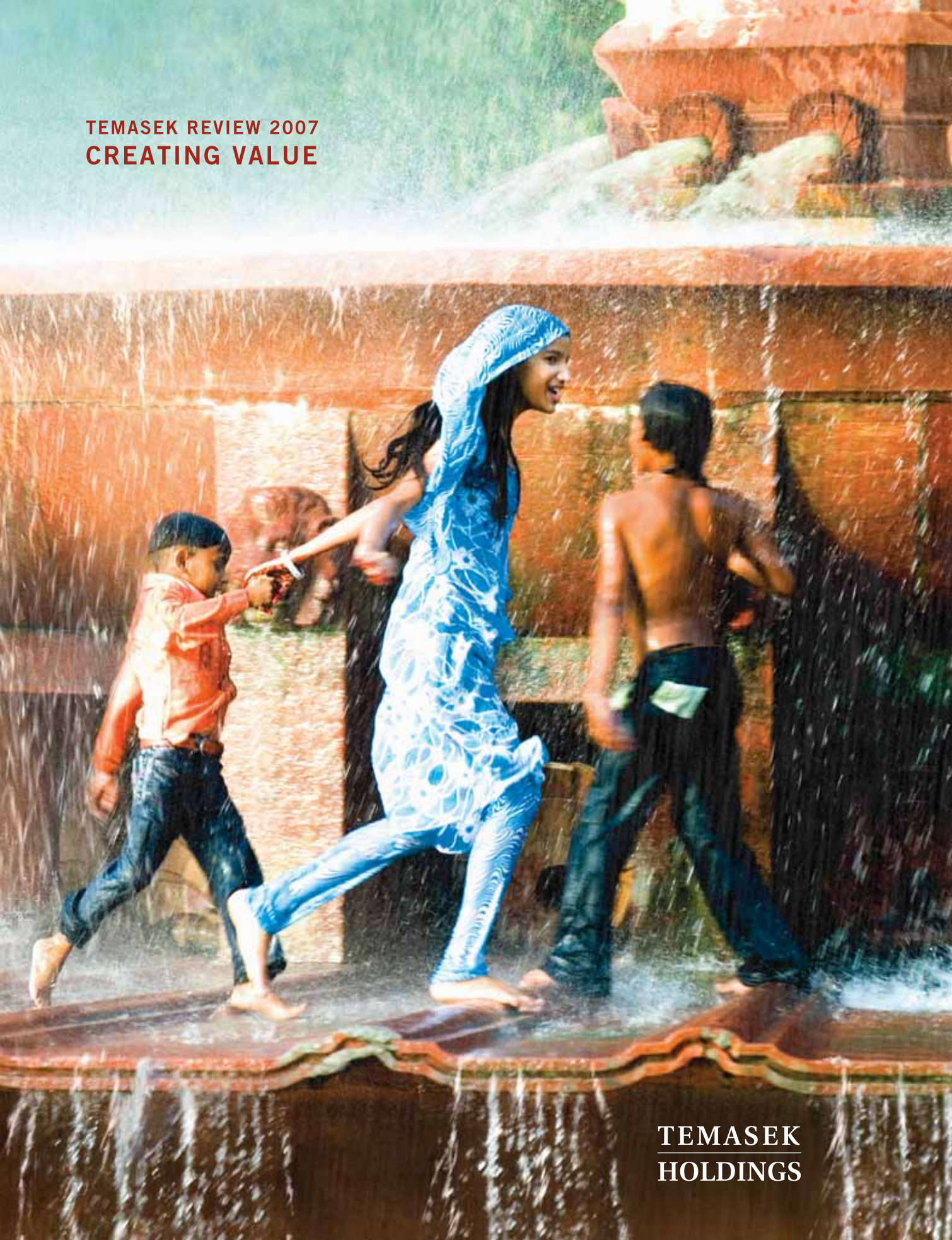


TEMASEK REVIEW 2007
CREATING VALUE



TEMASEK
HOLDINGS





قطرہ قطرہ دریا بن جاتا ہے

“Drop by drop a river is formed”
– URDU SAYING



Creating Value

As a long-term investor anchored in Asia, we have the opportunity to play our part as an enlightened partnership, and as a responsible corporate citizen in the wider community, to create value and help shape a better world for our present and future generations in Asia.

We too are changing and re-inventing ourselves as Asia transforms. However, the principle of creating and managing for value remains a constant for us, as do our core values of integrity, meritocracy and excellence. These are the compass points for us to remain focused and relevant to our stakeholders, including our portfolio companies, employees, shareholder, bondholders, partners, friends as well as society at large.

In so doing, we remain true to the vision, commitment and dedication of our founding generation, as well as the many others who have contributed to our success over the years to do things today with tomorrow clearly in mind.

About Temasek Holdings

Temasek Holdings is an Asia investment house headquartered in Singapore.

With a multinational staff of some 250 people, we manage a portfolio of over S\$160 billion, or more than US\$100 billion, focused primarily in Asia.

We are an active shareholder and investor in diverse industry sectors such as banking & financial services, real estate, transportation & logistics, infrastructure, telecommunications & media, bioscience & healthcare, education, consumer & lifestyle, engineering & technology, as well as energy & resources.

As an active shareholder, we encourage a culture of excellence, leadership and sound governance in our portfolio companies, as the foundation for developing people and building outstanding businesses. As an active investor, we seek to optimise our returns within our long-term risk-return framework. As a portfolio owner, we have the flexibility of long or short investment horizons, as well as the option of taking concentrated positions or remaining in cash.

Our recent investment strategies have been centred on four themes:

- * Transforming Economies
- * Thriving Middle Class
- * Deepening Comparative Advantages
- * Emerging Champions

Our total shareholder return since inception is more than 18% compounded annually. We have a corporate credit rating of AAA/Aaa by 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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PSA International is a leading global port operator with 26 port projects in 14 countries. Its Singapore home port is the largest container transshipment hub in the world, serving a network of 200 shipping lines with connections to more than 120 countries. Automation and the use of intelligent systems have resulted in greater levels of productivity and higher efficiencies for its customers.



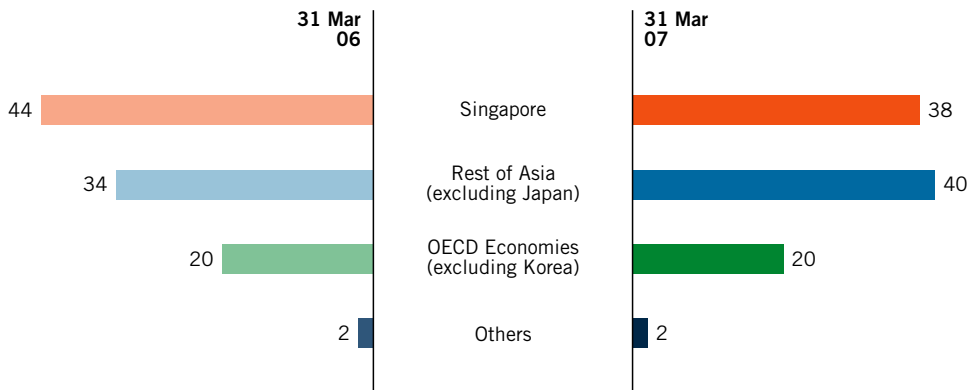
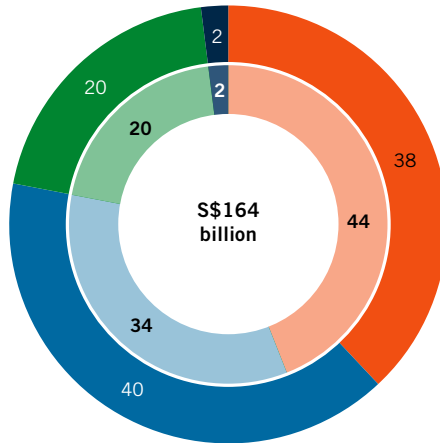


Portfolio Highlights

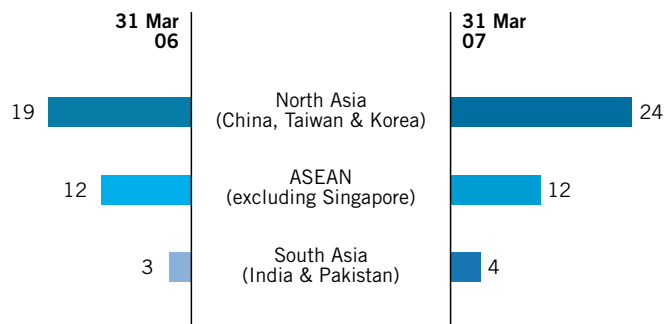
Our Portfolio by Geography, Sector & Liquidity	10
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Our Portfolio by Geography (%)

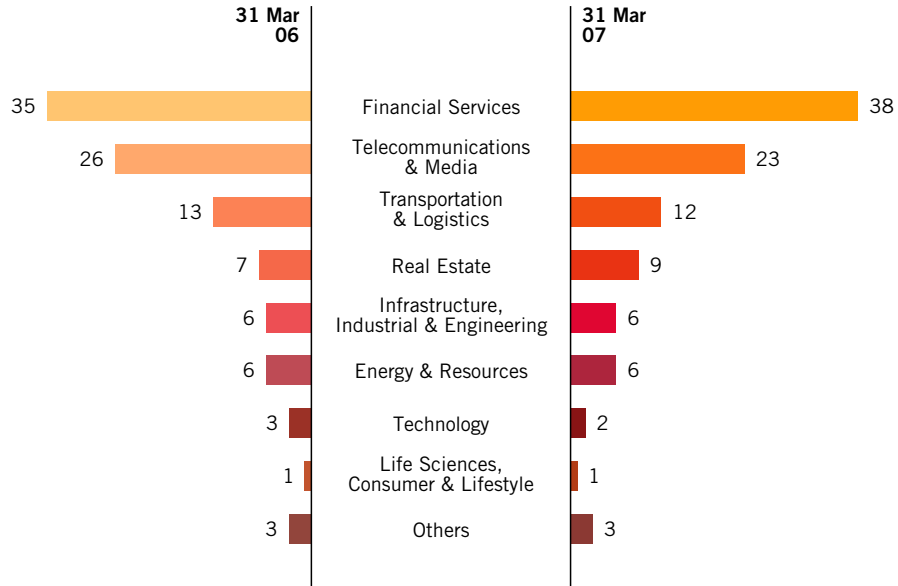
NET PORTFOLIO VALUE OF S\$164 BILLION AS AT 31 MARCH 2007



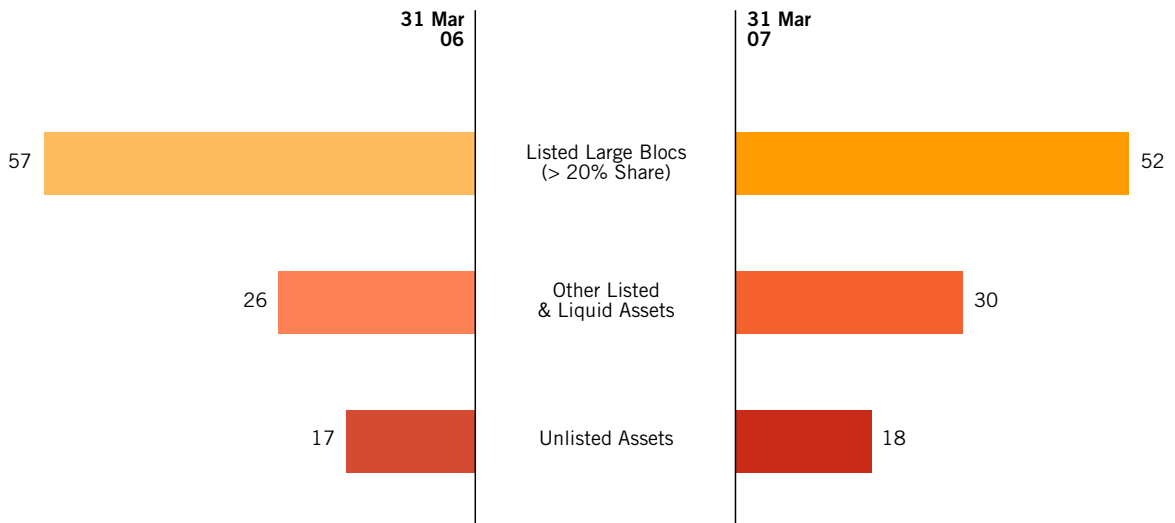
Rest Of Asia (excluding Japan & Singapore)



By Sector (%)



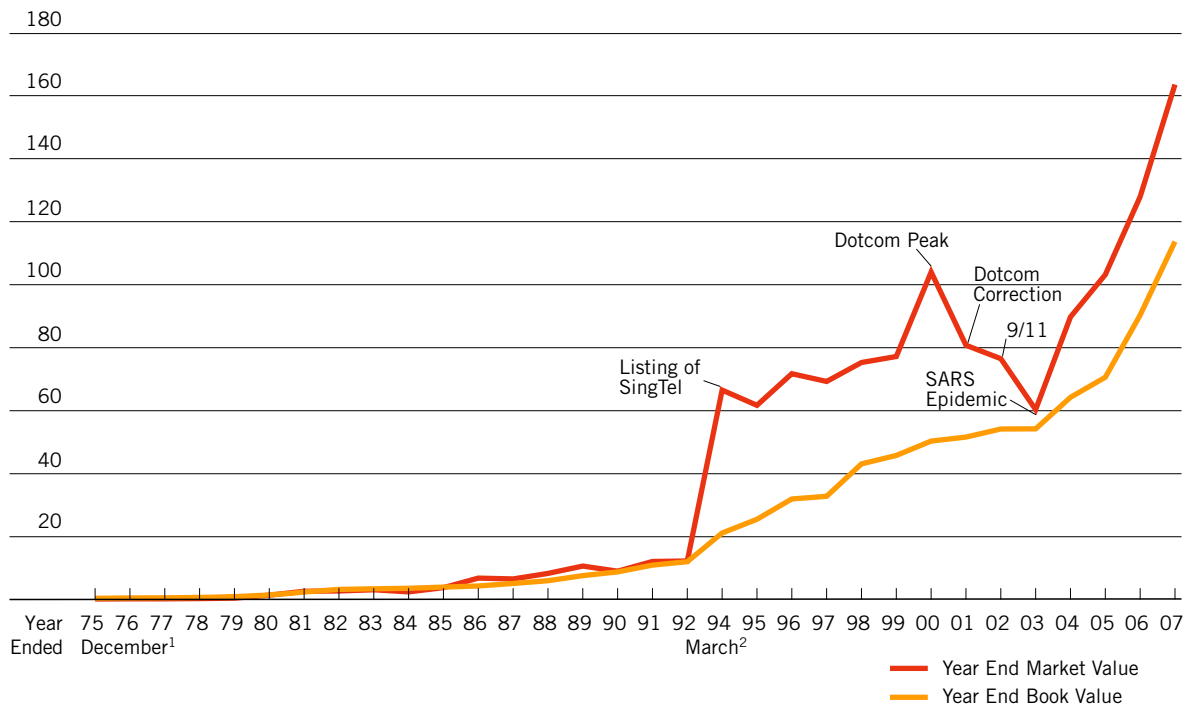
By Liquidity (%)



Our Portfolio Value since Inception

Starting with an initial portfolio of S\$354 million in 1974, Temasek's net portfolio value has grown to S\$164 billion as at 31 March 2007.

VALUE OF TEMASEK'S PORTFOLIO (FY1974 – FY2006) (IN S\$ BILLION)



The book value of our portfolio has increased steadily over the years to S\$114 billion, driven by the solid profit contributions of our portfolio companies and our investment activities.

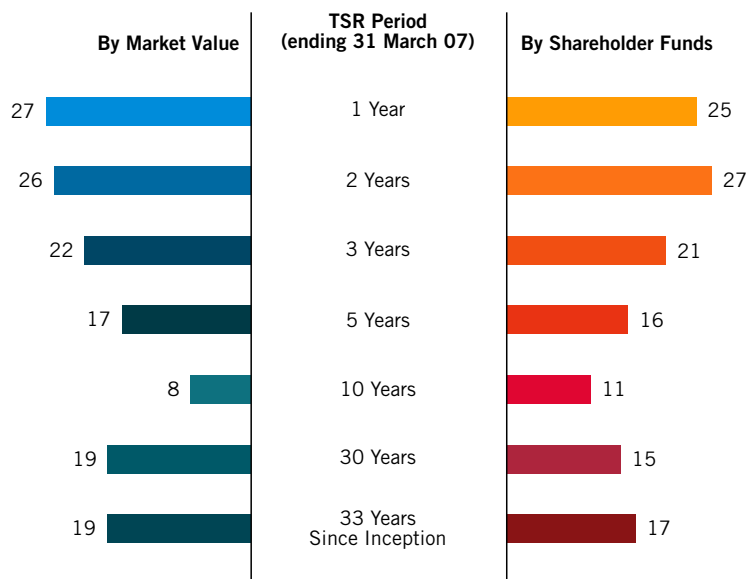
The market value of our portfolio over the years reflects both the performance of the underlying investments and the effects of external events. For example, the listing of SingTel in 1993 contributed to the biggest single-year increase in portfolio value, while the Severe Acute Respiratory Syndrome (SARS) epidemic of 2003 caused a sharp correction in market values across Asia.

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 a specified period. It takes into account changes in the market value of our portfolio, dividends paid, as well as any net capital changes. For unlisted investments, we track the movements in shareholder funds in lieu of market prices.

Since our inception, we have delivered a compounded annual TSR of more than 18%. Our one-, two- and three-year TSR by market value were 27%, 26% and 22% respectively.

