwee**  
Managing Director  
Strategic Relations  
CEO, Temasek  
Management Services



**Willie Chan**  
Managing Director  
Human Capital



**Sebastian Tan**  
Managing Director  
Human Resource



**David Belmont**  
Managing Director  
Risk Management



**Myrna Thomas**  
Managing Director  
Corporate Affairs

## Special Projects



**Hiew Yoon Khong**  
Managing Director  
Special Projects



**Phua Kok Kim**  
Managing Director  
Special Projects

## Fund Management



**Gerard Lee**  
CEO  
Fullerton Fund  
Management Company



**Chan Chia Lin**  
Chief Investment Officer  
Fullerton Fund  
Management Company

## Secretariat



**Chua Su Li**  
Company Secretary



**Ng Lai Cheng**  
Company Secretary



A sunset over the ocean with silhouettes of traditional sailboats. The sky is a warm orange and yellow, and the water is a deep blue. In the foreground, a large sailboat is silhouetted against the bright sky, with a person visible on the deck. Another smaller sailboat is visible in the distance to the left.

# Our Partners and Friends

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Temasek Advisory Panel 89

*Alone we can do so little,  
together we can do so much*

– HELEN KELLER

## Growing with Asia

As Asia evolves, we keep pace with the changes through our partners and friends around the world. This gives us opportunities to tap on their wisdom, share experiences, and learn from each other. We continue to play our part as a stakeholder, contributing to Asia's growth and development.

### STRATEGIC RELATIONS

It was an engaging year as we hosted various forums and interacted with numerous delegations from Europe, Africa and especially Asia, including Central Asia and the Middle East.

We continue to build on our ongoing interaction with China at the institutional level. We partnered Central SASAC (State-owned Assets Supervision and Administration Commission) to co-organise a series of SASAC-Temasek Directors Forums in Singapore in August and September 2005. This was followed by another forum in Shanghai jointly organised with the Shanghai SASAC in March 2006. Forums like these brought together senior government officials, board members and senior management of SASACs and their State-owned Enterprises (SOEs) as well as business leaders. The exchange of views on business issues, corporate governance and board-related matters was enriching.

Throughout the year, we also interacted regularly with delegations and study teams from business and government organisations from various municipalities and provinces in China.

Beyond China, similar friendships were forged with the State Capital Investment Corporation of Vietnam, JSC Kazakhstan Holding Company for State Assets Management (SAMRUK) and others.

### NETWORKING

Mutual learning is a powerful way to forge partnerships, build friendships and create opportunities.

In July 2005, we co-hosted the 2nd Asia Banking CEO Roundtable with ICICI Bank in Mumbai, India. This memorable event brought together Chairmen and CEOs of major Asian banks to share their invaluable experiences and lessons in managing growth. The Roundtable moves into its third year in August 2006, co-hosted with Hana Bank in Jeju, South Korea.



2nd Asia Banking CEO Roundtable, Mumbai

Temasek Forum 2005

Partnering Shanghai SASAC

Entering its sixth year, the Temasek Forum has evolved into a significant networking and learning platform for our portfolio companies and our partners. Last year, we organised some 30 forums, with functional, industry and country themes, for more than a thousand participants. In particular, Temasek Forum organised a gathering of our portfolio companies for the first time. Billed as the *Temasek Forum 2005*, this inaugural event coincided with our Temasek International Panel (TIP) meeting last November, and provided opportunities for the participants to interact with the TIP global leaders.

## HUMAN CAPITAL

We develop human capital as a catalyst for sustainable growth, particularly in the area of leadership. We reach out to people in our portfolio companies as well as the various stakeholders in our key markets.

Our Business Leadership Centre (BLC) maintained a busy calendar of management programmes for business leaders in the region, working with partners in China, ASEAN and beyond. For instance, the BLC collaborated with the China Executive Leadership Academy Pudong (CELAP) in their “Internationalisation of SOEs” programme in March 2006. BLC also worked with established learning institutes to prepare and update Asian business case studies to build up our learning portfolio.

A key focus of the BLC is the development of young, promising regional leaders through the *LEADERS!* Programme. The first segment of the programme emphasises self-discovery and personal development. The later segment exposes them to the region, through interaction with business leaders and analyses of Asian business case studies.

In its third year of operations, the Wealth Management Institute (WMI) continues to broaden and deepen the pool of wealth management talent in Asia. WMI combines Asian and international perspectives. It is the first financial training provider to receive the Financial Industry Competency Standards accreditation from the Monetary Authority of Singapore (MAS).

The flagship Master of Science in Wealth Management continues to receive strong support from industry partners and sponsors, as well as from the students. Matriculation has grown to 55 students from 13 countries this year. Through the Temasek Regional Regulators Scholarships in Wealth Management, WMI hosts Asian central bankers and regulators enrolled in this course. WMI also tailors private banking programmes for banks in the region, and runs a Certificate in Private Banking course with support from the MAS. Notable speakers at its *WMI Talk* series include Jim Rogers and Robert Pozen.



WMI – Nomura Lecture

*LEADERS!* Programme

## COMMUNITY OUTREACH

We contribute to and invest in the longer term growth potential of Asia by building capacities for growth. We also reach out to communities in the region to make a difference in times of need.

In the spirit of investing in the future by bringing the communities together, the Sunburst Youth Camp (SYC) held its eighth gathering in December 2005. This brought together 150 youth from China, India and ASEAN, including 36 Singapore students, for a one-week camp in Singapore.

Post the December 2004 tsunami in Asia, we remain actively involved in the reconstruction of affected communities. We contributed S\$1.3 million to help the Aceh local authorities construct a new pier in Meulaboh. Completed ahead of schedule in April 2006, the new pier allows materials to be delivered directly to where they are needed, facilitating the ongoing reconstruction effort. We also contributed to the upgrading of the Cut Nyak Dhien Meulaboh General Hospital from a 80-bed to a 144-bed facility with additional clinical research laboratories and a radiology department to serve the surrounding region.

In Thailand, we continued to partner the Thai authorities and the Thai Red Cross Society to support a range of post-tsunami projects. In Sri Lanka, we contributed to the construction of a 1,000-bed hospital project in the tsunami-ravaged area of Matara city.

In May 2006, we worked with Bank Danamon and Bank Internasional Indonesia to support Singapore's Alexandra Hospital to deliver immediate medical care to the many Indonesians affected by the earthquake in Yogyakarta.



Sunburst Youth Camp



Meulaboh pier



## From Leadership Development to Community Outreach

Temasek Management Services (TMS) supports Temasek in fostering and strengthening strategic partnerships, leadership development and community outreach. Through interaction and learning, it reaches out and connects our wider community of partners and friends in Singapore and the region. TMS also provides various corporate and outsourcing services to Temasek as well as third parties.

Platforms for learning include the Wealth Management Institute (WMI), the Business Leadership Centre (BLC) and the Management Skills Centre (MSC).

- The WMI was established in September 2003 as the first centre of excellence for the wealth management industry in Asia. Working closely with industry players, WMI combines academic rigour with a practitioner's approach. It offered the first Master of Science in Wealth Management and Certificate in Private Banking programmes in Singapore. To date, WMI has 77 Masters degree alumni and over 450 participants in its various programmes.
- The BLC focuses on development programmes for CEOs, senior executives, board directors and promising future leaders. Its programmes cover practical business issues and use Asian business case studies. Over the last three years, BLC has conducted some 160 programmes on a spectrum of business and management subjects for over 4,000 participants.
- The MSC conducts skill-based training for middle & junior management. It has organised about 200 courses for more than 3,500 participants during the year.

TMS also serves as an outsource provider to Temasek and other organisations, through its subsidiaries Trusted Services (T-Services), Trusted Source (T-Source) and Singapore Storage & Warehouse (SSW).

- T-Services supports various learning and network events, such as Temasek Learning Network and the Temasek Forum. It also provides corporate services to community trusts and foundations such as the ST Endowment Programme and the Singapore Millennium Foundation.
- T-Source is an IT and business process outsourcing provider serving Temasek and others.
- SSW provides logistics management services to more than 30 Singapore and regional clients.

## Temasek International Panel

Our friends on our Temasek International Panel provide us with invaluable insights on a range of strategic issues, including major trends in business, politics and society.

### Chairman



**J Y Pillay**  
Chairman  
Singapore Exchange

### Members



**David Bonderman**  
Founding Partner  
Texas Pacific Group



**Leon A. Davis**  
Chairman  
Westpac Banking Corporation



**Dr Han Seung-Soo**  
Senior Adviser  
Kim & Chang



**Minoru Makihara**  
Senior Corporate Adviser  
Mitsubishi Corporation



**William J. McDonough**  
Vice Chairman & Special Adviser to the Chairman  
Merrill Lynch & Co., Inc.



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



**Sir Richard Sykes**  
Rector  
Imperial College London



**Ratan N. Tata**  
Chairman  
Tata Sons Ltd



**Narayanan Vaghul**  
Chairman  
ICICI Bank Ltd



**Professor Xu Kuangdi**  
Vice Chairman  
Chinese People's Political Consultative Conference



**Masamoto Yashiro**  
Senior Adviser  
Shinsei Bank Limited

## Temasek Advisory Panel

Our friends and partners on our Temasek Advisory Panel have extensive experience, skills and knowledge of the prevailing macroeconomic trends and the business environment. They provide us with their perspectives on the industries within the Temasek group. Some share their experiences and business wisdom at strategic forums organised by Temasek. Others help guide our portfolio companies as their chairmen or board members.



**Cheng Wai Keung**  
Chairman  
Neptune Orient Lines



**Fock Siew Wah**  
Chairman  
PSA International



**Koh Boon Hwee**  
Chairman  
DBS Group Holdings



**Lee Ek Tieng**  
Group Managing Director  
GIC



**Stephen Lee**  
Chairman  
Singapore Airlines



**Lim Chin Beng**  
Chairman  
The Ascott Group



**Lua Cheng Eng**  
Former Chairman  
SembCorp Marine



**Ng Kee Choe**  
Chairman  
Singapore Power



**J Y Pillay**  
Chairman  
Singapore Exchange



**Peter Seah**  
Chairman  
SembCorp Industries



**Sim Kee Boon**  
Board Director  
Asia Financial Holdings



**Ernest Wong**  
Chairman  
Asia Pacific Pharmaceutical Holdings



# Our Major Portfolio Investments

Financial Services	94
Telecommunications & Media	99
Transportation & Logistics	104
Infrastructure, Engineering & Technology	107
Energy & Resources	111
Real Estate	114
Others	116

*Every dew-drop and rain-drop had  
a whole heaven within it*

– HENRY LONGFELLOW

ACCOMPANYING NOTES

- FY 2005 refers to financial year ended 31 March 2006 or 31 December 2005, depending on the respective financial year ends of the portfolio companies; similarly for FY 2004
- Price/Book, Price/Earnings and Gross Dividend Yield are computed based on share prices as at 31 March and book value per share, earnings per share and gross dividend declared as of the respective financial year end of the portfolio companies
- For the Financial Services sector, revenue 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, China Construction Bank, DBS Group Holdings, E.Sun Financial Holding Company, Hana Financial Group, ICICI Bank, PT Bank Danamon Indonesia, PT Bank Internasional Indonesia and Tuas Power
  - 3) Market relevant information (e.g. Market Capitalisation and share prices) are sourced from Bloomberg

GLOSSARY

EVA	=	Economic value added attributable to investors, excluding unusual items
Gross Dividend Yield	=	The gross dividend declared for FY 2005 to the share price as of 31 March 2006; similarly for FY 2004
Market Capitalisation	=	Market value as at 31 March 2006 and 31 March 2005
NA	=	Not applicable
NM	=	Not meaningful
PATMI	=	Profit / (loss) after tax and minority interest
ROE	=	Return on average equity, or PATMI expressed as a percentage of average Shareholder equity
Shareholder Equity	=	Shareholder equity reported by the respective portfolio companies based on their annual filings
TSR	=	Total Shareholder Return 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 2005 to 31 March 2006 Period for 2-year TSR is from 31 March 2004 to 31 March 2006 (annualised)
VA/Employment Cost	=	Gross value added per dollar of employment cost

EXCHANGE RATES\*

As of 30 December 2005:

US\$1.00: S\$1.66: IDR 9,830: RMB 8.07: THB 41.03: KRW 1,010: INR 45.05  
 S\$1.00: IDR 5,907: RMB 4.85: THB 24.67: KRW 607: INR 27.10

As of 31 March 2006:

US\$1.00: S\$1.62: IDR 9,070: RMB 8.02: THB 38.88: KRW 972: INR 44.62  
 S\$1.00: IDR 5,613: RMB 4.96: THB 24.06: KRW 601: INR 27.61

\* Source from Bloomberg

## Major Investments in Our Portfolio

(% INTEREST AS AT 31 MARCH 2006)

FINANCIAL SERVICES			
PT Bank Danamon Indonesia	59 <sup>1</sup>	ICICI Bank	8 <sup>1</sup>
PT Bank Internasional Indonesia	35 <sup>1</sup>	China Construction Bank	6 <sup>1</sup>
DBS Group Holdings	28	E.Sun Financial Holding Company	6 <sup>1</sup>
Hana Financial Group	10 <sup>1</sup>	Bank of China	5 <sup>1</sup>
TELECOMMUNICATIONS AND MEDIA			
MediaCorp	100	Singapore Telecommunications	56
Singapore Technologies Telemedia	100	Shin Corporation	44 <sup>4</sup>
Global Crossing	71 <sup>2</sup>	PT Indosat	41 <sup>2</sup>
StarHub	57 <sup>3</sup>		
TRANSPORTATION AND LOGISTICS			
PSA International	100	Singapore Airlines	57
Neptune Orient Lines	67	SMRT Corporation	55
INFRASTRUCTURE, ENGINEERING AND TECHNOLOGY			
Chartered Semiconductor Manufacturing	60	SembCorp Industries	50
Singapore Technologies Engineering	55	STATS ChipPAC	36
		Keppel Corporation	31
ENERGY AND RESOURCES			
PowerSeraya	100	Singapore Power	100
Senoko Power	100	Tuas Power	100
REAL ESTATE			
Mapletree Investments	100	CapitaLand	42
OTHERS			
Wildlife Reserves Singapore	88	Singapore Food Industries	70