TSR by shareholder funds measures the changes in the book value of our portfolio, instead of market value. This reflects the underlying profitability of the portfolio businesses, uncoloured by the volatility caused by capital flows or other extraneous events.

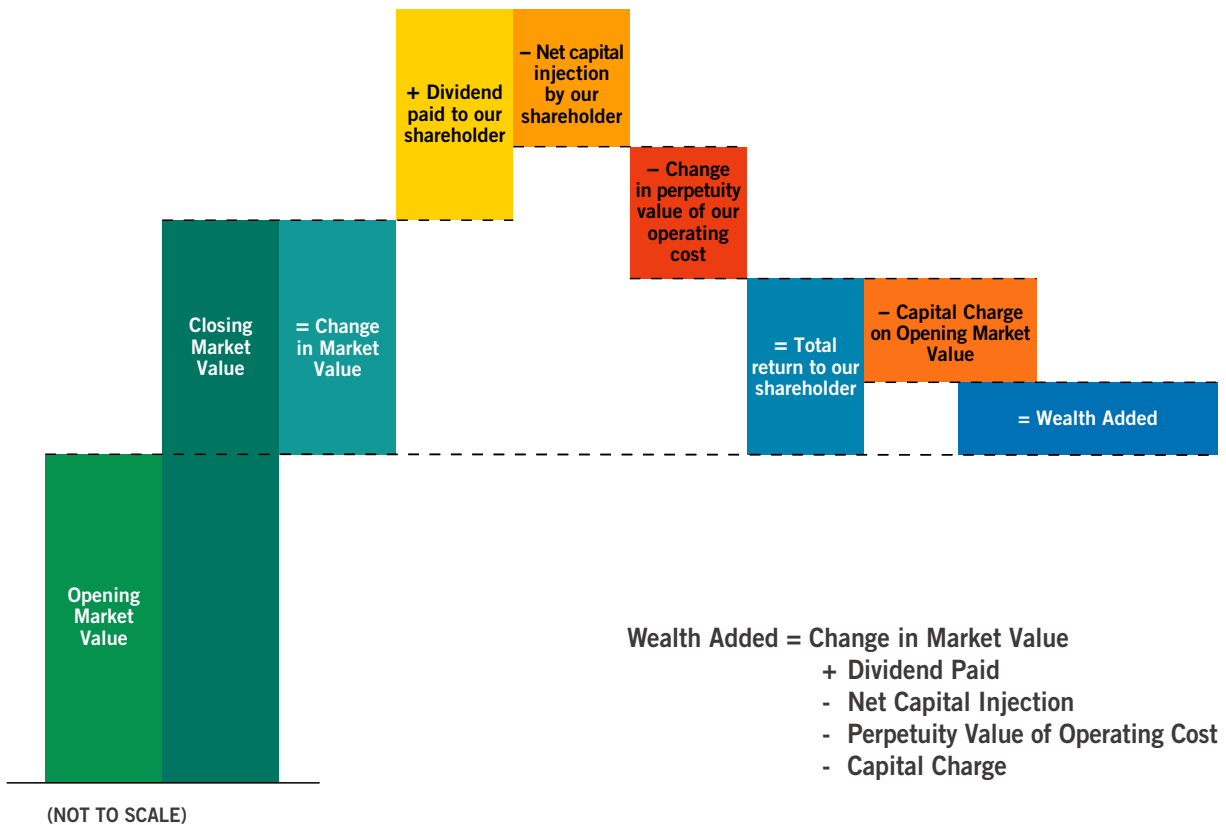
Our TSR by shareholder funds is more than 17% since our inception. Our 10-year TSR since the Asian financial crisis in 1997 was a steady 11% compounded annually. This is an affirmation of the underlying strength of our portfolio companies. The reshaping of our portfolio as well as the transformation driven by some of our portfolio companies have led to higher TSRs of more than 20% in more recent periods.

Alignment with Shareholder Value

As a performance indicator, Wealth Added factors in the capital employed to achieve returns and the risks associated with each investment. To achieve positive wealth added, we need to deliver more than the risk-adjusted hurdle called the capital charge.

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

WEALTH ADDED MEASURES EXCESS RETURNS OVER HURDLE



CALCULATING WEALTH ADDED

Also known as Economic Profit, Wealth Added is the total return to a shareholder less the capital charge.

A shareholder's total return is the change in the market value of his investments (or the change in book value in the case of unlisted assets), plus dividends he receives, adjusted for any net new capital he has invested.

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

Illustrative Example:

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

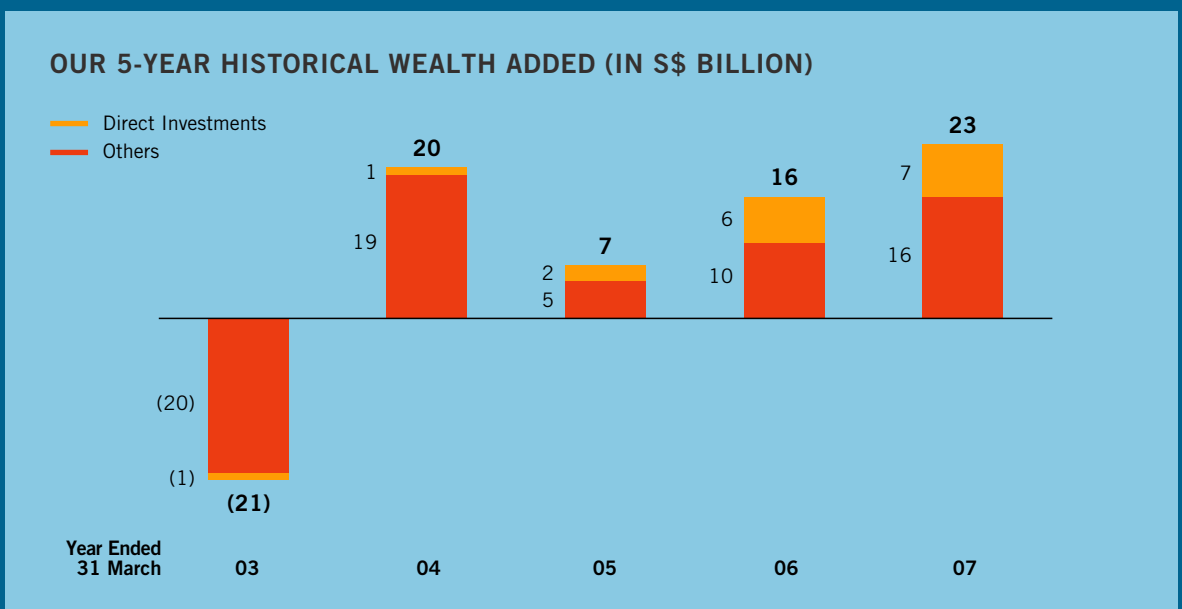
Thus,

$$\text{Total return} = (\$1200 - \$1000) + \$40 - \$130 = \$110$$

$$\text{Capital charge} = 10\% \text{ cost of capital} \times \$1000 = \$100$$

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

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



From the Chairman

Dr Goh Keng Swee, a former Deputy Prime Minister of Singapore and the man behind the founding of Temasek Holdings, once described the Singapore approach as follows:

**“There was a persistent search for practical solutions,
a patient building of institutions and infrastructure,
a generous allocation of funds,
an accumulated collection of talented staff.
In the end, it paid off.”¹**

For us in Temasek, it was yet another year of our persistent search for practical solutions, a patient building of our institution and our infrastructure, and an accumulation of talented and committed staff, with a focus on delivering sustainable value.

All in, it was a satisfying though eventful year.

Our net portfolio value grew from S\$129 billion to S\$164 billion, or US\$108 billion, on a marked-to-market basis as at end March 2007. Shareholder equity rose to S\$114 billion, an increase of 26%.

We invested almost S\$16 billion and monetised over S\$5 billion from our portfolio. Compared to S\$21 billion of new investments and S\$13 billion of divestments the previous year, transactions were much fewer in FY2006 ending 31 March 2007. This was partly the result of our view of market opportunities and our preference to maintain the flexibility of remaining in cash.

Looking ahead, we remain cautious in the light of medium-term geo-economic risks and signs of bubbly market conditions.

DELIVERING SHAREHOLDER RETURN

For the year, we delivered a healthy total shareholder return of more than 27% by market value, including dividends, or a solid 25% by shareholder funds.

Group wealth added increased by S\$7 billion to S\$23 billion, with almost S\$7 billion from our direct investment activities at the Temasek level. Also known as economic profit, wealth added measures our excess shareholder return by market value above a risk-adjusted aggregate cost of capital.²

¹ Goh Keng Swee, *The Economics of Modernisation*, Marshall Cavendish Academic, 1972, pp234.

² The capital base used for cost of capital calculations is the opening market value of our investments at the start of the year, with adjustment for any net new capital and changes in perpetuity value of our recurring operating costs.



Group net profit was S\$9 billion, compared to S\$13 billion a year earlier. Profit contributions from our group companies remained robust. This drop is partly due to lower realised gains at the Temasek level from a much reduced level of divestments at S\$5 billion, or down nearly two thirds compared to S\$13 billion of divestments a year earlier, and partly due to the impairment of our investment in Shin Corp.

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

PARTNERING ASIA IN DEVELOPMENT

Asia continues to form the bulk of our portfolio exposure.

Our underlying exposure to Singapore increased by 8% to S\$62 billion. This accounted for 38% of our portfolio exposure, compared to 44% a year ago.

We recorded our most substantial investment in food and beverage to-date, with a 15% stake in Fraser and Neave – one of Singapore's most recognised food and beverage enterprises with a significant reach into the region.

We pioneered an innovative, tax-efficient asset class in Singapore, by setting up and listing the CitySpring Infrastructure Trust. This yield-oriented model also enables retail investors to participate and invest in infrastructure opportunities. It is a potential incubator for other infrastructure sponsors and owners in Asia, with interesting implications for the development of much needed infrastructure in Asia.

We also took advantage of the increasing depth of the debt market to introduce different risk-related securities, by securitising part of our private equity funds portfolio at attractive terms. This exercise generated significant liquidity from an otherwise illiquid asset class, through Astrea, a special purpose vehicle, which holds a portfolio of investments in private equity funds.

In May 2007, we raised our stake in STATS ChipPAC from 35% to 83% following a voluntary cash tender offer for the company in March 2007. This provides us with greater exposure to the future potential of the semiconductor sector.

Rest of Asia (excluding Singapore and Japan) was home to 40% of our portfolio as at end March 2007, compared to 34% in March last year and just 19% the year before in March 2005. This included the Asia exposure of Standard Chartered in which we made an investment in mid-2006.

As we track the increasing urbanisation of a fast-growing middle class, real estate in China was a significant focus during the year. We also increased our exposure to emerging champions in India. Our portfolio

companies in the Temasek stable grew strongly in China too, even as they continue to explore opportunities in the wider region.

Overall, our exposure to Asia was 78%, including Singapore and Japan. Our maiden investment into the insurance sector through a portfolio stake in Japan's Mitsui Life is also our largest investment in Japan.

Looking ahead, Asia's overall growth is expected to remain strong, with China and India leading the way for our investment focus. We continue to explore opportunities in Singapore, ASEAN and the rest of Asia as well as the OECD economies.

LOOKING BEYOND ASIA

Our exposure outside Asia remains at about 22% of our overall portfolio exposure.

New investments in OECD economies include two companies in drug development, Intercell AG of Austria and Vical Inc of USA, both of which have platform technologies for the development of vaccines. We also invested in MEG Energy, one of the largest Canadian oil sands developers.

We completed our first investment in childcare services recently with a 12% stake in ABC Learning Centres. The company operates childcare centres in Australia, New Zealand, the UK and USA.

We continue to explore economies in transformation as potential new markets. This includes a recent investment in Russia at the initial public offering of the PIK Group and a small portfolio exposure in Latin America.

CREATING VALUE

Apart from our direct investment activities, we also embarked on other institutional initiatives to create value.

We have adopted a methodology to review and manage our portfolio. The results from a year-long pilot programme are promising. They not only gave us a deeper view of where and how we may create value with some of our existing portfolio companies, but also flushed out new investment opportunities as we gained insights into the sectoral and global value chains.

We will be building up teams and expanding our capabilities in this effort over the next two to three years, to complement our direct investment and corporate development activities.

On the corporate development front, we continue to streamline our internal processes and systems. These include refinements and updating of various standard operating procedures, compliance processes and business continuity plans.

SHARING VALUES AND VALUE

As a long-term investor in Asia, we are committed to her development and growth.

It is through sharing that we learn from and benefit each other, both in terms of the values which shape us and the value that we share.

We continue to organise knowledge events such as the annual Temasek Forum and the Asia Banking CEO Roundtable for top management to share their experiences in managing businesses. Other platforms for sharing include our Business Leadership Centre and the Wealth Management Institute.

We formalised the sharing of the shareholder value we have created by setting up the Temasek Trust with an initial S\$500 million endowment. Funds for this and other initiatives had been accumulated over the past four years out of the positive wealth added we had delivered. Future contributions will be based on a sharing of positive wealth added we create in future years.

One of the beneficiaries of the Trust is the newly-established Temasek Foundation. Launched together with the Temasek Trust in May this year, the Foundation will focus on programmes for social investments into the next generation in Asia through education and healthcare, as well as foster understanding and exchanges across Asia and promote better governance and ethics.

By sharing values and value, we will continue to build a Temasek of character and distinction.

BOARD MOVEMENTS

We welcomed Mr Teo Ming Kian to our Board on 1 October 2006. He brings with him a wealth of expertise, gleaned from his years of public service and investment promotion experience.

We reluctantly bade farewell to Mr Lim Siong Guan who stepped down from the Board on 13 July 2007 after having served more than a decade. Siong Guan joined the Temasek Board in May 1995 and served as Deputy Chairman from 1999 till October 2006. On behalf of the Board, I would like to thank Siong Guan for his frank and independent views and wise counsel over the years.

RECOGNISING CONTRIBUTIONS

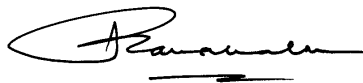
I am deeply grateful to my fellow Board members, past and present, for sharing this journey with me to transform and grow Temasek since 1996. Their thoughtful insights, principled values and clarity have been an inspiration to the Temasek team and me.

I would like to thank the management and staff of Temasek too. Individually and as a team, their boundless passion, tireless energy and steadfast commitment to make a difference have been a remarkable engine of value creation for the company. I want to also thank their spouses and families for their support and understanding, without which our staff would not have been able to give so much of themselves.

The long-run success of Temasek has been due, in no small measure, to the boards, management and staff of our portfolio companies. They have been outstanding in their vision, integrity and unwavering commitment – qualities that have given our portfolio companies the edge to achieve sustainable results.

I also wish to express my appreciation to the members of our Temasek International Panel and the Temasek Advisory Panel for their wisdom and candid advice. They, together with our corporate advisors and alumni, have provided an added dimension to our reach, capacity and capabilities.

Finally, I wish to thank our other stakeholders – our shareholder, bondholders, business partners, friends and regulators across the world – for their warm support, solicitous interest and thoughtful guidance. With a strong universe of friends and supporters, I am confident that we will be able to continue to grow steadily, and contribute to the development of a better future for ourselves, and for the wider global community.

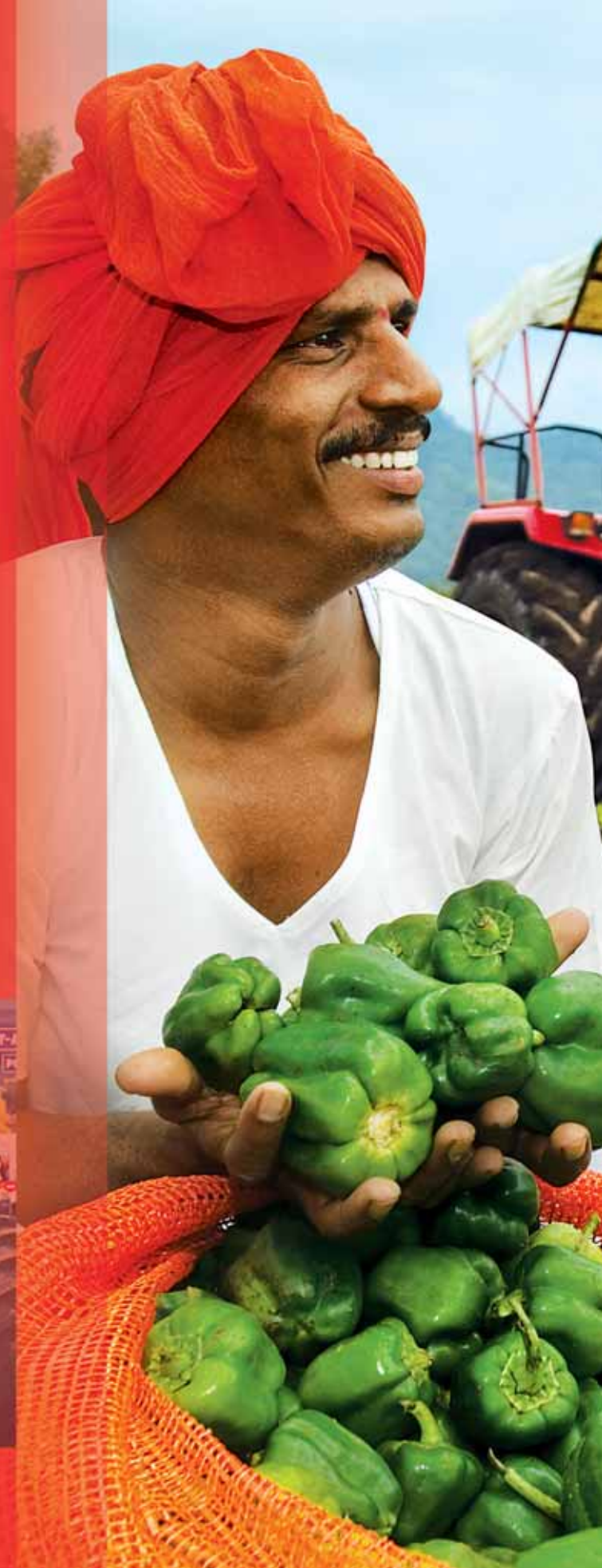


S Dhanabalan

Chairman

August 2007

India's Mahindra & Mahindra, a multi-billion dollar conglomerate, is the fourth largest manufacturer of tractors worldwide – the largest in India – with sales in six continents. With a market share of more than 30% in India, its tractors are used widely across farms and plantations in the country.