Note: This list also includes significant interests held via the following subsidiaries -

1. Asia Financial Holdings (AFH)
2. Singapore Technologies Telemedia (ST Telemedia)
3. ST Telemedia and MediaCorp
4. Aspen Holdings

## Financial Services



**BANK OF CHINA**  
**CHINA CONSTRUCTION BANK**  
**DBS GROUP HOLDINGS**  
**E.SUN FINANCIAL HOLDING COMPANY**  
**HANA FINANCIAL GROUP**  
**ICICI BANK**  
**PT BANK DANAMON INDONESIA**  
**PT BANK INTERNASIONAL INDONESIA**



中國銀行

### Held since 2005 via AFH

The core business of Bank of China (BOC) is commercial banking, with activities in investment banking and insurance activities through its subsidiaries and its extensive international network.

Key figures (RMB'm)	FY ended 31 Dec	
	2005	2004
Revenue	116,028	104,737
PATMI	27,492	20,932
EVA	775	NA
Change in EVA	NA	NA
Shareholder Equity	233,842	205,351
ROE	12.5%	10.2%
Gross Dividend Yield	NA	NA
VA/Employment Cost	NA	NA
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	NA	NA

**HIGHLIGHTS** In 2005, Temasek invested in 5% of BOC, while a consortium led by Royal Bank of Scotland acquired 10%. BOC's Hong Kong initial public offering raised total proceeds of nearly US\$10 billion. It began trading on the Stock Exchange of Hong Kong on 1 Jun 06 and the Shanghai Stock Exchange on 5 Jul 06.

Chairman: Xiao Gang  
CEO: Li Lihui

Website: [www.boc.cn](http://www.boc.cn)



### Held since 2005 via AFH

China Construction Bank (CCB) is one of the "big four" commercial banks in China providing a range of commercial banking products and services.

Key figures (RMB'm)	FY ended 31 Dec	
	2005	2004
Revenue	128,714	113,976
PATMI	47,103	49,042
EVA	11,012	NA
Change in EVA	NA	NA
Market Capitalisation (HKD'm)	814,498	NA
ROE	19.5%	25.6%
Gross Dividend Yield	0.4%	NA
VA/Employment Cost	NA	NA
Price/Book	2.7x	NA
Price/Earnings	16.7x	NA

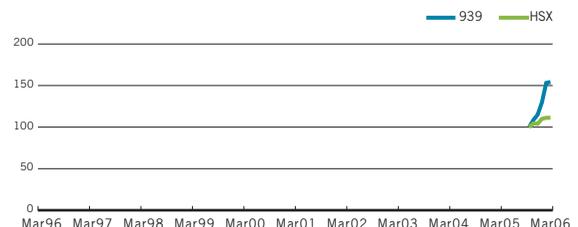
	One-year*	Two-year
TSR	175.7%	NA

**HIGHLIGHTS** Listed on the Stock Exchange of Hong Kong on 27 Oct 05, CCB was named by The Banker magazine as the "Bank of the Year" in China in 2005. Bank of America and Temasek are strategic investors of the bank.

\* CCB's TSR period for one-year is from 26 Oct 05 to 31 Mar 06 (annualised).

#### Relative TSR Since Listing: China Construction Bank (939) vs Hang Seng Index (HSX)

Index = 100 on Oct 05, Listing date - Oct 05



Chairman: Guo Shuqing  
CEO: Chang Zhenming\*

\* Will step down upon approval by the Chinese Banking Regulatory Commission to appoint Zhang Jianguo as CEO.

Website: [www.ccb.cn](http://www.ccb.cn)



### Held since 1975

The principal activities of DBS Group Holdings (DBS) and its subsidiaries are in retail, small and medium sized enterprise, corporate and investment banking services.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	4,641	4,976
PATMI	824	1,995
EVA	(163)	(67)*
Change in EVA	(96)	NA
Market Capitalisation	24,453	22,259
ROE	5.0%	12.8%
Gross Dividend Yield	3.6%	2.7%
VA/Employment Cost	NA	NA
Price/Book	1.5x	1.4x
Price/Earnings	29.5x	11.1x

	One-year	Two-year
TSR	14.0%	9.9%

**HIGHLIGHTS** DBS achieved volume growth in most customer segments, with net interest rising 9% to a record S\$2.94 billion, and fee income growing 6% to S\$986 million to mark its seventh consecutive year of growth.

\* FY 2004 EVA restated due to restatement of 2005 annual filing and taking in minority interest in EVA capital.

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

Index = 100 on Mar 96



Chairman: Koh Boon Hwee  
CEO: Jackson Tai

Website: [www.dbs.com](http://www.dbs.com)



### Held since 2006\* via AFH

E.Sun Financial Holding Company (E.Sun) provides commercial banking, bills finance, securities, securities investment trusts, venture capital and insurance broking services in Taiwan.

Key figures (TWD'm)	FY ended 31 Dec	
	2005	2004
Revenue	16,388	14,730
PATMI	4,656	4,836
EVA	(123)	NA
Change in EVA	NA	NA
Market Capitalisation	62,962	70,996
ROE	10.8%	14.0%
Gross Dividend Yield	5.8%	5.5%
VA/Employment Cost	NA	NA
Price/Book	1.4x	1.7x
Price/Earnings	13.5x	13.2x

	One-year	Two-year
TSR	-12.9%	4.2%

**HIGHLIGHTS** Leveraging on residential mortgage and SME sectors, E.Sun's loan growth of 35.6% outperformed the broader industry loan growth of 7.8%.

\* This investment was completed in March 2006.

Chairman: Huang Yung-Jen  
President: Hou Yung-Hsiung

Website: [www.esunfhc.com.tw](http://www.esunfhc.com.tw)



### Held since 2004 via AFH

Hana Financial Group (Hana) provides financial services, including corporate and retail banking, wealth management and trust business, through its nationwide franchise of approximately 700 branches in Korea.

Key figures (KRW'b)	FY ended 31 Dec	
	2005*	2004
Revenue	2,430	NA
PATMI	951	NA
EVA	NA	NA
Change in EVA	NA	NA
Market Capitalisation	9,490	NA
ROE	16.3%	NA
Gross Dividend Yield	0.9%	NA
VA/Employment Cost	NA	NA
Price/Book	1.5x	NA
Price/Earnings	9.9x	NA

TSR	One-year**	Two-year
		-21.5%

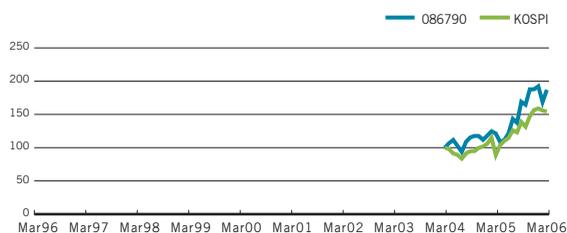
**HIGHLIGHTS** On 1 Dec 05, Hana was incorporated as a financial holding company for Hana Bank and its three other non-banking financial affiliates - Daehan Investment & Securities, Hana INS and Hana Institute of Finance.

\* Figures are based on the proforma income statement, which assumed the group's operation in full during 2005.

\*\* Hana's TSR period for one-year is from 12 Dec 05 to 31 Mar 06 (annualised).

#### Relative TSR Since Investment: Hana Financial Group (086790) vs Korea Composite Stock Price Index (KOSPI)

Index = 100 on Mar 04, Date of investment - Mar 04



Note: TSR is based on Temasek's initial investment in Hana Bank taking into account the share conversion scheme in light of the delisting of Hana Bank and the incorporation of Hana Financial Group.

Chairman: Seung-Yu Kim  
CEO: Kyo-Joong Yoon

Website: [www.hanabank.com](http://www.hanabank.com)



### Held since 2003 via AFH

ICICI Bank (ICICI) offers a range of banking products and financial services to corporate and retail customers in India, including investment banking, life and non-life insurance, venture capital and asset management.

Key figures (INR'm)	FY ended 31 Mar	
	2006	2005
Revenue	156,596	101,270
PATMI	24,201	18,523
EVA	2,349	6,921
Change in EVA	(4,572)	NA
Market Capitalisation	524,156	289,410
ROE	15.4%	17.9%
Gross Dividend Yield	1.4%	2.2%
VA/Employment Cost	NA	NA
Price/Book	2.3x	2.3x
Price/Earnings	19.0x	15.4x

TSR	One-year	Two-year
		52.4%

**HIGHLIGHTS** ICICI maintained its market leadership in the retail segment, with retail assets contributing 63% of total advances. The bank currently enjoys market shares of 31%, 40% and 29% in mortgages, auto and credit cards respectively.

#### Relative TSR Since Investment: ICICI Bank (ICICIBC) vs Bombay Stock Exchange Sensitive Index (Sensex)

Index = 100 on Sep 03, Date of investment - Sep 03



Chairman: N. Vaghul  
CEO: K.V. Kamath

Website: [www.icicibank.com](http://www.icicibank.com)



### Held since 2003 via AFH

PT Bank Danamon Indonesia (Danamon) is an Indonesian private national bank, with 1,113 branches across all 32 provinces of Indonesia, serving all customer segments from the mass market to large corporations.

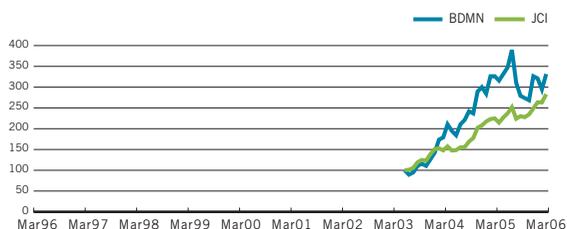
Key figures (IDR'b)	FY ended 31 Dec	
	2005	2004
Revenue	6,014	5,198
PATMI	2,003	2,408
EVA	(799)	155*
Change in EVA	(954)	NA
Market Capitalisation	23,622	23,308
ROE	24.4%	32.9%
Gross Dividend Yield	4.2%	5.2%
VA/Employment Cost	NA	NA
Price/Book	2.8x	3.0x
Price/Earnings	11.8x	9.7x
TSR	One-year 2.4%	Two-year 36.1%

**HIGHLIGHTS** Danamon focused on micro banking with the opening of 475 additional savings and loan branches to service the mass market sector. The bank had approved over Rp3.5 trillion in new micro credits during the year.

\* FY 2004 EVA restated as we removed adjustment previously made for consistent treatment of liability provision.

#### Relative TSR Since Investment: PT Bank Danamon Indonesia (BDMN) vs Jakarta Composite Index (JCI)

Index = 100 on Jun 03, Date of investment - Jun 03



President Commissioner: Sim Kee Boon\*\*  
President Director: Sebastian Paredes

\*\* Stepped down on 22 May 06 with Ng Kee Choe assuming the position with effect from 24 May 06.

Website: [www.danamon.co.id](http://www.danamon.co.id)



### Held since 2003 via AFH

PT Bank Internasional Indonesia (BII) provides general banking and Syariah banking services. Its subsidiaries include BII Finance Co. Ltd. (Hong Kong), PT BII Finance Center, and PT Wahana Ottomitra Multiartha (WOM), a motorcycle finance company.

Key figures (IDR'b)	FY ended 31 Dec	
	2005	2004
Revenue	3,340	2,770
PATMI	725	822
EVA	(45)	(287)*
Change in EVA	241	NA
Market Capitalisation	7,668	9,557
ROE	16.3%	21.7%
Gross Dividend Yield	3.3%	2.6%
VA/Employment Cost	NA	NA
Price/Book	1.6x	2.3x
Price/Earnings	10.6x	11.6x
TSR	One-year -17.9%	Two-year 25.2%

**HIGHLIGHTS** BII strengthened its capital position with a successful US\$150 million subordinated debt issue in 2005. It also completed the acquisition of WOM, which would create cross selling opportunities for BII.

\* FY 2004 EVA restated due to reclassification of some items in the 2005 annual filing.

#### Relative TSR Since Investment: PT Bank Intl Indonesia (BNII) vs Jakarta Composite Index (JCI)

Index = 100 on Dec 03, Date of investment - Dec 03



President Commissioner: Peter Seah  
President Director: Henry Ho

Website: [www.bii.co.id](http://www.bii.co.id)

## Telecommunications & Media



**GLOBAL CROSSING**  
**MEDIACORP**  
**PT INDOSAT**  
**SHIN CORPORATION**  
**SINGAPORE TECHNOLOGIES TELEMEDIA**  
**SINGAPORE TELECOMMUNICATIONS**  
**STARHUB**



### Held since 2003 via ST Telemedia

Global Crossing provides telecommunications solutions through an integrated global IP-based network, which directly connects more than 300 major cities in 28 countries.

Key figures (USD'm)	FY ended 31 Dec	
	2005	2004
Revenue	1,968	2,487
PATMI	(354)	(336)
EVA	(318)	(361)
Change in EVA	43	NA
Market Capitalisation	646	350
ROE	NM	NM
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	0.8x	0.6x
Price/Book	NM	6.9x
Price/Earnings	NM	NM

	One-year	Two-year
TSR	70.5%	15.1%

**HIGHLIGHTS** On 30 May 06, Global Crossing completed its concurrent public offerings of common stock and convertible senior notes raising gross proceeds of US\$384 million.