A red Mahindra tractor is parked in a field. In the foreground, there is a woven basket filled with green bell peppers. The background shows a line of trees under a clear sky.

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 2003, 2004, 2005, 2006 and 2007 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 2003, 2004, 2005, 2006 and 2007 respectively, were unqualified.

The Group Financial Highlights set out on pages 26 to 27 and the consolidated financial information set out on pages 28 to 31, were prepared and presented by Temasek based primarily on the audited consolidated financial statements of Temasek for the financial years ended 31 March 2003, 2004, 2005, 2006 and 2007.

The consolidated financial information comprising Group Income Statements, Group Balance Sheets and the Group Cash Flow Statements set out on pages 28 to 30 were properly summarised from the underlying audited consolidated financial statements of Temasek for the financial years ended 31 March 2003, 2004, 2005, 2006 and 2007 respectively. The Group Statement of Changes in Equity set out on page 31 were properly summarised from the underlying audited consolidated financial statements of Temasek for the financial years ended 31 March 2006 and 2007 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 2003, 2004, 2005, 2006 and 2007.

The Group Financial Highlights and consolidated financial information set out on pages 26 to 31 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 2003, 2004, 2005, 2006 and 2007.

On behalf of the directors



S DHANABALAN

Chairman



KWA CHONG SENG

Deputy Chairman

Group Financial Highlights

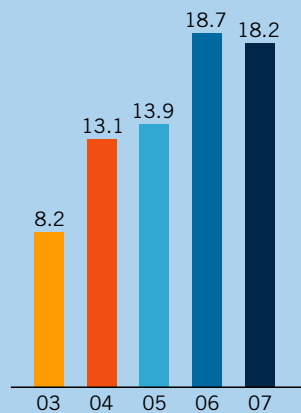
GROUP INCOME STATEMENTS (IN S\$ BILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH				
	2003	2004	2005	2006	2007
Revenue	49.6	56.5	67.5	79.8	74.6
Profit before exceptional items	4.1	7.4	9.4	14.9	13.6
Net profit attributable to equity holder	0.2	7.4	7.5	12.8	9.1

GROUP BALANCE SHEETS (IN S\$ BILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH				
	2003	2004	2005	2006	2007
Total assets	140.0	180.8	199.1	213.7	242.4
Shareholder equity	54.5	64.5	70.9	90.6	114.0
Net debt*	22.1	21.9	26.9	16.7	23.6

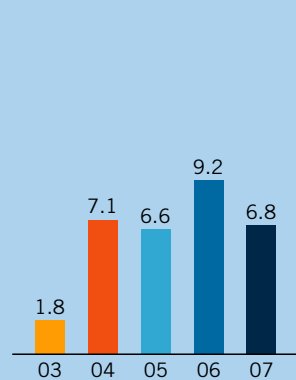
* Total debt less cash and cash equivalents (excluding customer deposits at banks).

FOR THE YEAR ENDED 31 MARCH

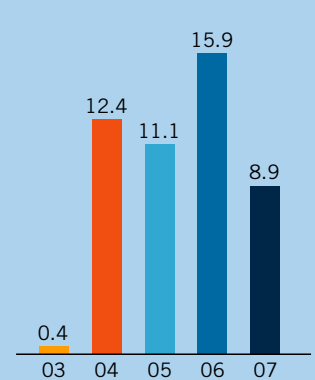
Profit Margin (%)¹



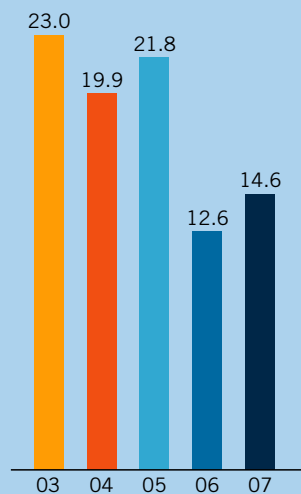
Return On Average Assets (%)²



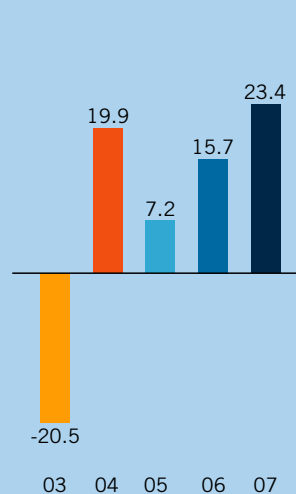
Return On Average Equity (%)³



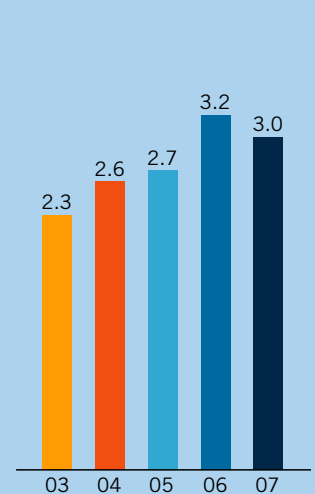
Net Debt* To Capital (%)⁴



Wealth Added (\$ Billion)



VA/Employment Cost⁵



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 Gross value added per dollar of employment cost.

Group Income Statements

(IN S\$ MILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH				
	2003	2004	2005	2006	2007
Revenue	49,645	56,468	67,520	79,822	74,563
Cost of sales	(34,604)	(37,659)	(43,780)	(53,309)	(49,282)
Gross profit	15,041	18,809	23,740	26,513	25,281
Other operating income	998	1,482	3,334	7,678	8,370
Expenses: Selling & Distribution	(3,255)	(3,559)	(3,939)	(4,086)	(4,278)
Administrative	(5,239)	(5,722)	(7,003)	(8,040)	(8,104)
Finance	–	–	(2,120)	(2,415)	(2,611)
Other operating expenses	(3,482)	(3,633)	(4,648)	(4,758)	(5,053)
Profit before exceptional items	4,063	7,377	9,364	14,892	13,605
Exceptional items	(2,564)	2,165	404	1,666	–
Profit after exceptional items	1,499	9,542	9,768	16,558	13,605
Non-operating items	(263)	1,077	–	–	–
Finance income	355	619	–	–	–
Finance costs	(1,666)	(1,724)	–	–	–
Share of results of associated companies and partnerships**	670	1,472	1,410	1,163	(830)
Share of results of joint ventures**	521	787	1,037	1,263	1,566
Profit before income tax	1,116	11,773	12,215	18,984	14,341
Income tax expense	(275)	(2,050)	(1,837)	(2,518)	(1,381)
Profit from continuing operations	841	9,723	10,378	16,466	12,960
Profit from discontinued operations	–	–	31	67	16
Total profit	841	9,723	10,409	16,533	12,976
Attributable to:					
Equity holder of the Company	241	7,365	7,521	12,827	9,112
Minority interests	600	2,358	2,888	3,706	3,864
Total profit for the financial year	841	9,723	10,409	16,533	12,976

** Comparative figures previously classified as associated companies have been retrospectively reclassified as joint ventures by a subsidiary company.

Group Balance Sheets

(IN S\$ MILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH				
	2003	2004	2005	2006	2007
Shareholder equity	54,516	64,522	70,890	90,630	113,958
Minority interests	19,227	23,862	25,325	25,412	24,447
	73,743	88,384	96,215	116,042	138,405
Property, plant and equipment	57,005	61,558	69,268	65,552	65,486
Intangibles	12,672	13,543	14,714	14,481	14,805
Investments	17,717	27,339	16,976	27,137	34,965
Financial assets	–	–	13,829	27,529	52,341
Investment properties	8,159	8,159	7,848	1,817	3,632
Properties under development	367	370	453	518	158
Other non-current assets	3,004	6,488	8,266	9,972	10,446
Deferred tax assets	1,566	1,645	2,138	1,735	1,628
Current assets	39,460	61,695	65,614	64,987	58,979
Current liabilities	(29,811)	(45,779)	(50,901)	(52,269)	(45,350)
Net current assets	9,649	15,916	14,713	12,718	13,629
	110,139	135,018	148,205	161,459	197,090
Non-current liabilities	(36,396)	(46,634)	(51,990)	(45,417)	(58,685)
	73,743	88,384	96,215	116,042	138,405

Group Cash Flow Statements

(IN S\$ MILLION)	FOR THE FINANCIAL YEAR ENDED 31 MARCH				
	2003	2004	2005	2006	2007
Operating cash flow before working capital changes	11,180	13,936	16,854	18,661	17,557
Change in working capital	304	(2,535)	(4,353)	2,577	2,508
Cash generated from operations	11,484	11,401	12,501	21,238	20,065
Income tax paid	(1,331)	(1,151)	(1,480)	(1,558)	(1,592)
Net cash inflow from operating activities	10,153	10,250	11,021	19,680	18,473
Net cash outflow from investing activities	(6,418)	(7,701)	(4,765)	(16,509)	(23,344)
Net cash (outflow)/inflow from financing activities	(7,922)	6,770	(4,793)	(238)	2,259
Net (decrease)/increase in cash and cash equivalents held	(4,187)	9,319	1,463	2,933	(2,612)

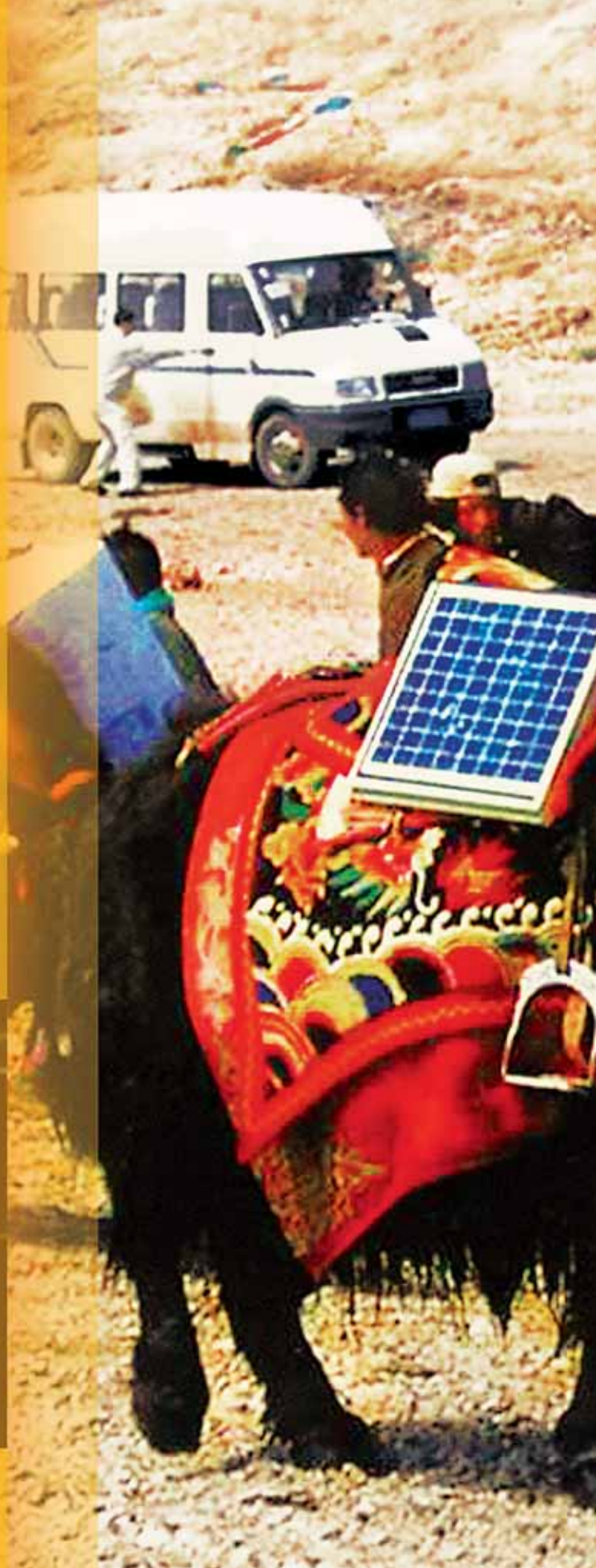
Statements of Changes in Equity

(IN S\$ MILLION)	ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY			MINORITY INTERESTS	TOTAL
	SHARE CAPITAL AND OTHER RESERVES	REVENUE RESERVES	CURRENCY TRANSLATION RESERVES		
Balance at 1 April 2006	40,258	50,601	(229)	25,412	116,042
Net profit for the financial year	–	9,112	–	3,864	12,976
Others, net***	16,821	(2,330)	(275)	(4,829)	9,387
Balance at 31 March 2007	57,079	57,383	(504)	24,447	138,405
Balance at 1 April 2005	30,382	41,460	477	25,377	97,696
Net profit for the financial year	–	12,827	–	3,706	16,533
Others, net***	9,876	(3,686)	(706)	(3,671)	1,813
Balance at 31 March 2006	40,258	50,601	(229)	25,412	116,042

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

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

Yingli Green Energy, based in China's Hebei province, is an emerging champion in providing solar power solutions. Its innovations include a self-contained power system using solar panels to generate power that is then stored in batteries. The system provides environmentally friendly power to people living in remote parts of China.



A woman in traditional dark clothing and a blue shawl is leading a pack animal, likely a mule or horse, on a rocky, gravelly path. The animal is heavily laden with colorful gear, including a red and black patterned blanket and a blue bag. The background is a vast, open, rocky landscape under a bright sky.

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Doing Things Today with Tomorrow in Mind

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

– S RAJARATNAM
Singapore Minister for Foreign Affairs
National Day Message, 8 August 1966

A PRACTICAL SOLUTION

The year was 1974. The objective was to find a way to better manage the portfolio of companies and investments accumulated by the Singapore Ministry of Finance in the first decade of nation building since 1965. The intent was for the Ministry to focus on its core role of policy making and government administration.

Thus was born Temasek Holdings – a practical solution and the beginning of the patient building of an institution, its people and its infrastructure. It was to be a journey with a commitment to build a sustainable future.

Governed by the Singapore Companies Act, and later also designated a Fifth Schedule Company under the Singapore Constitution in 1991, Temasek operates on commercial principles as an autonomous and professional investment house, guided by an independent board. Endowed with an initial portfolio of about S\$350 million transferred from the Ministry of Finance, the market value of our portfolio has grown some 33 years later to over S\$160 billion as at 31 March 2007.

Although an exempt private company¹, we have chosen in recent years to publish our group financials annually, obtain a credit rating by top-ranked global institutions and issue an international bond.

We have a staff incentive framework which is aligned to sustainable wealth creation for our shareholder. Likewise, we formalised the sharing of our successes with the wider community through the setting up of philanthropic organisations, including a life sciences research institution and most recently, the Temasek Trust and the Temasek Foundation.

These and other initiatives form part of the patient building of a 250-strong multinational institution in preparation for tomorrow.

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

CREATING VALUE

As a professionally managed investment house, our decisions are guided by business tenets and commercial discipline.

As the owner of our portfolio, and not simply as a fund manager, we have both the flexibility of a long or short horizon and the option of taking concentrated risks or holding cash.

Our responsibility is to create and maximise long-term returns for our shareholder in the value of the portfolio we hold and the dividends we pay.

We have delivered a total shareholder return by market value of more than 18% compounded annually for 33 years since our inception. This includes an average annual dividend yield of over 7% to our shareholder. Measured by the increase in our shareholder funds and the dividends we have paid, we have delivered a compounded annual total return of over 17% to our shareholder.

We are an active shareholder, regularly exploring ways to create value for our portfolio companies by sharing best practices, innovative business models and progressive ideas. We focus on encouraging strong independent board leadership and governance founded on integrity, competence and diversity, to guide businesses and management.

As an active investor, we are open at all times to maintain, increase or reduce our holdings, based on our investment risk-reward value tests and outlook. New investments are made or existing ones divested as part of our overall portfolio rebalancing for sustainable risk-adjusted returns.

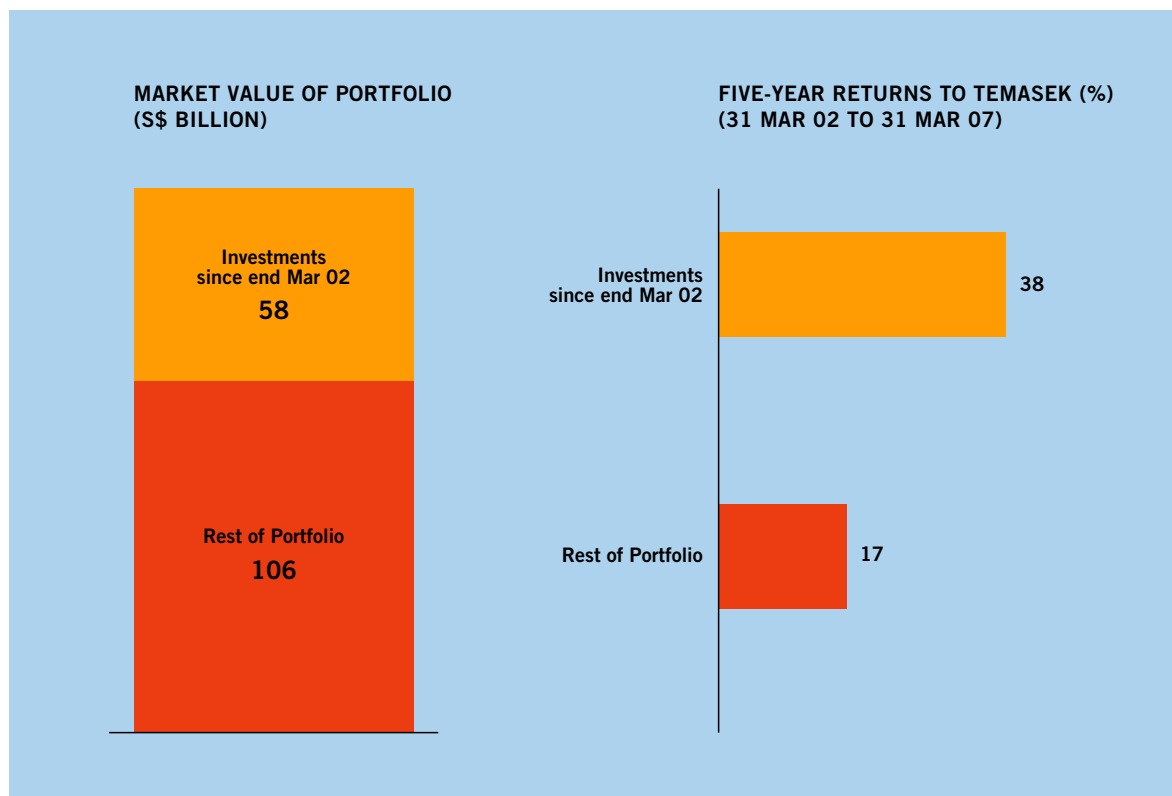
Our approach is inclusive, based on trust and integrity. Regardless of size or stature, we engage our stakeholders, including the boards and management of our portfolio companies, our fellow shareholders, regulators and other market participants, to achieve sustainable mutual benefits. This engagement helps us promote strong corporate governance principles among our portfolio companies and in the wider community. It also helps us test and validate our analyses and judgment against those of other knowledgeable and independent third parties. More importantly, this opens up many more opportunities for us to share risks, partner in co-investments or contribute to the community.

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

- Transforming Economies
- Thriving Middle Class
- Deepening Comparative Advantages
- Emerging Champions

Investments made since 2002, when we started focusing on Asia, are today valued at S\$58 billion, giving us a five-year compounded return of 38% per year. Over the same period, the rest of our existing portfolio earned us a five-year compounded return of 17% per year.

RETURNS FROM PORTFOLIO RESHAPING



Our Framework for Creating Value

EVALUATING POTENTIAL INVESTMENTS

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

MANAGING EXISTING PORTFOLIO

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

CREATING & MAXIMISING LONG-TERM SHAREHOLDER VALUE

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

Transforming Economies

The overall economic activity in Asia remains brisk and the outlook bright, as governments continue to build socio-political platforms for jobs and opportunities for their people.

Singapore is the single largest country exposure in our portfolio at 38%. The rest of Asia, excluding Singapore and Japan, constitutes another 40%, up from 34% the year before.

China and India continue to lead the charge in Asia, with real GDP expanding by 10.7% and 9.2% respectively in 2006. Robust external demand, including strong intra-Asia trade flows, has revived the growth of the established Asian Tigers such as Korea, Taiwan, Hong Kong and Singapore.

The ASEAN-4 countries, namely Thailand, Malaysia, the Philippines and Indonesia, delivered an average real GDP growth of 5.4% in 2006. Vietnam saw its real GDP rising at an average rate of 7.5% a year since 2000 and increased its export market share by 50%.

Further afield, Pakistan, the Middle East, Central Asia and Turkey saw strengthening economies, even amidst varying degrees of uncertainty and change.

Outside Asia, other resource-rich economies are transforming too, buoyed by the uplift from commodity and energy demands in recent years. Meanwhile, the three largest economies of USA, Japan and Europe continue to restructure, supported by a strong base of technology and management depth. This augurs well for Asia, though some significant risks remain in the short and medium term.

INCREASING ASIA EXPOSURE (%)	31 MAR 05	31 MAR 06	31 MAR 07
Singapore	49	44	38
Rest of Asia (excluding Japan)			
– North Asia (China, Taiwan, Korea)	8	19	24
– ASEAN (excluding Singapore)	9	12	12
– South Asia (India & Pakistan)	2	3	4
OECD Economies (excluding Korea)	30	20	20
Others	2	2	2

CHINA

China continues its pace of transformation unabated. With rapid urbanisation and fast-rising disposable incomes, the residential real estate and consumer & lifestyle sectors are proxies for our interest in the rapidly growing middle class. We also focused on energy and resources driven by China's robust demand to support its growth.

Over the past year, we invested over S\$1.6 billion to back emerging champions such as Country Garden, the largest property developer, Xingyu Hengdeli, the largest luxury watch retail chain, and Yingli Green Energy, a leading solar equipment producer in China. Our investments in new private equity funds such as CITIC Capital China Partners and Trust Bridge Partners complement our direct investments in China.

INDIA

As India continues to deregulate and liberalise, job opportunities such as those in business process outsourcing (BPO) are expanding its middle class. India's companies are not only thriving in their home market, but are venturing into the international market with confidence.

Our earlier investments in emerging champions, such as ICICI Bank and BPO company Firstsource Solutions, continue to give us exposure to India's broad-based growth. New investment commitments included Tata Sky, a provider of Direct-to-Home digital satellite TV services, and INX Media, a new television broadcaster.

VIETNAM

With a population of more than 85 million, the third largest in ASEAN after Indonesia and the Philippines, and an improving regulatory framework, Vietnam is a young Asian Tiger in the making as it liberalises and deregulates.

We took a 10% stake in Minh Phu Seafood Joint-Stock Company in June 2007. This is a leading shrimp processor and exporter in Vietnam, with exports to US, Japan, Canada, EU and Australia. Real estate is another attractive sector, its demand driven by the growing wealth of its people. We made our second investment in Indochina Capital's Vietnam-dedicated real estate funds. The new fund will acquire and develop office, retail, residential and hotel as well as resort properties.

RUSSIA

A dynamic and rapidly developing market, Russia's economy is diversifying beyond energy and natural resources. Its growing middle class is fuelling demand for consumer products and services.

Investments made by the Russia New Growth Fund in its maiden year of operations in 2006 are demonstrating strong growth in tandem with the rise in disposable income. Co-sponsored with our Russian partner, Troika Dialog, at end 2005, this fund targets consumer-driven industries. During the year, we also invested in Integra Group, an oil field services company.

CitySpring

CREATING A NEW PLATFORM TO DELIVER LONG-TERM VALUE

Asia is estimated to require more than US\$300 billion annually up to 2010 for new and existing infrastructure and facilities.

Conceived as a stable yield product and listed on the Singapore Exchange on 12 February 2007, CitySpring is the first infrastructure business trust in Asia. This innovative and tax-efficient business trust democratises large infrastructure-based businesses into tradable units. It allows retail investors to access an asset class previously not within their reach, while giving global investors a widely accessible and liquid platform to participate in Asia's growth. Its initial portfolio, with a market capitalisation of over S\$600 million, comprises 100% of City Gas Trust, a town gas distributor and retailer, and 70% of SingSpring Trust, the first supplier of desalinated water in Singapore.

A first in Asia, the CitySpring business trust provides regular distributions from its surplus cash beyond accounting profits. It has the mandate to acquire and manage assets in greater Asia, including Australia, New Zealand and the Middle East.

CitySpring's sub-trust structure allows it to act as an incubator for other sponsors to pilot and build their own specialised sub-trusts under CitySpring. Infrastructure developers across Asia, as well as international investors, can benefit from opportunities provided by CitySpring.

A new avenue for funding Asia's infrastructure has been created.



CitySpring's listing on the Singapore Exchange



City Gas production facilities at Senoko Gasworks

FINANCIAL SERVICES

One key sector which reflects the broad growth across the transforming economies is banking and financial services.

Standard Chartered is one of our significant investments of the year. Its pan-Asia banking operations support our strategy of investing in and contributing to the region's growth.

In China, China Construction Bank and Bank of China remain our two largest investment exposures to the growing Chinese economy.

In India, we continue to strongly support and benefit from the growth story of ICICI Bank, which now commands 30% of the retail finance market. Fullerton India Credit Company, a unit of Fullerton Financial Holdings, also saw a successful pilot last year for serving the mass markets, and has begun to reach out to the underserved.

Our platform in NIB Bank of Pakistan was expanded recently through an acquisition of Pakistan Industrial Credit & Investment Corporation Ltd (PICIC) in June 2007. The combined entity will have the seventh largest branch network in Pakistan to support the roll-out of new banking products in the medium term.

Our investments in VTB Bank and Sberbank of Russia and in Mitsui Life of Japan added to our portfolio in the financial services sector.

INFRASTRUCTURE

The physical landscape of Asia is also undergoing dramatic change. The Asian Development Bank estimates that East and South Asia will spend some US\$250 billion (S\$380 billion) annually over the next four years on new and existing infrastructure and facilities. This reflects the overall economic demands of the region.

To capitalise on these opportunities, we worked closely with regulators and partners like Hyflux on the initial public offering of CitySpring Infrastructure Trust. Launched in early 2007 with an initial portfolio of two cashflow-stable assets in Singapore, the town gas distribution network and the first desalination plant in Singapore, the Singapore-listed Trust is the first infrastructure business trust listed in Asia.

In Vietnam, we took a 9% stake in the first Vietnam-focused infrastructure fund, Vietnam Infrastructure Limited, a closed-end AIM-listed fund managed by VinaCapital.

Most recently, we made a commitment to invest in GVK Power and Infrastructure Limited, one of India's leading infrastructure development companies. This would make us the largest foreign investor in the company.

Astrea

ENHANCING VALUE THROUGH A CREATIVE SOLUTION

We have been an investor in private equity funds for more than 15 years, building up a quality portfolio of funds and establishing networks and partnerships across the globe.

Taking advantage of growing investor sophistication, we introduced an innovative structure to securitise a portfolio of our interests in private equity funds through Astrea in the third quarter of 2006. Astrea is a special purpose vehicle set up to purchase our interests in the portfolio of 46 funds. This portfolio of both buyout and venture capital funds is well diversified by vintage and geography.

The first such product to be originated by an Asia-based institution, Astrea is one of the largest transactions of its kind. It raised a total of nearly US\$810 million in debt and equity denominated in both US Dollars and Euros. S&P and Moody's rated the debt tranches at AAA/Aaa and AA/Aa. The transaction was well subscribed for all classes of securities in the capital structure.

Temasek remains an anchor investor in the equity tranche and will benefit from the continued performance of the underlying funds. At the same time, we generated substantial liquidity from an otherwise illiquid asset class and enhanced our returns.



Analysing the cash flow models of Astrea's portfolio



Transforming an illiquid asset class into tradable securities

Thriving Middle Class

TELECOMMUNICATIONS & MEDIA

The Telecommunications & Media sector is our second largest sectoral exposure.

One of our largest investments is in Shin Corp in Thailand. While growth projections for the economy have softened, we remain cautiously optimistic about Thailand's longer term future.

Our largest direct investment in a private enterprise in India, Tata Teleservices continues to benefit from the growing mobile subscriber penetration across a broad swathe of India's population.

CONSUMER & LIFESTYLE

2006 saw our first sizeable investment in the consumer space, as part of our broader interest to capitalise on the emerging middle class and growing consumption in Asia.

Our 15% stake in Fraser and Neave in end 2006 enables us to benefit from the growth of household consumer names like *Tiger* beer, *F&N* and *100-plus* soft drinks, as well as international brands such as *Heineken*.

Our investment in Xinyu Hengdeli, the largest luxury watch distributor and retail chain in China, also mirrors our interest in rising middle class demands.

REAL ESTATE

The outlook for the real estate sector in Asia remains bullish, energised by a growing and thriving middle class in rapidly urbanising economies.

In China, our direct stakes in Country Garden, Evergrande and Green Town were augmented by our commitment to Gateway Capital Real Estate Fund II.

Elsewhere, we invested in London-listed residential developer, PIK Group, Russia's largest real estate developer, and broadened our real estate exposure in India and Vietnam as well.



Tata Teleservices store in central Delhi



Xinyu Hengdeli stand-alone store in Beijing

Temasek Life Sciences Laboratory

CONTRIBUTING VALUE IN PUBLIC HEALTH

As the Spanish flu of 1918 has shown, a pandemic can paralyse economies and destroy millions of lives. Viruses recognise no national boundaries.

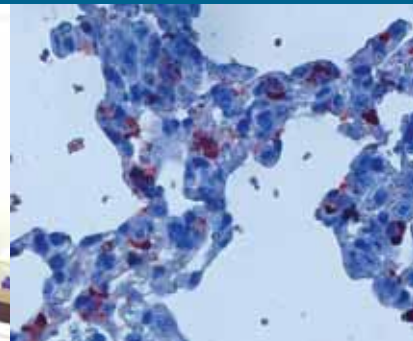
At Temasek, we have been funding a research institute, Temasek Life Sciences Laboratory (TLL), since 2002. With an active research programme on infectious diseases, TLL developed diagnostic kits for Severe Acute Respiratory Syndrome, which were deployed in Singapore's Tan Tock Seng Hospital in 2003.

With the looming threat of the H5N1 bird flu, TLL is once again marshalling its research capabilities to prepare against a potential pandemic. Equipped with a bio-safety level 3 (BSL3) laboratory, TLL identified a panel of H5N1-specific monoclonal antibodies, which were successfully translated into accurate and sensitive diagnostic tools that can be rapidly deployed in the field. Work is on-going to bring these easy-to-use, affordable diagnostic kits into volume production as a frontline tool to detect and prevent the spread of avian flu.

Partner organisations working with TLL in avian flu research include the National Institute of Health Research and Development at the Ministry of Health in Indonesia and the Faculty of Veterinary Medicine at Bogor Agricultural University of Indonesia, as well as other multilateral agencies and companies.



TLL will augment its BSL3 facility with a mobile lab



Avian flu virus in mice lung tissue

Deepening Comparative Advantages

ENERGY & RESOURCES

Countries that offer superior comparative advantage in energy and resources are indirect proxies for global growth.

Our 11% stake in CITIC Resources, a company based in Hong Kong, puts us in a good position to ride on China's strong appetite for energy and resources.

Separately, we led the pre-IPO investment in Yingli Green Energy, the second largest integrated solar equipment manufacturer in China, which was successfully listed on the New York Stock Exchange in June 2007. We also provided expansion capital to Jiuda Salt, the largest independent salt producer in the country, and invested in Sino-Forest, China's leading private forestry company that is listed on the Toronto Stock Exchange.

Our investment in MEG Energy, one of the largest private Canadian oil sands developers, gave us an exposure to the non-conventional fuel space.

Our anchor position in Pacific Road Resources Fund, an Australia-based specialised resources fund focused on investing in mining projects in Asia Pacific, South America and OECD economies, rounds up our exposure in this sector for the year.

LIFE SCIENCES

Tapping the comparative advantages offered by different countries in intellectual property development, we invested in two drug development companies: Intercell AG of Austria and Vical of USA in the vaccine space for platform technologies.

We seek to generate intellectual property through funding of research and development. The Temasek Life Sciences Laboratory is leveraging its strengths in molecular biology and genetics to develop low-cost rapid diagnostic kits for avian flu as its contribution to public health.

Firstsource Solutions

ADDING VALUE AS A SUPPORTIVE SHAREHOLDER

Firstsource Solutions (formerly known as ICICI OneSource) is currently the third largest pure-play provider of Business Process Outsourcing (BPO) services in India. It serves global clients by leveraging a network of delivery centres around the world to cover the financial services, telecommunications & media, and healthcare industries.

As an active and supportive shareholder over the last three years, we shared our own experiences and insights as an investor in successful regional companies with the Firstsource board and its management. Such sharing complemented their expertise and capabilities as they explored regional opportunities for growth.

Firstsource has delivered strong results, with revenues growing two and a half times from 320 crore Rupees (S\$112 million) as at 31 March 2005 to 840 crore Rupees (S\$292 million) for the year ended March 2007.

The company had a successful listing on the National Stock Exchange of India in February 2007 with a market value in excess of US\$900 million (S\$1.37 billion).

Looking ahead, the Indian BPO industry is estimated to grow from US\$5 billion in 2005 to US\$25 billion in 2010. There is ample headroom for Firstsource to continue to grow and deliver long-term returns.



Firstsource call centre in Mumbai

Emerging Champions

TECHNOLOGY

During the year, we completed a second tranche of investment in Firstsource Solutions, one of the emerging champions in the business processing outsourcing space in India. The company successfully listed on India's National Stock Exchange in February 2007.

Separately, we took a view on the semiconductor space and made a voluntary cash tender offer for STATS ChipPAC, a global semiconductor wafer assembly and test operation, raising our stake from 35% to 83%.

We made an investment in Lian Lian Holdings Ltd of China which provides a low cost platform for mobile micro-payments. Ideal for the mass market in China and developing countries, Lian Lian's network has the potential for other services such as games.

TRANSPORTATION & LOGISTICS

Apart from our interests in two budget carriers in Singapore, we also backed a new air cargo start-up in China. A 3-way joint venture between Beijing Aerospace Satellite Applications Corporation, Singapore Airlines and Temasek, Great Wall Airlines began operations in June 2006.