#### Relative TSR Since Investment: Global Crossing (GLBC) vs NASDAQ (NASDAQ)

Index = 100 on Dec 03, Date of investment - Dec 03



Chairman: Lodewijk Christiaan van Wachem  
CEO: John J Legere

Website: [www.globalcrossing.com](http://www.globalcrossing.com)



Unlisted

### Held since 1992

MediaCorp has interests in TV, radio, entertainment productions, movie productions, newspapers, magazines, electronic media and other broadcasting services.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	525	460
PATMI	161	45
EVA	(15)	(39)
Change in EVA	24	15
Shareholder Equity	1,242	920
ROE	14.9%	5.0%
Gross Dividend Yield	7.9%	3.1%
VA/Employment Cost	1.3x	1.2x
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	38.0%	20.5%

**HIGHLIGHTS** Driven by higher advertising income, MediaCorp saw strong revenue growth bolstered with gains from the partial disposal of StarHub shares.

Chairman: Ho Kwon Ping  
CEO: Lucas Chow

Website: [www.mediacorp.sg](http://www.mediacorp.sg)



**Held since 2002 via ST Telemedia**

PT Indosat (Indosat) is the second largest integrated telecommunications service provider in Indonesia offering mobile and fixed communications, multimedia, Internet, data and backbone network services in Indonesia.

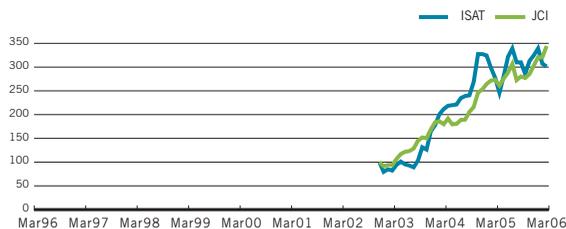
Key figures (IDR'b)	FY ended 31 Dec	
	2005	2004
Revenue	11,590	10,430
PATMI	1,623	1,633
EVA	389	318
Change in EVA	71	656
Market Capitalisation	27,700	25,774
ROE	11.8%	12.9%
Gross Dividend Yield	2.9%	3.2%
VA/Employment Cost	6.2x	6.0x
Price/Book	1.9x	2.0x
Price/Earnings	16.7x	15.5x

TSR	One-year	Two-year
		8.6%

**HIGHLIGHTS** Indosat's cellular subscriber base grew by nearly 50% or 4.8 million to 14.5 million in 2005. PATMI was largely unchanged as the previous year's performance was boosted by gains from sale of investments.

**Relative TSR Since Investment:  
PT Indosat (ISAT) vs Jakarta Composite Index (JCI)**

Index = 100 on Dec 02, Date of investment - Dec 02



President Commissioner: Peter Seah  
Acting President Director: Kaizad B Heerjee

Website: [www.indosat.com](http://www.indosat.com)



**Held since 2006 via Aspen Holdings**

Shin Corporation (Shin) is a holding company with businesses in wireless telecommunications, satellite communications and international business, Internet, media and advertising, consumer finance, holdings and others.

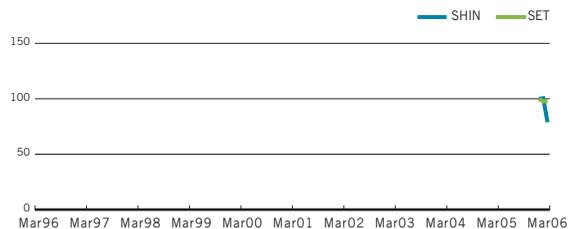
Key figures (THB'm)	FY ended 31 Dec	
	2005	2004
Revenue	12,583	10,631
PATMI	8,573	8,700
EVA	2,508	2,212
Change in EVA	296	(1,117)
Market Capitalisation	114,885	117,554
ROE	22.6%	25.1%
Gross Dividend Yield	6.8%	5.1%
VA/Employment Cost	1.5x	1.5x
Price/Book	2.9x	3.2x
Price/Earnings	13.3x	13.3x

TSR	One-year	Two-year
		0.0%

**HIGHLIGHTS** Standard & Poor's upgraded long term corporate rating of Shin's largest associate, Advanced Info Service, to A- with a stable outlook.

**Relative TSR Since Investment:  
Shin Corp (SHIN) vs Stock Exchange of Thailand Index (SET)**

Index = 100 on Jan 06, Date of investment - Jan 06



Chairman of the Board of Directors: Pong Sarasin  
Chairman of the Group Executive Committee & Executive Committee: Boonklee Plangsiri

Website: [www.shincorp.com](http://www.shincorp.com)



Unlisted

**Held since 1995**

Singapore Technologies Telemedia (ST Telemedia) has operations and investments in fixed and mobile communications, global IP network and services, satellite and cable TV in the Asia Pacific region, the Americas and Europe.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	7,228	8,077
PATMI	236	(411)
EVA	(576)	(949)
Change in EVA	373	(631)
Shareholder Equity	1,007	713
ROE	27.5%	-43.9%
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	2.2x	1.9x
Price/Book	NA	NA
Price/Earnings	NA	NA

TSR	One-year	Two-year
	41.2%	-7.0%

**HIGHLIGHTS** The Group achieved PATMI of S\$236 million for 2005 as a result of the strong performance from StarHub and a gain on the disposal of Equinix. Group revenue declined due to the managed reduction in wholesale voice revenue in Global Crossing.

Chairman: Tan Guong Ching  
President & CEO: Lee Theng Kiat

Website: [www.sttelemedia.com](http://www.sttelemedia.com)

**Held since 1993**

Singapore Telecommunications (SingTel) is a communications group with operations in Singapore and Australia and major investments in Thailand, India, the Philippines, Bangladesh and Indonesia, covering 92 million mobile subscribers in total.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	13,138	12,617
PATMI	4,163	3,268
EVA	2,408	1,638
Change in EVA	769	(2,341)
Market Capitalisation	44,263	42,926
ROE	20.6%	16.8%
Gross Dividend Yield	3.8%	5.0%
VA/Employment Cost	5.4x	5.0x
Price/Book	2.1x	2.2x
Price/Earnings	10.6x	13.6x

TSR	One-year	Two-year
	7.7%	11.0%

**HIGHLIGHTS** The Group's operating revenue hit a record S\$13.14 billion. Wholly-owned subsidiary, Optus, purchased a 74.15% stake in Virgin Mobile Australia, while SingTel increased its shareholding in India's Bharti to 31% and acquired a 45% stake in Pacific Bangladesh Telecom.

**Relative 10-year TSR:  
Singapore Telecom (ST) vs Straits Times Index (STI)**

Index = 100 on Mar 96



Chairman: Chumpol NaLamlieng  
Group CEO: Lee Hsien Yang

Website: [www.singtel.com](http://www.singtel.com)



### Held since 1998 via ST Telemedia and MediaCorp

Listed in Singapore, StarHub is an info-communications company, delivering information, communications and entertainment services over fixed, mobile, cable and Internet platforms.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	1,571	1,355
PATMI	221	(55)
EVA	173	(88)
Change in EVA	261	17
Market Capitalisation	4,644	2,671
ROE	24.1%	-6.2%
Gross Dividend Yield	4.1%	0.0%
VA/Employment Cost	3.2x	2.7x
Price/Book	4.9x	3.1x
Price/Earnings	20.9x	NM

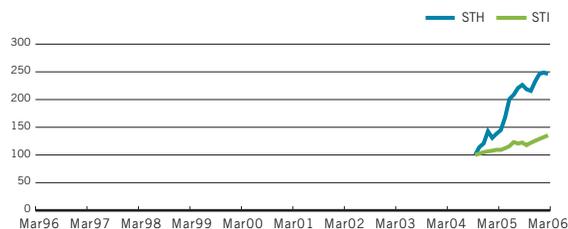
	One-year	Two-year*
TSR	78.0%	79.7%

**HIGHLIGHTS** StarHub registered double-digit growth in revenue. Its mobile business was the largest contributor, while its broadband operations maintained its position as the fastest growing segment.

\* StarHub's two-year TSR period is from 12 Oct 04 to 31 Mar 06 (annualised).

#### Relative TSR Since Listing: StarHub (STH) vs Straits Times Index (STI)

Index = 100 on Oct 04, Listing date - Oct 04



Chairman: Tan Guong Ching  
President & CEO: Terry Clontz

Website: [www.starhub.com](http://www.starhub.com)

## Transportation & Logistics



NEPTUNE ORIENT LINES  
PSA INTERNATIONAL  
SINGAPORE AIRLINES  
SMRT CORPORATION



### Held since 1975

Neptune Orient Lines is a global cargo transportation and logistics company. Its container transportation arm, APL, provides container transportation services while its supply chain services arm, APL Logistics, provides international logistics services and solutions.

Key figures (USD'm)	FY ended	FY ended
	30 Dec	31 Dec
	2005	2004
Revenue	7,271	6,545
PATMI	804	943
EVA	453	544
Change in EVA	(91)	425
Market Capitalisation (SGD'm)	3,175	5,348
ROE	33.6%	54.1%
Gross Dividend Yield*	3.7%	12.3%
VA/Employment Cost	3.4x	3.8x
Price/Book**	0.7x	1.5x
Price/Earnings	2.4x	3.5x

TSR	One-year	Two-year
		-7.3%

**HIGHLIGHTS** In Feb 06, the Group made a cash distribution of S\$1.34 billion to shareholders to tighten its capital structure, leaving a net gearing ratio of 0.15 times at the end of first quarter 2006.

\* Does not include the capital reduction and cash distribution of S\$0.92 per share.

\*\* Stock price has adjusted for capital reduction while book value has not been adjusted.

#### Relative 10-year TSR: Neptune Orient Lines (NOL) vs Straits Times Index (STI)

Index = 100 on Mar 96



Chairman: Cheng Wai Keung  
Group President & CEO: David Lim Tik En

Website: [www.nol.com.sg](http://www.nol.com.sg)



Unlisted

### Held since 1997

Billed the World's Port of Call, PSA International (PSA) covers 20 ports in 11 countries, spread over Asia and Europe.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	3,678	3,580
PATMI	1,058	881
EVA	633	447
Change in EVA	186	141
Shareholder Equity	4,747	4,031
ROE	24.1%	23.6%
Gross Dividend Yield	8.8%	9.2%
VA/Employment Cost	3.5x	3.1x
Price/Book	NA	NA
Price/Earnings	NA	NA

TSR	One-year	Two-year
		28.2%

**HIGHLIGHTS** PSA and its group terminals handled 41.2 million TEUs of containers in 2005, driven by strong global trade, and boosted by volumes from new port acquisitions. In May 06, PSA purchased 20% equity and loan interest in Hutchison Whampoa Limited's portfolio of ports.

Chairman: Fock Siew Wah  
Group CEO: Eddie Teh

Website: [www.internationalpsa.com](http://www.internationalpsa.com)



### Held since 1975

Singapore Airlines (SIA) is the flag carrier of the Republic of Singapore, flying to 98 destinations in 40 countries.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	13,341	12,013
PATMI	1,241	1,352
EVA	99	286
Change in EVA	(187)	901
Market Capitalisation	17,142	14,497
ROE	9.6%	11.4%
Gross Dividend Yield	3.2%	3.4%
VA/Employment Cost	2.2x	2.3x
Price/Book	1.3x	1.2x
Price/Earnings	13.8x	10.7x

	One-year	Two-year
TSR	21.7%	16.6%

**HIGHLIGHTS** SIA Group saw a record revenue of S\$13,341 million for FY05/06. It took delivery of one Boeing 777-300 and expanded its network to Hyderabad, Lahore, Karachi, Moscow and Abu Dhabi.

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

Index = 100 on Mar 96



Chairman: Stephen Lee Ching Yen  
CEO: Chew Choon Seng

Website: [www.singaporeair.com](http://www.singaporeair.com)



### Held since 1987

SMRT Corporation (SMRT) is a multi-modal transport service provider offering mass rapid and light rail transit, bus and taxi services in Singapore, advertising, commercial space and engineering services.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	712	673
PATMI	103	127
EVA	62	48
Change in EVA	14	23
Market Capitalisation	1,690	1,397
ROE	18.2%	24.5%
Gross Dividend Yield	6.3%	7.0%
VA/Employment Cost	2.0x	2.0x
Price/Book	2.9x	2.5x
Price/Earnings	16.3x	11.0x

	One-year	Two-year
TSR	27.5%	45.3%

**HIGHLIGHTS** Increase in train ridership, as well as rental and advertising revenue, were key drivers of revenue growth. During the year, SMRT launched initiatives like the "Ride SMRT & Win" promotions and the "SMRT Taxis Service Promise" to enhance customer loyalty.

#### Relative TSR Since Listing: SMRT Corp (MRT) vs Straits Times Index (STI)

Index = 100 on Jul 00, Listing date - Jul 00



Chairman: Choo Chiau Beng  
President & CEO: Saw Phaik Hwa

Website: [www.smrt.com.sg](http://www.smrt.com.sg)

# Infrastructure, Engineering & Technology



**CHARTERED SEMICONDUCTOR MANUFACTURING**  
**KEPPEL CORPORATION**  
**SEMBCORP INDUSTRIES**  
**SINGAPORE TECHNOLOGIES ENGINEERING**  
**STATS CHIPPAK**



### Held since 1987

Chartered Semiconductor Manufacturing (Chartered) is a dedicated semiconductor foundry, providing wafer manufacturing services to fabless, integrated device manufacturers and system companies.

Key figures (USD'm)	FY ended 31 Dec	
	2005	2004
Revenue	1,033	932
PATMI	(160)	7
EVA	(475)	(391)
Change in EVA	(84)	223
Market Capitalisation (SGD'm)	3,948	2,486
ROE	-11.2%	0.4%
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	3.8x	3.9x
Price/Book	1.8x	1.0x
Price/Earnings	NM	NM

TSR	One-year	Two-year
	58.6%	-0.3%

**HIGHLIGHTS** Chartered commenced volume production of 90nm technology in its first 300mm fabrication facility. It extended its relationship with IBM to include 45nm bulk CMOS process technology; the joint development effort now spans three generations from 90nm to 45nm.