Taking care of clients' customer service operations



Preparing semiconductor wafers for testing

SingSpring Trust owns and operates Singapore's first large-scale seawater desalination plant, one of the largest in the world. The plant is one of Singapore's four sources of water supply and can meet up to 10% of the nation's water needs. The SingSpring Trust is 70%-owned by CitySpring Infrastructure Trust, the first listed infrastructure trust in Asia.





Our People, Our Institution

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Valuing People, Building a Team

What we have achieved, and will accomplish in the future, is completely dependent on the collective efforts and passion of our people.

We aim to create opportunities and an enabling environment, guided by our values to spur ourselves and each other to deliver for our team, our firm and our society.

NURTURING DIVERSITY

We embrace diversity and nurture an inclusive culture.

The knowledge, skills and experiences that diverse people bring to Temasek help to open our minds and promote a dynamic cross-fertilisation of ideas, innovations and actions.

Our team of 250 comes from Singapore, as well as China, India, Indonesia, Korea, Lebanon, Malaysia, Russia, South Africa, USA and Vietnam. About 40% of our senior management are from outside Singapore.

Slightly more than half of our people are female while about two-thirds of our staff are younger than 40 years old. More than half of our professional staff have had prior experience in the banking and financial services sectors.

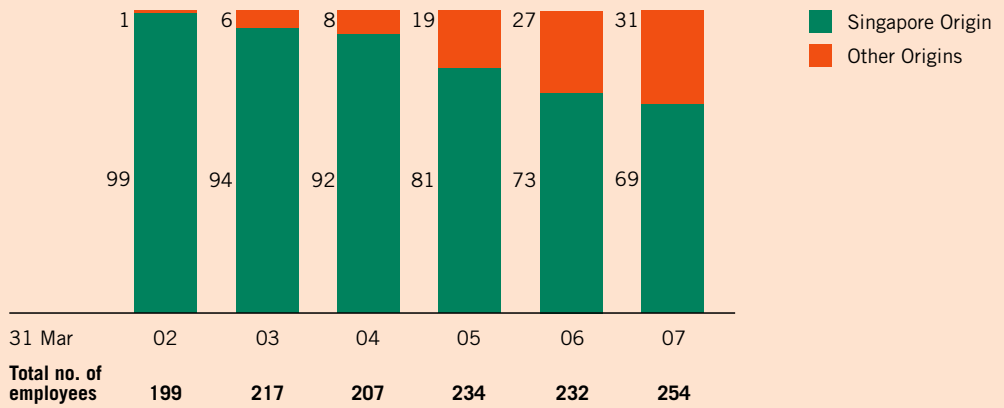


Sharing experiences

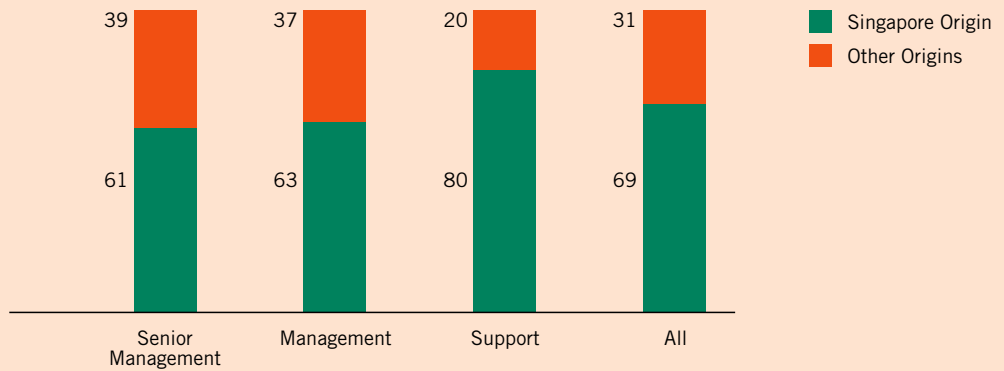
A learning environment

Nurturing Diversity

% BY COUNTRY OF ORIGIN



% BY STAFF CATEGORY AS AT 31 MARCH 2007





“There is a powerful intellectual democracy in Temasek that appeals to me. Like in cricket, we each have the opportunity to shine within our roles, but working closely together with a common purpose to benefit the team as a whole.”

Ambrish is passionate about reading and cricket. It is the skill and teamwork required in cricket that makes the sport most engaging to him.

Ambrish Sukhani
Director, Investment
Country of Origin: India

“Work is an adventure for me – I get to do what I love best. My most meaningful experience was helping bring supplies to the Aceh hospital after the tsunami. It was extremely challenging but fulfilling. This made me appreciate Temasek as a caring global citizen.”

Among the first to volunteer for Temasek’s tsunami relief efforts in Banda Aceh, Indonesia on Boxing Day 2004, Azmi is one of the fortunate few whose personal passion and work are one and the same – investment.

Mohd Azmi Muslimin (*extreme right*)
Associate Director, Value Management
Country of Origin: Singapore



“Change is an integral part of my life, having lived in 11 different cities and speaking five languages. Temasek is an organic entity, undergoing transformation, each of us playing a part in contributing to that evolution. It’s pioneering and exciting.”

A doting father, Nagi devotes the weekends to his five year-old daughter. Whether they are at the pool or at the zoo, they bask in each other’s company. His biggest wish for her is to be happy.

Nagi Hamiyeh
Director, Investment
Country of Origin: Lebanon

“The global exposure that Temasek offers is especially attractive to me. I am keen to work in an entrepreneurial organisation with people of diverse cultures, industries and knowledge. With my interest in direct investment, Temasek is the right fit for me.”

Lenny is an avid believer in giving back to society. Back in China, she was the founder of a learning centre, organising and conducting courses for job-hunting students.

Lenny Chen

Associate, Investment
Country of Origin: China



“What I particularly like about Temasek is the relatively flat structure. We have access to the senior management who are very supportive of the younger managers. I interact extensively with members of other teams and am encouraged to take risks and explore different areas of work.”

Winner of the Temasek Idol, Chee Wei has music in his blood. In his undergraduate days, he was actively involved in the choir, played gigs as part of a band and even sang his own compositions for musical productions.

Tan Chee Wei

Associate Director, Finance
Country of Origin: Singapore

“Life at Temasek is an adventure. In the three years I have worked here, I have been exposed to a whirlwind of work and training opportunities in the US, UK, Germany, Korea, Philippines, Indonesia and India, just to name a few. It’s truly a global experience.”

A seasoned traveller, Kee Heng has trekked halfway across the world armed with a backpack and a guidebook. Nepal, in particular, charmed him with its peaceful aura and the warmth and sincerity of its people, despite its harsh environment and conditions.

Chuah Kee Heng (left)

Associate Director, Investment
Country of Origin: Malaysia





“Temasek is an exciting place to work – the company is continually growing and transforming, and I have grown and transformed with Temasek as well. Taking on challenges, trying new experiences, and even changing my mindset altogether.”

An intrepid world traveller despite her demure countenance, Elsie is a dedicated career woman who took a six-month sabbatical to realign her life's priorities.

Elsie Tan
Personal Assistant, Investment
Country of Origin: Singapore

“Temasek is dynamic! Here, there is no shortage of the materials needed for a rich learning experience.”

Cole's life philosophy is based on a belief that “life is most interesting when one puts oneself in the arena.” Participating in the Gobi March – a 250km self-supported foot race across China's Gobi Desert – is an example of putting his philosophy in action.

Cole A. Sirucek
Associate Director, Investment
Country of Origin: USA



“I was honoured to be the first Vietnamese to join Temasek, having enrolled in its Regional Leadership Programme. My colleagues come from diverse nationalities but we work well together. Just like in soccer, it is all about teamwork here.”

An avid sportsman, Hoa has a black belt in karatedo and was captain of the first baseball team in Ho Chi Minh City. He is also part of the top-ranked Vietnam soccer team which plays in a friendly league in Singapore.

Phan Le Hoa
Associate Director, Investment
Country of Origin: Vietnam

Living our Values

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

MERITOCRACY

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

EXCELLENCE

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

RESPECT FOR PEOPLE

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

INTEGRITY

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

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.

TAKING OWNERSHIP

Our leadership and functional competency framework helps us identify opportunities to develop programmes and initiatives for enhancing existing competencies.

Our people take ownership for their personal growth as well as the professional development of their colleagues and teams.

One example is our partnership with Adkins Matchett & Toy, a global financial training firm, to develop a customised financial modelling and valuation programme. Jointly led by two of our young investment colleagues and our human resources team, the programme was very well received. Many of our portfolio companies and partners have expressed their interest to join us in the coming runs.

Our secretaries likewise took the initiative to develop supplementary enrichment programmes for themselves. Through a series of hands-on training workshops and educational trips to our key markets, they gained valuable insight into different business cultures and environments, enabling them to provide better support to our teams in the field.

Our Pool Management programme focuses on giving our associates maximum exposure and learning across sectors in their early years. Each new associate is paired with a senior management member as a mentor to guide their development. This approach provides opportunities for young associates to learn beyond the boundaries of their immediate responsibilities.

In addition to building a strong learning culture, we continue to engage our people through regular interactions ranging from breakfast meetings with senior management, to bi-monthly town hall meetings and our yearly Temasek Connection.



Sharing of ideas



Fostering teamwork at Temasek Connection 2007

Our Compensation Framework

ALIGNING LONG-TERM INTERESTS

Our staff interests are aligned with our shareholder interest through our compensation framework, which balances short-term performance and sustainable long-term value creation.

Whenever Temasek achieves positive wealth added, particularly from our direct investment activities, a fraction of the attributable wealth added is set aside as a performance-driven staff incentive pool.

One part of this incentive pool funds our wealth added bonus plan. The direct and indirect contributions of our staff to our overall performance and success, including their roles in fostering Temasek values and teamwork, will determine their share of the incentive pie under this plan. To align staff interests with sustainable returns, a substantial proportion of such wealth added bonuses is deferred, especially for senior management. Should wealth added be negative in future years, a corresponding share will be deducted from the deferred bonuses.

Another part of the incentive pool funds the Temasek Staff Co-investment Plan or T-Scope. Participation in T-Scope depends on the individual performance of our staff as well as their potential to contribute to the future success of Temasek. The awarded T-Scope units will only start to vest when Temasek exceeds specified multi-year performance hurdles over a term of three to five years.

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

Institutionalising 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 sustainable shareholder return.

RELATING TO OUR SHAREHOLDER

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

We are an exempt private company¹ 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 full commercial discretion and flexibility, under the direction of our Board of Directors.

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

RELATING TO THE ELECTED PRESIDENT

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

Under this amendment, Temasek was designated a Fifth Schedule Company².

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 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 or diminish our own past reserves³.

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.

RELATING TO OUR PORTFOLIO COMPANIES

We do not direct the commercial or operational decisions of our portfolio companies. Companies in our portfolio are managed by their respective management. They are guided and supervised by their respective board of directors.

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.

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.

TEMASEK BOARD AND COMMITTEES

The Temasek Board comprises a majority of non-executive 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 investment activities, nine Board meetings were held in FY2006¹.

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

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

EXECUTIVE COMMITTEE (EXCO)

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

The EXCO meets between Board meetings, or as and when required, to provide timely approval of major decisions. In FY2006, it held seven meetings.

¹ FY2006 ends on 31 March 2007.

AUDIT COMMITTEE (AC)

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

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

It reviews the audited 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 four times in FY2006. Among other things, it reviewed internal control issues, Temasek's valuation policy updates, and the Audit Memorandum for FY2006, and approved the Internal Audit Work Plan for FY2007².

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 added or economic profit, and have short, medium and long-term alignments to shareholder returns. Such incentives include performance and restricted share plans, as well as share ownership plans.

² FY2007 ends on 31 March 2008.

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.

During the year, the LDCC revised its fee guidelines for Non-Executive Directors following a study on market industry trends on directors' compensation packages. The LDCC held a dialogue with the compensation committee members of our major portfolio companies to share its market research findings and revised directors' compensation guidelines with a view to increasing awareness of boards to governance issues and global market benchmarks on directors' compensation.

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 four times in FY2006.

BOARD AND COMMITTEE DECISIONS

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

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

Our Board conducts executive sessions regularly, without the presence of our CEO and/or management, to discuss and decide on confidential senior staff matters. These include the review of CEO performance and succession as well as the review of our senior leadership team.

TEMASEK MANAGEMENT

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

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

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

BOARD COMMITTEE MEMBERSHIP

	BOARD	EXCO	AC	LDCC
S Dhanabalan	Chairman	Chairman		Chairman
Kwa Chong Seng	Deputy Chairman	Deputy Chairman		Member
Lim Siong Guan ¹	Deputy Chairman	Member	Member	
Sim Kee Boon	Member			Member
Koh Boon Hwee	Member	Member		
Kua Hong Pak	Member		Chairman	
Goh Yew Lin	Member		Member	Member
Teo Ming Kian ²	Member	Member		
Simon Claude Israel ³	Executive Director	Member		
Ho Ching	Executive Director & Chief Executive Officer	Member		Member

Notes:

¹ Mr Lim Siong Guan relinquished his position as Deputy Chairman of the Board on 1 October 2006 but remained a Board Member. He stepped down from the EXCO and was appointed to the AC on 1 October 2006. He left the Board on 13 July 2007 after having served more than a decade.

² Mr Teo Ming Kian joined the Board with effect from 1 October 2006 and was appointed to the EXCO at the same time.

³ Mr Simon Israel joined the Board on 1 August 2005 and was appointed to the EXCO on 1 September 2005. He became Executive Director on 1 July 2006.



Our Board of Directors

S DHANABALAN, CHAIRMAN *(right)*

Dhanabalan has been the Chairman of Temasek Holdings since September 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 from 1978 to 1994: 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.

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

KWA CHONG SENG, DEPUTY CHAIRMAN *(left)*

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. He was previously the Chairman of Media Corporation of Singapore.

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.

Chong Seng graduated as a Mechanical Engineer from the University of Singapore.

**SIM KEE BOON,
DIRECTOR**

Kee Boon is a Member of the Temasek Advisory Panel and Temasek Trust, a Board Director of Fullerton Financial Holdings Pte Ltd, and an Advisor to the Civil Aviation Authority of Singapore (CAAS) and Lum Chang Group. He was Chairman of the Singapore Council of Presidential Advisers until 2005, and Member until January 2007. He was President Commissioner of Bank Danamon until 2006. Kee Boon joined the Civil Service upon graduation, rising to Head of Civil Service in 1979. After his retirement in 1984, he was appointed Executive Chairman of Keppel Corporation Ltd and Chairman of CAAS; positions he held until 1999. He was also co-chairman of Singapore-Suzhou Industrial Township Development from 1993 to 2000.

Kee Boon was awarded the Meritorious Service Medal in June 1963 and the Distinguished Service Order in 1991. He holds a B.A. (Honours) in Arts & Economics from the University of Malaya, Singapore.

**SIMON ISRAEL,
EXECUTIVE DIRECTOR**

Simon 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 Singapore Telecommunications Limited, Neptune Orient Lines Limited, Fraser and Neave Limited and Fullerton Financial Holdings Pte Ltd.

He holds a Diploma of Business Studies from The University of the South Pacific.

Simon was recently conferred Knight in the Legion of Honour by the French Government.

**HO CHING,
EXECUTIVE DIRECTOR & CEO**

Ho Ching joined Temasek as a Director in January 2002 and became its Executive Director in May 2002. From 1 January 2004, she assumed the position of Executive Director & CEO.

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 holds a BEngg (Hons) from the University of Singapore and an MSc (Electrical Engineering) from Stanford University, USA.





**TEO MING KIAN,
DIRECTOR**

Ming Kian joined Temasek as a Director on 1 October 2006.

Ming Kian has been the Permanent Secretary of the Ministry of Finance since October 2006. Before this, he was the Executive Chairman of the Singapore Economic Development Board from 1 February 2001. He is concurrently the Permanent Secretary of National Research and Development in the Prime Minister's Office, and also the Chairman of MND Holdings Pte Ltd, Accounting and Corporate Regulatory Authority and Inland Revenue Authority of Singapore. He is also a Board Member of the National Research Foundation and the Monetary Authority of Singapore.

Ming Kian was conferred the Public Administration Medal (Gold) in 1993, and the Commander First Class – Royal Order of the Polar Star (Sweden) in 1994.

He holds a B.Eng. (First Class Honours) in Mechanical Engineering from Monash University in Australia, and Master of Science in Management Studies from Massachusetts Institute of Technology in USA.

**KOH BOON HWEE,
DIRECTOR**

Boon Hwee is the Chairman of DBS Group Holdings Ltd, the Executive Chairman and CEO of Sunningdale Tech Ltd, and the Executive Director of MediaRing Limited. He previously served as 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.

**GOH YEW LIN,
DIRECTOR**

Yew Lin is the Executive Director of GK Goh Holdings Ltd, an investment holding company listed on the Singapore Exchange. He was actively involved in the securities industry in Southeast Asia for 25 years until the sale of GK Goh's stockbroking business in 2005. He has previously served on various economic sector committees and as an independent Director on the Board of Singapore Exchange Ltd.

Yew Lin is an independent Director of CIMB-GK Pte Ltd, Boyer Allan Management Ltd and various funds managed by Boyer Allan. Among his public sector appointments, he is Chairman of the Yong Siew Toh Conservatory of Music and Deputy Chairman of the Singapore Symphonia Company Limited.

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

**LIM SIONG GUAN,
DIRECTOR**

Siong Guan is the Chairman of the Singapore Economic Development Board, EDB Investments Pte Ltd, TIF Ventures Pte Ltd and Bio*One Capital Pte Ltd. He is also a Board Member of the National Research Foundation.

Siong Guan was previously the Head of the Singapore Civil Service (1999 - 2005) and Permanent Secretary of the Ministry of Finance (1998 - 2006).