#### Relative TSR Since Listing: Chartered Semiconductor Manufacturing (CSM) vs Straits Times Index (STI)

Index = 100 on Nov 99, Listing date - Nov 99



Chairman: James A. Norling  
CEO: Chia Song Hwee

Website: [www.charteredsemi.com](http://www.charteredsemi.com)



### Held since 1975

Keppel Corporation is involved in offshore rigs, ship repair, conversion and shipbuilding; property development and management of property funds and trusts; environmental and engineering solutions, power generation and network engineering services and investments.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	5,688	3,963
PATMI	564	464
EVA	197	36
Change in EVA	161	148
Market Capitalisation	10,850	8,514
ROE	16.7%	15.5%
Gross Dividend Yield	1.7%	1.8%
VA/Employment Cost	1.7x	1.8x
Price/Book	3.0x	2.7x
Price/Earnings	19.1x	18.2x

TSR	One-year	Two-year
	31.1%	43.7%

**HIGHLIGHTS** The Group achieved record PATMI, ROE and EVA, driven by robust earnings growth from Offshore & Marine and Investments.

#### Relative 10-year TSR: Keppel Corp (KEP) vs Straits Times Index (STI)

Index = 100 on Mar 96



Executive Chairman: Lim Chee Onn

Website: [www.keppcorp.com](http://www.keppcorp.com)



**Held since 1983**

SembCorp Industries (SCI) provides centralised utilities and energy to industrial customers in Singapore, the United Kingdom and the region. Its subsidiaries include global marine and offshore engineering units.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	7,409	5,944
PATMI	303	391
EVA	116	(344)
Change in EVA	460	(376)
Market Capitalisation	6,128	3,551
ROE	15.3%	21.3%
Gross Dividend Yield	1.9%	5.8%
VA/Employment Cost	1.9x	1.8x
Price/Book	3.1x	1.8x
Price/Earnings	20.4x	9.0x
TSR	One-year 83.2%	Two-year 57.7%

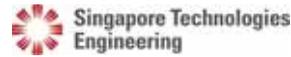
**HIGHLIGHTS** With the sale of Kuehne & Nagel by SembCorp Logistics (SembLog), SCI distributed \$214.8 million to shareholders in Jun 05. It later divested its 60% stake in SembLog in Mar 06 and its 88% stake in SembCorp Engineers and Constructors in Jun 06. It also settled its Solitaire arbitration in Mar 06.

**Relative TSR Since Listing:  
Sembcorp Industries (SCI) vs Straits Times Index (STI)**



Chairman: Peter Seah  
Group President & CEO: Tang Kin Fei

Website: [www.sembcorp.com.sg](http://www.sembcorp.com.sg)



**Held since 1997**

Singapore Technologies Engineering (ST Engg) is an integrated defence and engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	3,338	2,948
PATMI	396	354
EVA	284	241
Change in EVA	43	(1)
Market Capitalisation	9,104	7,429
ROE	27.8%	26.4%
Gross Dividend Yield	4.4%	4.8%
VA/Employment Cost	1.7x	1.6x
Price/Book	6.1x	5.5x
Price/Earnings	22.7x	20.9x
TSR	One-year 27.3%	Two-year 28.3%

**HIGHLIGHTS** Efforts by ST Engg to expand internationally and develop new markets have grown its commercial sales to 54% of total revenue.

**Relative TSR Since Listing:  
ST Engineering (STE) vs Straits Times Index (STI)**



Chairman: Peter Seah  
President & CEO: Tan Pheng Hock

Website: [www.stengg.com](http://www.stengg.com)



### Held since 1995

STATS ChipPAC provides semiconductor packaging design, assembly, test and distribution solutions to wafer foundries, integrated device manufacturers and fabless companies in the United States, Europe and Asia.

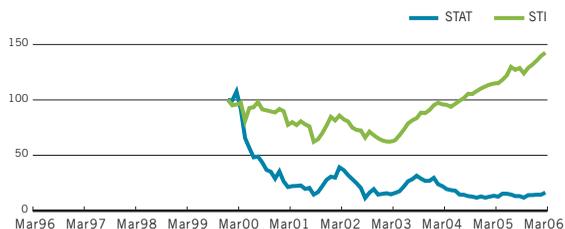
Key figures (USD'm)	FY ended 31 Dec	
	2005	2004
Revenue	1,157	769
PATMI	(26)	(468)
EVA	(137)	(68)
Change in EVA	(69)	(16)
Market Capitalisation (SGD'm)	2,563	2,070
ROE	-2.3%	-57.2%
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	2.3x	2.4x
Price/Book	1.4x	1.1x
Price/Earnings	NM	NM

	One-year	Two-year
TSR	21.7%	-13.9%

**HIGHLIGHTS** STATS and ChipPAC merged to form STATS ChipPAC, producing a combined revenue of US\$1.2 billion in 2005.

#### Relative TSR Since Listing: STATS ChipPAC (STAT) vs Straits Times Index (STI)

Index = 100 on Jan 00, Listing date - Jan 00



Chairman: Charles Richard Wofford  
Director & CEO: Tan Lay Koon

Website: [www.statschippac.com](http://www.statschippac.com)

## Energy & Resources



**POWERSERAYA**  
**SENOKO POWER**  
**SINGAPORE POWER**  
**TUAS POWER**



Unlisted

**Held since 1995**

PowerSeraya is in the business of producing, wholesaling, trading and retailing of energy. Its integrated utility business will include the sale of steam and water, and physical oil trading and storage.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	2,093	1,515
PATMI	130	117
EVA	49	34
Change in EVA	15	34
Shareholder Equity	1,012	1,075
ROE	12.4%	11.5%
Gross Dividend Yield	22.7%	0.0%
VA/Employment Cost	9.2x	8.5x
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	15.6%	13.9%

**HIGHLIGHTS** PowerSeraya completed the conversion and repowering of its 750MW traditional steam plant to fire on orimulsion. It also successfully completed the ISO 14001 Environment Management Systems certification.

Chairman: Tan Yam Pin  
Managing Director: Neil Garry McGregor

Website: [www.pseraya.com.sg](http://www.pseraya.com.sg)



Unlisted

**Held since 1995**

Senoko Power (Senoko) is an integrated electricity generator and retailer, producing electricity utilising predominantly combined cycle gas-fired generation technology, and selling electricity into the Singapore Wholesale and Retail Electricity Market.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	2,194	1,778
PATMI	131	133
EVA	43	40
Change in EVA	4	24
Shareholder Equity	796	932
ROE	15.2%	13.8%
Gross Dividend Yield	37.7%	21.6%
VA/Employment Cost	6.5x	6.4x
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	17.8%	14.8%

**HIGHLIGHTS** In 2005, Senoko improved its ROE, streamlined its cost base and strengthened its asset base with the completion of the S\$600 million Stage 1 Repowering Project. It also established a regional milestone of two million manhours without a lost-time injury incident, and became the first utility to win the coveted Singapore Green Plan 2012 Award.

Chairman: John Lim  
President & CEO: Roy Adair

Website: [www.senokopower.com.sg](http://www.senokopower.com.sg)



Unlisted

**Held since 1994**

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

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	4,844	4,136
PATMI	1,318	861
EVA	278	230
Change in EVA	48	200
Shareholder Equity	3,886	3,819
ROE	34.2%	25.5%
Gross Dividend Yield	51.5%	5.6%
VA/Employment Cost	9.4x	9.4x
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	33.6%	32.0%

**HIGHLIGHTS** SP integrated and re-branded its Australian transmission and distribution businesses as SP AusNet, which was then dual-listed on the Australian Stock Exchange and the Singapore Exchange on 14 Dec 05. This was the first stapled security initial public offering in Singapore.

Chairman: Ng Kee Choe  
Group CEO: Quek Poh Huat

Website: [www.singaporepower.com.sg](http://www.singaporepower.com.sg)



Unlisted

**Held since 1995**

Tuas Power owns a fully integrated portfolio of businesses in power generation, trading and retail and is currently focused on growing its business in other related areas.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	1,736	1,362
PATMI	104	(105)
EVA	(9)	(69)
Change in EVA	60	NA
Shareholder Equity	1,031	918
ROE	10.7%	-10.8%
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	13.4x	12.5x
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	12.3%	0.4%

**HIGHLIGHTS** Tuas Power concluded its Phase 2 development with the commissioning of its third and fourth blocks of combined cycle power plant. The two new blocks brought Tuas Power to its full licensed capacity of 2,670 MW.

Chairman: Lim How Teck  
President & CEO: Lim Kong Puay

Website: [www.tuaspower.com.sg](http://www.tuaspower.com.sg)

## Real Estate



CAPITALAND  
MAPLETREE INVESTMENTS



### Held since 2000

CapitaLand is an international real estate company headquartered in Singapore, focused on property, hospitality and real estate financial services, in gateway cities in Asia Pacific, Europe and the Middle East.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	3,846	3,179
PATMI	751	306
EVA	(185)	(386)
Change in EVA	201	(33)
Market Capitalisation	13,369	6,008
ROE	12.5%	5.4%
Gross Dividend Yield	3.7%	2.6%
VA/Employment Cost	2.0x	2.4x
Price/Book	2.0x	1.1x
Price/Earnings	17.1x	19.4x

	One-year	Two-year
TSR	111.1%	85.8%

**HIGHLIGHTS** In 2005, CapitaLand achieved a record PATMI of S\$751 million. It also expanded its businesses in Singapore and overseas, and divested PREMAS and Raffles Holdings' hotel business.

#### Relative TSR Since Listing: Capitaland (CAPL) vs Straits Times Index (STI)

Index = 100 on Nov 00, Listing date - Nov 00



*Note: CapitaLand was formed from a merger of DBS Land and Pidemco Land. CapitaLand shares were listed on the Singapore Exchange on 21 Nov 00.*

Chairman: Dr Richard Hu  
President & CEO: Liew Mun Leong

Website: [www.capitaland.com](http://www.capitaland.com)



Unlisted

### Held since 2001

Mapletree Investments (Mapletree) is a real estate company in Singapore and Asia with office, logistics, industrial and retail/lifestyle properties.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	161	135
PATMI	145	52
EVA	(22)	(159)
Change in EVA	138	(8)
Shareholder Equity	2,393	2,244
ROE	6.2%	2.3%
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	4.4x	10.1x
Price/Book	NA	NA
Price/Earnings	NA	NA

	One-year	Two-year
TSR	6.6%	4.4%

**HIGHLIGHTS** On 28 Jul 05, Mapletree listed the Mapletree Logistics Trust, Singapore's first Asia-focused logistics REIT. On 18 Apr 06, Mapletree celebrated the completion of the main structure of VivoCity, Singapore largest retail and lifestyle destination.

Chairman: Edmund Cheng  
CEO: Hiew Yoon Khong

Website: [www.mapletree.com.sg](http://www.mapletree.com.sg)

## Others



**SINGAPORE FOOD INDUSTRIES**  
**WILDLIFE RESERVES SINGAPORE**



### Held since 2002

Singapore Food Industries is an integrated food company focused on food distribution, food preparation, manufacturing and processing, and abattoir & hog auction, with operations in the UK, Ireland, China, Australia and Singapore.

Key figures (SGD'm)	FY ended 31 Dec	
	2005	2004
Revenue	597	590
PATMI	36	36
EVA	26	28
Change in EVA	(2)	4
Market Capitalisation	589	533
ROE	27.0%	29.0%
Gross Dividend Yield	5.4%	5.7%
VA/Employment Cost	1.7x	1.6x
Price/Book	4.3x	4.1x
Price/Earnings	16.2x	14.8x
TSR	One-year 15.9%	Two-year 25.8%

**HIGHLIGHTS** Revenue from non-Singapore operations, currently account for 60% of Group turnover, while contributing to 26% of Group pre-tax profits.

#### Relative TSR Since Listing: Singapore Food Industries (SFI) vs Straits Times Index (STI)



Chairman: Tan Yam Pin  
CEO: Peter Tay

Website: [www.sfi.com.sg](http://www.sfi.com.sg)



Unlisted

### Held since 1975

Wildlife Reserves Singapore (WRS) is the parent company of three award-winning Singapore attractions – Singapore Zoo, Night Safari and Jurong Bird Park.

Key figures (SGD'm)	FY ended 31 Mar	
	2006	2005
Revenue	59	49
PATMI	14	12
EVA	9	6
Change in EVA	3	10
Shareholder Equity	80	65
ROE	19.4%	19.5%
Gross Dividend Yield	0.0%	0.0%
VA/Employment Cost	1.9x	1.8x
Price/Book	NA	NA
Price/Earnings	NA	NA
TSR	One-year 22.2%	Two-year 21.9%

**HIGHLIGHTS** The three parks continue to upgrade and refresh their experiences for visitors. The Night Safari surpassed the 1 million mark for the first time in its 12-year history, boosting total visitorship to more than 3 million. This netted a record profit of S\$14 million on a record revenue of S\$59 million for WRS.

Executive Chairman: Robert Kwan

Website: [www.zoo.com.sg](http://www.zoo.com.sg)  
[www.nightsafari.com.sg](http://www.nightsafari.com.sg)  
[www.jbp.com.sg](http://www.jbp.com.sg)

## Our Presence



We established affiliated offices in Shanghai, Hong Kong and Ho Chi Minh City in 2005. These three new affiliated offices will help us to become a stronger and more visible part of the business community in China and Vietnam, two important markets. Together with the Singapore and India offices, this extended network of affiliated offices provides us with better insights and responsiveness to the opportunities in North Asia, South Asia and Southeast Asia.

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