He has been awarded the Order of Nila Utama (First Class), the Meritorious Service Medal and the Public Administration Medal (Gold).

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

Having been a Board member since May 1995, Siong Guan stepped down from the Board on 13 July 2007.

**KUA HONG PAK,
DIRECTOR**

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, Ringier Print (HK) Ltd and Cabcharge Australia Limited. 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.

He holds a Bachelor of Accountancy from the University of Singapore and participated in the Advance Management Program of the Harvard Business School in USA.



Managing Risks

The range of risks Temasek Holdings faces has transformed with the reshaping of our portfolio. To maintain our current growth momentum and performance, potential returns have to be constantly balanced against the new risks we are taking.

During the year, we implemented new measures to further strengthen our risk management techniques and institutionalise our investment processes. To this end, additional policies have been introduced, supporting systems upgraded, and our risk management team expanded.

We have introduced a new three-tiered structure to approve investments based on the financial commitments involved. To provide full segregation of our fund management business from the investment decision-making process of its parent, a 'Chinese Wall' is in place between Fullerton Fund Management Company and Temasek Holdings.

Our investment process is regularly reviewed and refined to ensure that responsiveness and flexibility are balanced against rigour and governance.

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 Risk Management Unit (RMU).

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

Since our goal is to maximise long-term shareholder value, the risk-reward decisions are not driven by short-term gains.

RISK MANAGEMENT CATEGORIES

STRATEGIC RISKS

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

FINANCIAL RISKS

- Investment Risk
- Market Risk
- Credit Risk

OPERATIONAL RISKS

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

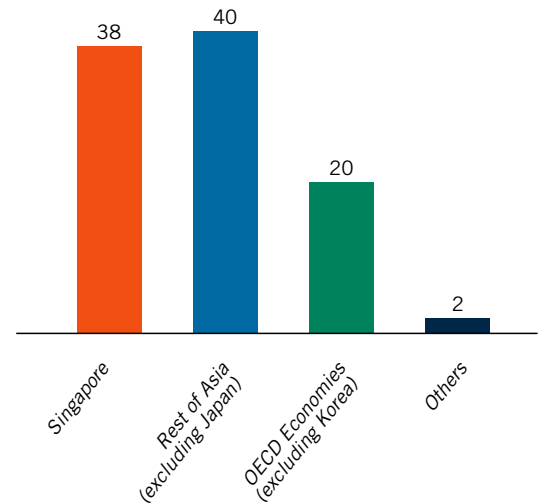
STRATEGIC RISKS

Notwithstanding our growing exposure to Singapore from S\$57 billion to S\$62 billion, its share in our portfolio has further declined from 44% to 38% over the 12 months to 31 March 2007. Meanwhile, we have increased our exposure to the rest of Asia (excluding Japan and Singapore) from 34% of our portfolio to 40%.

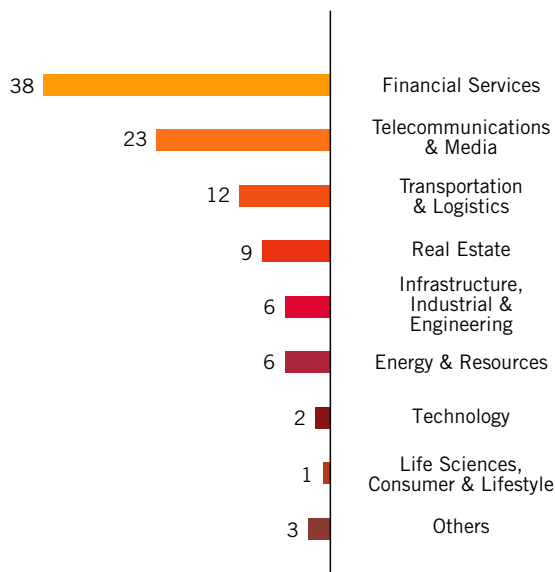
Overall, while we have nearly 78% exposure in Asia, our exposure to AA/AAA-rated and the OECD economies forms about 60% of our portfolio. About 80% of our portfolio comprises listed or liquid assets.

Some 61% of our portfolio value is in the financial services and telecommunications & media sectors. Both correlate with the growth of the emerging middle class in Asia. No single investment accounts for more than 20% of our portfolio value.

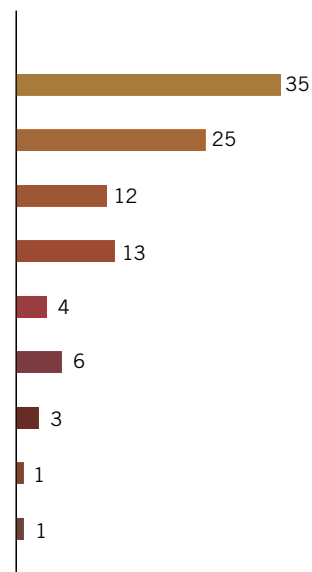
ASSET MIX BY GEOGRAPHY (%)



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 loss on a portfolio for a given confidence level. Our VaR for a 12-month period at an 84% confidence level was derived using a Monte Carlo simulation based on three years of price data.

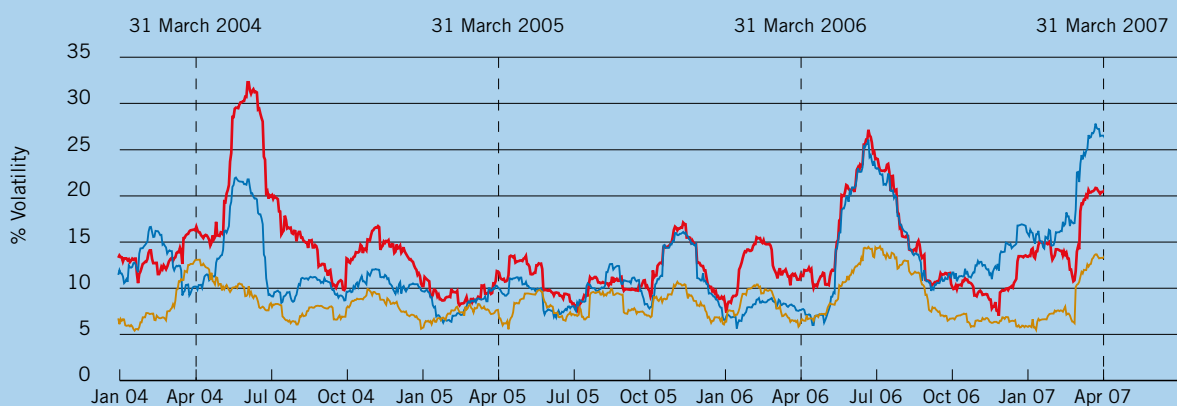
As at 31 March 2007, our VaR was about S\$24 billion. This implies a 16% probability, under normal market conditions, of incurring marked-to-market losses in excess of S\$24 billion in the following 12-month period.

The diversified VaR of 10 companies contributed over 70% of our total diversified VaR. These include Singapore Telecommunications (SingTel), China Construction Bank, CapitalLand, DBS Group Holdings and Singapore Airlines.

Over the last financial year, our VaR rose by S\$16 billion while our portfolio increased by S\$35 billion. Ten companies contributed to more than two thirds of the increase in VaR, half from the banking sector, and the other half being our major portfolio companies such as SingTel. As a percentage of our total portfolio value, our VaR increased from 7% in the previous year to 15% at the end of March 2007, reflecting the increased market volatility over the year.

3-YEAR MARKET VOLATILITY

— MSCI World Index
— MSCI Far East ex Japan Index
— MSCI Singapore Index



Source: Bloomberg

Apart from tracking VaR, RMU also conducts monthly stress tests and scenario analyses to gauge the effect of low probability but high impact events. Monthly, it reviews our overall position and provides additional analyses of specific-event, industry or country risks.

OPERATIONAL RISKS

During the financial year, we focused on workflow automation, process improvement, capability enhancement and talent development.

Some notable examples include new systems to automate investment workflow and better manage business performance, greater use of the Straight-Through Processing system, upgrading of our business continuity capability, as well as strengthening our internal capabilities through acquisition of talent and skills.

We have also accelerated our efforts to implement a multi-year and multi-faceted IT programme to deliver a new level of connectivity, collaboration, automation and enterprise performance measurability with improved accuracy and enhanced operational efficiency. Our efforts continue to pay off, resulting in the enhancement and strengthening of our policy framework, infrastructure and processes, human capital and value creation.

LEGAL & REGULATIONS

Members of our Legal & Regulations Unit are actively involved in investments, projects, contentious issues management and other business activities. Robust tracking systems and processes such as the automated Singapore share tracking system have also been set up by leveraging technology to ensure legal and regulatory compliance in the jurisdictions where Temasek has investments. Legal risks are also managed through a centralised legal risk framework.

Legal and regulatory knowledge and experiences are institutionalised and shared to achieve optimal service delivery. This also deepens the organisation's knowledge base and enhances our execution capabilities.

INTERNAL COMPLIANCE

To achieve sustainable shareholder value, we strive to foster a culture where our six core MERIIT values – meritocracy, excellence, respect for people, integrity, innovation and teamwork – are encouraged and rewarded. Our Code of Ethics and Business Conduct, codifies these values. Approved by relevant Board and management committees, it is built on professionalism and robust processes, to form part of our governance framework which provides a practical balance between accountability and responsiveness.

INTERNAL AUDIT

Internal Audit conducts periodic reviews on key processes and responds to Board and management requests to undertake special reviews. This is to ensure the end-to-end processes in Temasek Holdings are well controlled and any gaps identified can be expeditiously addressed. Increasingly, Internal Audit also acts as a source of corporate knowledge to other departments within the company.

Our Leadership Team

With an average age of 46 and a diverse background of seven nationalities, the leadership team in Temasek sets the pace and tone of the organisation.



Vijay Parekh
Senior Managing Director
Chief Operating Officer

Cheo Hock Kuan
Senior Managing Director
Organisation & Leadership

Leong Wai Leng
Senior Managing Director
Chief Financial Officer

Ng Yat Chung
Managing Director
Portfolio Management

Alan Thompson
Managing Director
Value Management



Ong Boon Hwee
Managing Director
Strategic Projects
CEO, Temasek
Management Services

Goh Yong Siang
Managing Director
Strategic Relations
Country Head, Thailand

Robert Chong
Managing Director
Human Resources

Eleana Tan
Managing Director
Finance

Lena Chia
Managing Director
Legal & Regulations

Jeffrey Chua
Managing Director
Legal & Regulations



Lao Tzu Ming
Managing Director
Risk Management

Wong Heng Tew
Managing Director
Investment
Chief Representative, Vietnam

Ng Quek Peng
Managing Director
Chief Representative,
China

Myrna Thomas
Managing Director
Corporate Affairs

Chua Su Li
Company Secretary

Ng Lai Cheng
Company Secretary



Charles Ong
Senior Managing Director
Chief Strategist

Jimmy Phoon
Senior Managing Director
Chief Investment Officer

Tow Heng Tan
Senior Managing Director
Co-Chief Investment Officer

Gan Chee Yen
Senior Managing Director
Investment

Manish Kejriwal
Senior Managing Director
Investment, India & Russia

Frank Tang
Senior Managing Director
Investment, China



Hiew Yoon Khong
Senior Managing Director
Special Projects

Margaret Lui
Managing Director
Investment

R Shyamsunder
Managing Director
Investment

Tan Suan Swee
Managing Director
Investment

Dinesh N Vaswani
Managing Director
Investment



Terry Hu
Managing Director
Investment

Wong Kim Yin
Managing Director
Investment

Yap Chwee Mein
Managing Director
Investment

David Heng
Managing Director
Investment

Bank Danamon in Indonesia has reached out to millions of traditionally non-bank customers with its unique savings and loan model. With more than 700 outlets and a team of 7,000 employees servicing this market segment, the bank enables mass market customers and small businesses to enjoy micro-financing and credit facilities under a responsible financing framework.





Our Community, Our Future

Building a Shared Tomorrow 76

*Temasek Trust & Beneficiaries:
Sharing a Future of Values*

Temasek International Panel 82

Temasek Advisory Panel 83

Building a Shared Tomorrow

Anchored in Asia, we contribute to a successful Asia by investing in businesses which create jobs and serve the needs of customers. We also invest in the development of people and the strengthening of ties in the region.

FORGING FRIENDSHIP

We build friendships through an open exchange of experiences, ideas, learnings and opportunities. This helps us play our part in the international business community and foster partnerships for growth and development in a prospering Asia.

During the year, we hosted more than 60 delegations from various countries including Bhutan, China, India, Indonesia, Kazakhstan, Mozambique, Qatar, Sweden, Turkey and Vietnam. The International Monetary Fund and World Bank Governors' Annual Meetings in September 2006 were opportunities to interact with more than 40 international delegations in Singapore.

We continue to engage various institutions in other countries to exchange views and perspectives. These include state-owned agencies such as China's State-owned Assets Supervision and Administration Commission, Kazakhstan's JSC Kazakhstan Holding for Management of State Assets and Vietnam's State Capital Investment Corporation. We also exchanged views with investment agencies like the Abu Dhabi Investment Authority, the Kuwait Investment Authority and the Korea Investment Agency. These interactions have brought closer understanding of the opportunities and challenges we all share in a fast changing landscape.

The Temasek International Panel and the Temasek Advisory Panel provide us with much valuable guidance. Meeting for the third year, the Temasek International Panel focused on *Opportunities and Challenges*, particularly with regard to Japan, commodities and resources, and rising nationalism. Members of the Temasek Advisory Panel supported our activities in various capacities, including providing insights on specific opportunities.

HONING LEADERSHIP

Human capital is the engine for sustainable growth. Leadership development, in particular, is a critical component.

We share learning and networking opportunities with the leadership of our portfolio companies as well as corporates around the region. These included corporate governance forums at the middle and senior management levels.

Our Business Leadership Centre saw a successful second run of the *Leaders! Programme* for high-potential management. Some 30 participants from across the region gathered together in Singapore and Shanghai to learn about business practices in a creative and collegial way.

Through their internships with us, postgraduate students from top universities gained insights while developing Asia-based case studies, which added to the accumulation and sharing of our institutional knowledge.

ENLARGING THE TALENT POOL

Accredited and appointed by The Institute of Banking & Finance as a lead provider for training in the wealth management sector, the four-year old Wealth Management Institute (WMI) has produced 132 graduates from 13 countries under its flagship Master of Science in Wealth Management course. WMI also played host to Asian central bankers and regulators in this graduate course through the Temasek Regional Regulators Scholarships in Wealth Management.

The widely recognised WMI Certificate in Private Banking course has seen 350 successful participants. They came from more than 30 banks in Australia, China, France, India, Indonesia, Italy, Malaysia, Singapore and Thailand.

WMI continues to customise private banking programmes for banks in the region. Specialised courses being planned include *Investing in Commodities*, *Trust & Estate Planning* and *Trust Administration*.

CONNECTING PEOPLE

Held on 6 November 2006, the second Annual Temasek Forum on *Growing Asia* saw the participation of more than 500 board members and senior management of our portfolio companies and partners from around the region.

In addition, we held 12 forums for over 500 participants, organised by function, industry or geography, to promote the sharing of specific or specialised expertise and experience. *Risk Exposures & Mitigations*, *New Trends & Variations in Technology M&As* and *Latest Developments on Foreign Investments in the US* were some topics discussed at these forums.

Into its third year, the Asia Banking CEO Roundtable brought together 24 Chairmen and CEOs of major banks in the region for a lively exchange on *Building Competitive Advantage* at Jeju Island in Korea.

NURTURING OUR YOUNG

We continue to reach out to regional communities, bringing people together and contributing to worthy causes, particularly for the young.

Aimed at nurturing cross-border friendship and building understanding across Asia's cultural diversity, the one-week Sunburst Youth Camp saw a successful ninth annual run with 160 delegates from ASEAN countries, China, India and Kazakhstan.

For the third year running, we supported the *Bull Run*TM organised by the Singapore Exchange, which raised funds for 13 charitable groups primarily focused on the needs of the young.

FRAMING THE FUTURE

We have been contributing to the future of Asia through our sponsorship of non-profit philanthropic organisations such as the Temasek Life Sciences Laboratory for research, the Singapore Millennium Foundation for scholarships, and the Singapore Technologies Endowment Programme for exchange programmes.

To augment the ongoing initiatives of these non-profit organisations, the Temasek Foundation was established to evaluate, drive and support community programmes in Asia.

In May 2007, we formalised our commitment to invest in our wider community through the launch of the Temasek Trust with an initial endowment of S\$500 million.



Indonesian youths at the Sunburst Youth Camp 2006



Heads of Asian banks meet in Jeju Island, Korea

Temasek Trust & Beneficiaries

SHARING A FUTURE OF VALUES

As an investment firm anchored in Asia and headquartered in Singapore, Temasek understands the value of investing in the next generation.

Temasek has been playing its role as a corporate citizen since its inception 33 years ago. From sponsoring public concerts to scholarships, from organising youth exchange programmes to forums for business leaders, from supporting research against infectious diseases to disaster relief and reconstruction, Temasek has helped to create opportunities for Asia and Asians to progress.

It is with a tomorrow of hope and opportunities very clearly in our minds that we have sponsored non-profit philanthropic organisations (NPOs) such as the Singapore Technologies Endowment Programme, the Singapore Millennium Foundation, the Temasek Life Sciences Laboratory, and now the Temasek Trust and Temasek Foundation.

THE TEMASEK TRUST

To institutionalise our commitment to the wider community, our Board approved a plan in 2003 to annually set aside a share of our wealth added, or economic profit, as our contribution to the community. We delivered positive wealth added and thus accumulated funds over the last four years. Meanwhile, we evaluated different non-profit models to actualise our intent.

We formalised our commitment to share our value and values through the launch of the Temasek Trust in May 2007. The non-profit Trust has an initial endowment of S\$500 million (US\$330 million) with an annual disbursement rate of 4%. The endowment will be re-invested with Temasek on a commingled basis, or alternatively be directed to approved fund managers appointed by Temasek.

The four founding Trustees of the Temasek Trust are eminent persons from Asia, namely founding Chairman Mr Lee Seng Wee and Mr Sim Kee Boon from Singapore, Mr Ratan Tata from India and Professor Xu Kuangdi from China. They ensure that the gifts are properly invested in accordance to the terms and conditions of the Trust Deed and the Deed of Gift, and the funds are disbursed in line with its mandate.

While the Trust may receive donations from other sources, it will not actively solicit them. Future contributions from Temasek will depend on the firm achieving positive wealth added.

THE SINGAPORE TECHNOLOGIES ENDOWMENT PROGRAMME

Conceived to foster friendship and understanding across Asia, particularly through exchanges among its youth, the Singapore Technologies Endowment Programme (STEP) was first established by the Singapore Technologies Group as part of its 30th anniversary commitment in July 1997, with Temasek as a co-sponsor. Temasek has been the sole sponsor since 2004.

For the last nine years, STEP has sponsored and organised the annual Sunburst Youth Camp, bringing together a total of 1,124 youths from 14 countries. Participants from the pioneer batch are now successful young adults eager to contribute to the wider community in their respective home countries.

As part of its 10th anniversary commemoration, STEP will be expanding its repertoire of programmes to foster friendship and understanding across a broader segment of the community.

THE SINGAPORE MILLENNIUM FOUNDATION

Set up in April 2001 to boost learning and the development of human capital through research in the new millennium, the Singapore Millennium Foundation (SMF) offers 30 to 40 scholarships each year for postgraduate studies and post-doctoral research.

Open to all nationalities, the SMF has sponsored 165 scholars and research fellows in total from 15 countries including Singapore. The SMF funding focuses on cutting-edge research in niche areas and cross-discipline research, working in partnership with universities in Singapore as well as research institutes like the Singapore Institute of Mental Health, National Neuroscience Institute of Singapore, National Cancer Centre and the Temasek Life Sciences Laboratory.

THE TEMASEK LIFE SCIENCES LABORATORY

Established five years ago in August 2002, the Temasek Life Sciences Laboratory hosts 190 scientists from 24 countries to undertake basic and applied research in cellular, molecular and genetic biology. The cross fertilisation of different ideas and disciplines makes for a vibrant research community. One third of its research programmes is directed at practical research such as improving non-food biofuel sources and developing affordable rapid diagnostic kits and vaccines for the H5N1 bird flu virus.

Supported by 57 administrative and technical staff, Temasek Life Sciences Laboratory has supervised altogether 56 PhD candidates. It also contributes to scientific education through a well-received internship programme for young budding scientists from junior colleges.

THE TEMASEK FOUNDATION

Set up in May this year to provide a mandate broader than the more specific programmes of the earlier NPOs, the Temasek Foundation has four focus areas across Asia:

- investing in future generations through education, healthcare, knowledge and research;
- building bridges among people of diverse races, languages, religions and cultures;
- promoting better governance and regulatory capabilities; and
- supporting disaster emergency relief and recovery.

Education will be the Foundation's primary focus, as it strives to uplift the opportunities for the younger generation. Exchange programmes will help build bridges to promote understanding and cooperation for mutual benefit among Asia's diverse communities.

To help businesses flourish and communities prosper, the Foundation will also promote better governance and regulatory capabilities through sharing best practices in the region.



Inking the Trust Deed on 16 May 2007
(Left to right: Mr Sim Kee Boon, Mr Lee Seng Wee, Mr S Dhanabalan, Mr Ratan Tata and Professor Xu Kuangdi)

Temasek International Panel

We value the contributions of our friends on the Temasek International Panel. They have been generous with their invaluable insights and bring with them a spectrum of perspectives on strategic issues with their diverse background, rich experience and knowledge.



David Bonderman
Founder, Principal and General Partner
Texas Pacific Group

Leon A. Davis
Former 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

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



Cheng Wai Keung
Chairman
Neptune Orient Lines

Jennie Chua
Chief Executive Officer
The Ascott Group

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
Fullerton Financial Holdings



Ernest Wong
Chairman
Asia Pacific Pharmaceutical Holdings

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

Yeo Cheow Tong
Director
KillyInvest Pte Ltd

* Retired with effect from 1 July 2007

Launched in June 2006, Great Wall Airlines is a global cargo carrier with a growing network that spans Beijing, Shanghai, Seoul, Mumbai, Chennai, Amsterdam and Manchester. The carrier is well-placed to meet the growing demand for air cargo transportation with rising exports from Asia's booming economies.





Major Portfolio Investments

Financial Services	88
Telecommunications & Media	94
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ACCOMPANYING NOTES

- FY2006 refers to financial year ended 31 March 2007 or 31 December 2006, depending on the respective financial year-end of the portfolio companies; similarly for FY2005
- 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
- Revenue for the Financial Services sector consists of net interest income and other operating revenue
- Sources:
 1. Financials for the portfolio companies are based on their respective annual filings
 2. EVA figures are provided by the respective companies, except for the following, which are calculated by Temasek based on their respective annual filings: Bank of China, China Construction Bank, DBS Group Holdings, E.Sun Financial Holding Company, Fraser and Neave, ICICI Bank, PT Bank Danamon Indonesia, PT Bank Internasional Indonesia, Standard Chartered and Tuas Power
 3. Market relevant information (e.g. Market Capitalisation and share prices) are sourced from Bloomberg

GLOSSARY

EVA	=	Economic Value Added (excluding unusual items), attributable to investors
Gross Dividend Yield	=	The gross dividend declared for FY2006 to the share price as of 31 March 2007; similarly for FY2005
Market Capitalisation	=	Market value as at 31 March 2007 and 31 March 2006
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 TSR periods are as follows: Period for 1-year TSR is from 31 March 2006 to 31 March 2007 Period for 3-year TSR is from 31 March 2004 to 31 March 2007 (annualised) Period for 5-year TSR is from 31 March 2002 to 31 March 2007 (annualised) The exceptions are unlisted PSA and ST Telemedia, where we compute TSR based on shareholder equity as at their financial year-ends of 31 December
VA/Employment Cost	=	Gross value added per dollar of employment cost

EXCHANGE RATES*

As of 29 December 2006;

US\$1.00; S\$1.53; IDR 9,038; RMB 7.81; THB 35.62; KRW 930; INR 44.29; TWD 32.65; HKD 7.77
S\$1.00; IDR 5,890; RMB 5.09; THB 23.21; KRW 606; INR 28.86; TWD 21.28; HKD 5.07

As of 30 March 2007;

US\$1.00; S\$1.52; IDR 9,127; RMB 7.73; THB 32.25; KRW 940; INR 43.75; TWD 33.10; HKD 7.81
S\$1.00; IDR 6,014; RMB 5.09; THB 21.25; KRW 620; INR 28.82; TWD 21.81; HKD 5.15

* Source from Bloomberg

Major Investments in our Portfolio

(% INTEREST AS AT 31 MARCH 2007)

FINANCIAL SERVICES			
PT Bank Danamon Indonesia	59 ¹	ICICI Bank	7 ¹
PT Bank Internasional Indonesia	34 ¹	China Construction Bank	6 ¹
DBS Group Holdings	28	E.Sun Financial Holding Company	6 ¹
Standard Chartered	13 ²	Bank of China	5 ¹
Hana Financial Group	10 ¹		
TELECOMMUNICATIONS & MEDIA			
MediaCorp	100	Singapore Telecommunications	56
Singapore Technologies Telemedia	100	Shin Corporation	42 ³
TRANSPORTATION & LOGISTICS			
PSA International	100	Singapore Airlines	55
Neptune Orient Lines	66	SMRT Corporation	55
REAL ESTATE			
Mapletree Investments	100	CapitaLand	40
INFRASTRUCTURE, INDUSTRIAL & ENGINEERING			
Singapore Technologies Engineering	53	Keppel Corporation	21
SembCorp Industries	49		
ENERGY & RESOURCES			
PowerSeraya	100	Singapore Power	100
Senoko Power	100	Tuas Power	100
TECHNOLOGY			
Chartered Semiconductor Manufacturing	60	STATS ChipPAC	35 [*]
CONSUMER & LIFESTYLE			
Wildlife Reserves Singapore	88	Fraser and Neave	15
Singapore Food Industries	70		

Note: This list also includes significant interests held by our wholly-owned subsidiaries:

¹ Fullerton Financial Holdings (formerly Asia Financial Holdings)

² Fullerton Management Private Limited

³ Aspen Holdings

* Shareholding of 83% as at 31 May 2007

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
STANDARD CHARTERED



中國銀行

Held by FFH since 2005

Bank of China (BOC) is one of the major domestic financial services providers. Its business scope covers commercial banking, investment banking and insurance. Members of the Group include BOCHK, BOCI, BOCG Insurance and other financial institutions. The core business of the Bank is commercial banking, which includes corporate banking, personal banking and financial markets.

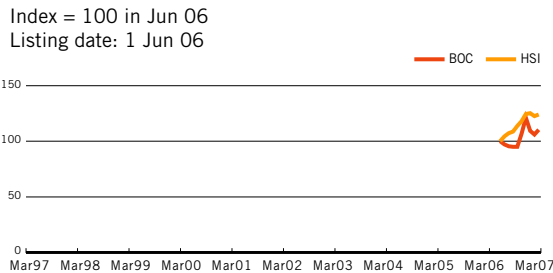
Key figures (RMB'm)	FY ended 31 Dec	
	2006	2005
Revenue	148,378	125,106
PATMI	42,830	25,921
EVA	12,347	17*
Change in EVA	12,330	NA
Market Capitalisation (HKD'm)	1,293,691	NA
ROE (%)	14.1	12.1
Gross Dividend Yield (%)	1.0	NA
VA/Employment Cost	NA	NA
Price/Book	2.6x	NA
Price/Earnings	21.5x	NA

	1-year**	3-year	5-year
TSR (%)	17.7	NA	NA

HIGHLIGHTS In 2006, BOC became the first bank in China to be dual-listed in both the international and domestic capital markets, namely the “A-share” market in Shanghai and the “H-share” market in Hong Kong.

* FY2005 EVA recalculated using annual filing with IFAS.
 ** BOC's TSR from listing date to 31 March 2007 (annualised).

**Relative TSR since Jun 06:
 Bank of China (BOC) vs Hang Seng Index (HSI)**



Chairman : Xiao Gang
 CEO : Li Lihui
 Website : www.boc.cn



Held by FFH since 2005

China Construction Bank Corporation (CCB) has 52 years' history of operation in China. The Bank was listed on the Stock Exchange of Hong Kong Limited in October 2005. It was the first of the Chinese “big four banks” to be listed overseas. With a market capitalisation of US\$143 billion as at end of 2006, it ranked as one of the top 10 listed banks in the world.

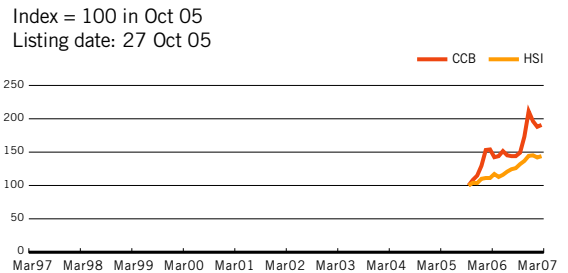
Key figures (RMB'm)	FY ended 31 Dec	
	2006	2005
Revenue	151,593	128,714
PATMI	46,322	47,103
EVA	9,089	12,823*
Change in EVA	(3,734)	NA
Market Capitalisation (HKD'm)	1,004,360	814,498
ROE (%)	15.0	19.5
Gross Dividend Yield (%)	2.1	0.4
VA/Employment Cost	NA	NA
Price/Book	3.0x	2.8x
Price/Earnings	21.3x	15.1x

	1-year	3-year	5-year
TSR (%)	23.9	NA	NA

HIGHLIGHTS In December 2006, CCB completed the acquisition of Bank of America (Asia) Limited and its subsidiaries in Hong Kong and Macau, which was renamed China Construction Bank (Asia) Corporation Limited.

* FY2005 EVA restated to remove adjustment previously made for consistent treatment.

**Relative TSR since Oct 05:
 China Construction Bank (CCB) vs Hang Seng Index (HSI)**



Chairman : Guo Shuqing
 CEO : Zhang Jianguo
 Website : www.ccb.com



Held since 1975

Headquartered in Singapore, and anchored in the markets of Singapore and Hong Kong, DBS has operations in 15 markets. It serves corporate, institutional and retail customers through its operations in China, India, Indonesia, Malaysia, Thailand and the Philippines.

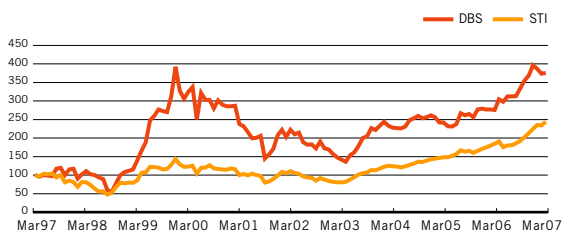
Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	5,438	4,641
PATMI	2,269	824
EVA	227	(163)
Change in EVA	390	(96)
Market Capitalisation	32,404	24,453
ROE (%)	12.8	5.0
Gross Dividend Yield (%)	3.6	3.6
VA/Employment Cost	NA	NA
Price/Book	1.8x	1.5x
Price/Earnings	14.3x	30.2x

	1-year	3-year	5-year
TSR (%)	36.4	18.1	11.0

HIGHLIGHTS DBS opened its branch in Dubai and launched its entry into the mass consumer finance market in India with a joint controlling stake in Cholamandalam DBS Finance. In May 2007, it received approval for local incorporation in China and set up the Islamic Bank of Asia, in which it has a majority stake.

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

Index = 100 in Mar 97



Chairman : Koh Boon Hwee
 CEO : Jackson Tai
 Website : www.dbs.com.sg



Held by FFH since 2006

E.SUN is one of the 14 Taiwanese financial holding companies (FHCs). Its five subsidiaries separately cover banking, securities, asset management, venture capital and insurance brokerage. As a bank-centric FHC, around 95% of its assets and revenues come from its banking operations. Altogether, E.SUN Bank owns 111 branches.

Key figures (TWD'm)	FY ended 31 Dec	
	2006	2005
Revenue	10,718	14,130
PATMI	423	4,656
EVA	(3,603)	(95)*
Change in EVA	(3,508)	NA
Market Capitalisation	65,571	64,221
ROE (%)	0.9	10.8
Gross Dividend Yield (%)	0.0	6.1
VA/Employment Cost	NA	NA
Price/Book	1.4x	1.4x
Price/Earnings	152.7x	13.9x

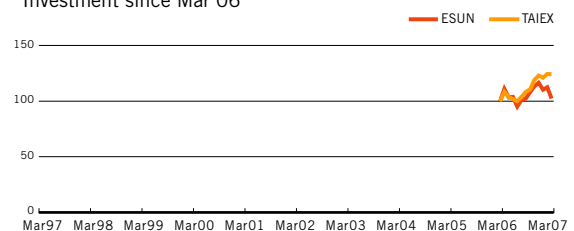
	1-year	3-year	5-year
TSR (%)	2.4	3.6	15.5

HIGHLIGHTS E.SUN enjoyed loan growth of 19.3% in 2006, mainly from mortgage loan and SME lending. With the crisis in Taiwan's unsecured consumer lending, high provision expense eroded E.SUN's profits for the year.

* FY2005 EVA restated due to reclassification of some items in the 2005 annual filing.

Relative TSR since Mar 06: E.Sun Financial Holdings (ESUN) vs Taiwan TaieX Index (TAIEX)

Index = 100 in Mar 06
 Investment since Mar 06



Chairman : Yung-Jen Huang
 President : Yung-Hsung Hou
 Website : www.esunfhc.com.tw



Held by FFH since 2004

Hana Financial Group (Hana) is among the top five financial companies in South Korea. To provide customers with comprehensive financial services, Hana was incorporated as a financial holding company in December 2005 to hold Hana Bank and its three other non-banking financial affiliates.

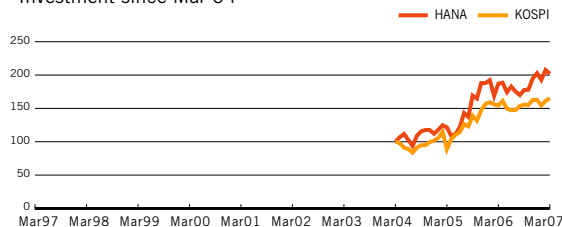
Key figures (KRW'm)	FY ended 31 Dec	
	2006	2005
Revenue	9,273,384	6,723,726
PATMI	1,026,728	951,414
EVA	NM	NM
Change in EVA	NM	NM
Market Capitalisation	10,317,173	9,489,745
ROE (%)	14.6	15.0
Gross Dividend Yield (%)	1.8	1.9
VA/Employment Cost	1.6x	1.5x
Price/Book	1.3x	1.5x
Price/Earnings	9.8x	10.7x

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

HIGHLIGHTS Hana achieved sizeable year-on-year asset growth of 21% through an organic growth strategy. The Group's pre-provision operating profit grew by 39% compared to FY2005.

**Relative TSR since Mar 04:
Hana Financial Group (HANA) vs Korea Composite Stock Price Index (KOSPI)**

Index = 100 in Mar 04
Investment since Mar 04



Chairman : Seung-Yu Kim
CEO : Kyo-Joong Yoon
Website : www.hanafn.com



Held by FFH since 2003

The largest financial institution in India by market capitalisation, ICICI Bank is also the largest consumer credit provider in the country. It has about 950 branches, 3,300 ATMs in India, and is present in 17 international locations. The Bank also offers products and services in life and non-life insurance, asset management, investment banking and private equity.

Key figures (INR'm)	FY ended 31 Mar	
	2007	2006
Revenue	236,881	145,140
PATMI	27,606	24,201
EVA	(5,914)	(5,028)*
Change in EVA	(886)	(11,949)
Market Capitalisation	767,386	524,151
ROE (%)	11.9	14.0
Gross Dividend Yield (%)	1.2	1.4
VA/Employment Cost	NA	NA
Price/Book	3.3x	2.4x
Price/Earnings	27.6x	19.0x

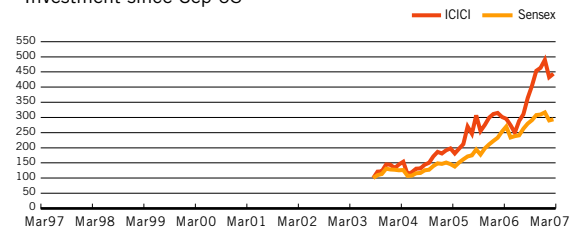
TSR (%)	1-year	3-year	5-year
		47.5	45.3

HIGHLIGHTS During the last financial year ended March 2007, ICICI Bank's total advances increased by 34% to Rs.1,958.6 billion, and retail loan portfolio grew by 39%. The loan book of its international branches increased by over 90%, a testimony to its growing international franchise.

* FY2005 EVA restated due to reclassification of some items in the 2005 annual filing.

**Relative TSR since Sep 03:
ICICI Bank (ICICI) vs Bombay Stock Exchange Sensitive Index (Sensex)**

Index = 100 in Sep 03
Investment since Sep 03



Chairman : N Vaghul
CEO : K.V. Kamath
Website : www.icicibank.com



Held by FFH since 2003

PT Bank Danamon Indonesia Tbk is the country's second largest private national bank. It has altogether 1,106 branches across all 32 provinces of Indonesia. Of these, 765 branches are focused on micro-finance opportunities.

Key figures (IDR'b)	FY ended 31 Dec	
	2006	2005
Revenue	7,243	6,014
PATMI	1,325	2,003
EVA	(258)	(801)*
Change in EVA	543	(956)
Market Capitalisation	32,545	23,622
ROE (%)	14.7	24.4
Gross Dividend Yield (%)	2.0	4.2
VA/Employment Cost	NA	NA
Price/Book	3.4x	2.8x
Price/Earnings	24.4x	11.8x

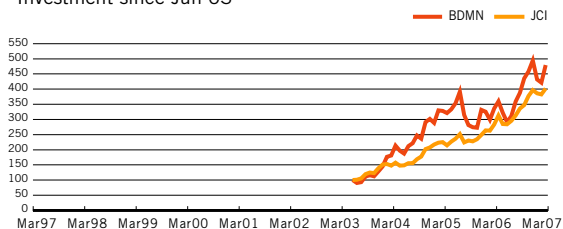
TSR (%)	1-year	3-year	5-year
		42.8	38.3

HIGHLIGHTS In 2006, Danamon celebrated its 50th anniversary. It obtained a Rp1.3 trillion (US\$150 million) loan facility from the International Finance Corporation. It also became the sole issuer and manager of the American Express card in Indonesia in 2006. Danamon was recognised as Best Bank in Indonesia by Global Finance magazine in 2006, an award received for three consecutive years.

* FY2005 EVA restated due to change in compensation for merger cost in the 2005 filing.

Relative TSR since Jun 03: PT Bank Danamon Indonesia (BDMN) vs Jakarta Composite Index (JCI)

Index = 100 in Jun 03
Investment since Jun 03



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



Held by FFH since 2003

PT Bank Internasional Indonesia Tbk (BII) has over 230 branches and 700 ATMs across Indonesia, accessible through *ALTO* and *ATM BERSAMA*. It also has a banking presence in Mauritius, Mumbai and the Cayman Islands.

Key figures (IDR'b)	FY ended 31 Dec	
	2006	2005
Revenue	3,647	3,284
PATMI	634	725
EVA	(338)	(112)*
Change in EVA	(226)	175
Market Capitalisation	9,324	7,668
ROE (%)	12.7	16.3
Gross Dividend Yield (%)	2.7	3.3
VA/Employment Cost	NA	NA
Price/Book	1.8x	1.6x
Price/Earnings	14.8x	10.7x

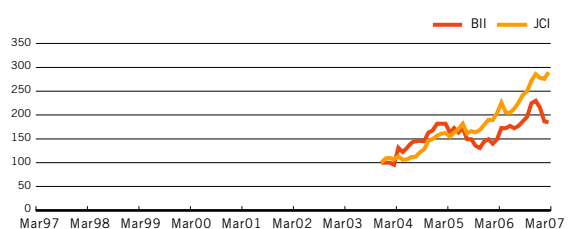
TSR (%)	1-year	3-year	5-year
		23.7	24.7

HIGHLIGHTS BII was granted a loan of about Rp1.1 trillion (US\$125 million) for five years by the International Finance Corporation. The Bank also designated 2007 as "The Service Excellence Year" to focus on improving and upgrading its service quality through improving customer satisfaction, and embedding its service culture. In collaboration with PT Astra International Tbk, BII launched the Astra World BII credit card.

* FY2005 EVA restated due to restatement of 2005 annual filing.

Relative TSR since Dec 03: PT Bank Intl Indonesia (BII) vs Jakarta Composite Index (JCI)

Index = 100 in Dec 03
Investment since Dec 03



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



Held by FMPL since 2006

Standard Chartered PLC (Stanchart) has a history of over 150 years in banking. Today, it operates over 1,400 branches in more than 50 countries. Listed on the London and Hong Kong Stock Exchanges, it is ranked among the top 25 companies in the FTSE-100 list. It has a staff strength of almost 60,000 people, representing over 100 nationalities.

Key figures (USD'm)	FY ended 31 Dec	
	2006*	2005*
Revenue	8,620	6,861
PATMI	2,278	1,946
EVA	891	–
Change in EVA	NA	–
Market Capitalisation	39,761	32,783
ROE (%)	15.9	18.5
Gross Dividend Yield (%)	2.5	2.6
VA/Employment Cost	NA	NA
Price/Book	2.4x	2.8x
Price/Earnings	17.0x	16.7x

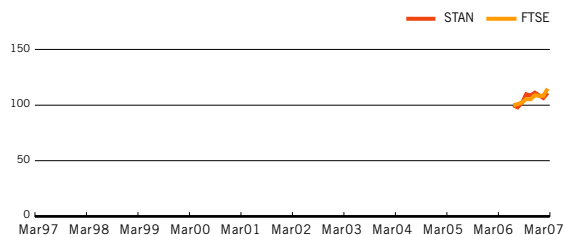
	1-year	3-year	5-year
TSR (%)	19.3	23.7	17.9

HIGHLIGHTS In 2006, Stanchart benefited from increased geographic and product diversity in both Customer and Wholesale Banking with both businesses delivering double-digit income growth. Stanchart made two acquisitions namely Union Bank in Pakistan and Hsinchu International Bank in Taiwan.

* 2005 and 2006 results have been prepared under IFRS.

Relative TSR since Jul 06: Standard Chartered (STAN) vs FTSE All – Share Index (FTSE)

Index = 100 in Jul 06
Investment since Jul 06



Chairman : Mervyn Davies CBE

Group CEO: Peter Sands

Website : www.standardchartered.com

Telecommunications & Media



**MEDIACORP
SHIN CORPORATION
SINGAPORE TECHNOLOGIES TELEMEDIA
SINGAPORE TELECOMMUNICATIONS**



Held since 1992

MediaCorp is a Singapore-based provider of television and sound broadcasting services. It is engaged in the production and distribution of television programmes and motion pictures, provision of transmission services, publishing and distribution of magazines and newspapers, and other ancillary businesses.

Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	522	525
PATMI	62	161
EVA	4	(15)
Change in EVA	19	23
Shareholder Equity	995	1,242
ROE (%)	5.5	14.9
Gross Dividend Yield (%)	3.0	7.9
VA/Employment Cost	1.2x	1.3x
Price/Book	NA	NA
Price/Earnings	NA	NA

TSR (%)	1-year	3-year	5-year
		12.3	17.5

HIGHLIGHTS In FY2006/2007, new media initiatives launched included MediaCorp Online Broadband TV (MOBTV), www.xin.sg, www.podcast.sg and Visual Radio.

Unlisted

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



Held by Aspen Holdings since 2006

SHIN is a holding company investing mainly in telecom business. AIS, in which SHIN holds 43%, is a market leader in wireless communications with around 49% market share. SATTEL, the satellite operator, provides transponder service for telecommunication and broadcasting businesses as well as broadband satellite.

Key figures (THB'm)	FY ended 31 Dec	
	2006	2005*
Revenue	14,039	12,583
PATMI	3,410	8,625
EVA	(5,051)	2,807
Change in EVA	(7,858)	547
Market Capitalisation	79,908	114,885
ROE (%)	8.0	20.7
Gross Dividend Yield (%)	9.2	6.8
VA/Employment Cost	1.6x	2.4x
Price/Book	1.9x	2.6x
Price/Earnings	22.9x	13.2x

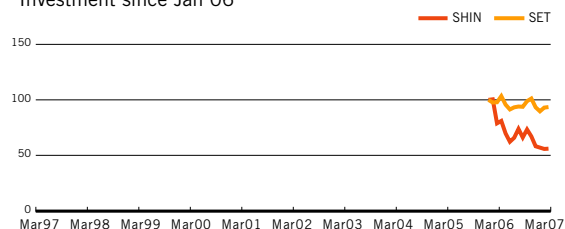
TSR (%)	1-year	3-year	5-year
		-29.0	-3.6

HIGHLIGHTS In 2006, SHIN posted a net profit of THB3,410 million. The 60.5% drop from the previous year was mainly due to the recognition of the impairment loss of investment in ITV, and decrease in net results from the weakened performance of AIS, SATTEL, ITV and Capital OK.

* FY2005 comparatives are restated to take into account the retrospective adjustments relating to the adoption of Thai Accounting Standard 56 "Income Tax Accounting".

Relative TSR since Jan 06: Shin Corp (SHIN) vs Stock Exchange of Thailand Index (SET)

Index = 100 in Jan 06
 Investment since Jan 06



Chairman: Dr Virach Apimeteetamrong
 CEO : Boonklee Plangsiri (until 30 June 2007)
 Somprasong Boonyachai (effective 1 July 2007)
 Website : www.shincorp.com



Held since 1995

Singapore Technologies Telemedia (ST Telemedia) is an information-communications company with operations in the Asia-Pacific region, the Americas and Europe. Its core competencies lie in mobile telephony and global IP services. The ST Telemedia group includes Asia Mobile Holdings (which holds interests in StarHub Ltd and PT Indosat Tbk), Global Crossing Ltd and TeleChoice International Ltd.

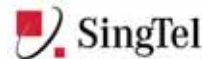
Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	7,468	7,502
PATMI	(23)	236
EVA	(403)	(576)
Change in EVA	173	373
Shareholder Equity	1,140	1,007
ROE (%)	-2.2	27.5
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	2.5x	2.2x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	13.2	-0.6	24.3

HIGHLIGHTS Financial performance improved net loss to S\$23 million for the year from a loss of S\$158 million last year, after adjusting the gain on disposal of Equinix for S\$394 million. Improvements were due to Global Crossing's (GC) lower losses, StarHub's improved performance across the board and dilution gains mainly from GC and Indosat. In March 2007, Qatar Telecoms Q.S.C. (Q-Tel), one of the largest operators in the Gulf region, joined ST Telemedia as a new strategic partner in Asia Mobile Holdings.

Unlisted

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



Held since 1993

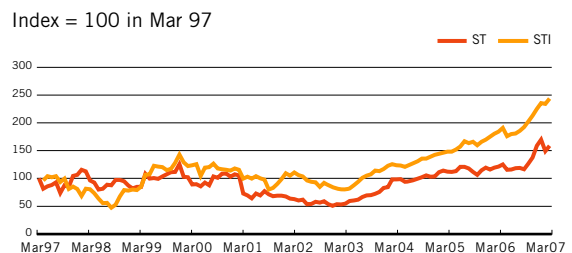
SingTel is a major communications group in Asia with operations and investments in more than 20 countries and territories, including Optus in Australia, AIS in Thailand, Bharti in India, Globe in the Philippines, Pacific Bangladesh Telecom in Bangladesh and Telkomsel in Indonesia. Covering 124 million mobile subscribers as at 31 March 2007, it has the largest mobile base in Asia outside China.

Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	13,151	13,138
PATMI	3,779	4,163
EVA	2,103	2,408
Change in EVA	(305)	769
Market Capitalisation	52,170	44,264
ROE (%)	18.0	20.6
Gross Dividend Yield (%)	6.3	3.8
VA/Employment Cost	5.2x	5.4x
Price/Book	2.5x	2.1x
Price/Earnings	14.1x	10.6x

	1-year	3-year	5-year
TSR (%)	31.4	17.4	20.5

HIGHLIGHTS SingTel launched Generation mio, a bundled service comprising fixed, mobile and broadband, and '360' suite of business solutions in Singapore. Optus also launched high-speed broadband using ADSL2+ and D1 satellite in Australia.

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



Chairman : Chumpol NaLamlieng
 Group CEO : Lee Hsien Yang (until 31 March 2007)
 Chua Sock Koong (effective 1 April 2007)

Website : www.singtel.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 shipping and related transportation services while its supply chain services arm, APL Logistics, provides international logistics services and solutions.

Key figures (USD'm)	FY ended	FY ended
	29 Dec	30 Dec
	2006	2005
Revenue	7,264	7,271
PATMI	364	804
EVA	79	451
Change in EVA	(372)	(93)
Market Capitalisation (SGD'm)	4,733	3,175
ROE (%)	18.1	33.6
Gross Dividend Yield (%)*	2.5	3.7
VA/Employment Cost	2.3x	3.4x
Price/Book	1.5x	0.7x
Price/Earnings	8.5x	2.4x

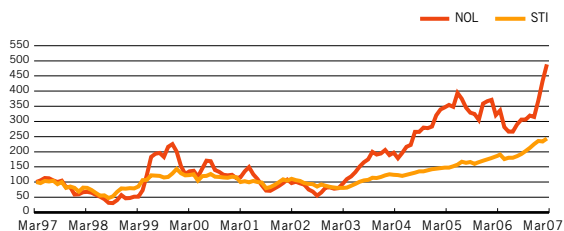
	1-year	3-year	5-year
TSR (%)	52.0	35.4	38.0

HIGHLIGHTS The liner shipping business reported healthy growth in total container volumes of 8% and an average headhaul vessel utilisation of 96% across its global network.

* Does not include the capital reduction and cash distribution of S\$0.92 per share in February 2006.

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

Index = 100 in Mar 97



Chairman : Cheng Wai Keung
 Group President and CEO: Dr Thomas Held
 Website : www.nol.com.sg



Held since 1997

PSA International is one of the largest global port groups. With its flagship operations in PSA Singapore Terminals and PSA HNN, PSA participates in 26 port projects in 15 countries across Asia, Europe and the Americas. In 2006, PSA handled 51.3 million TEU of containers worldwide.

Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	3,736	3,678
PATMI	1,209	1,058
EVA	573	633
Change in EVA	(61)	186
Shareholder Equity	5,357	4,747
ROE (%)	23.9	24.1
Gross Dividend Yield (%)	9.3	8.9
VA/Employment Cost	3.8x	3.5x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	23.4	26.5	24.3

HIGHLIGHTS PSA increased its global presence further by securing concessions to build and operate in several new ports. In April 2006, the Group made its single largest overseas investment with the purchase of a 20% stake in Hutchison Whampoa Ltd's global portfolio of ports. This transaction, funded by debt, increased the Group's asset base to S\$17 billion.

Unlisted

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



Held since 1975

Singapore Airlines (SIA) is the flag carrier of the Republic of Singapore, flying to 65 destination cities. Its subsidiaries are mainly in the business of providing cargo air transportation, airport terminal services and engineering services.

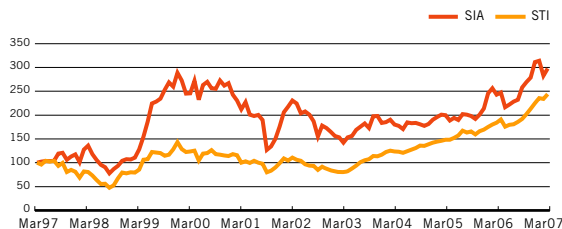
Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	14,494	13,341
PATMI	2,129	1,241
EVA	227	147
Change in EVA	80	(196)
Market Capitalisation	20,697	17,146
ROE (%)	14.9	9.6
Gross Dividend Yield (%)	6.0	3.2
VA/Employment Cost	2.4x	2.2x
Price/Book	1.4x	1.3x
Price/Earnings	9.6x	13.8x

TSR (%)	1-year	3-year	5-year
		23.1	18.7

HIGHLIGHTS The Group recorded a net profit of S\$2,129 million for the year ended 31 March 2007, underpinned by the strong performance of the airline operations. The Board of Singapore Airlines has recommended a cash distribution of S\$2,162 million to shareholders, by way of a special dividend and a capital reduction.

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

Index = 100 in Mar 97



Chairman : Stephen Lee Ching Yen
 CEO : Chew Choon Seng
 Website : www.singaporeair.com



Held since 1987

SMRT Corporation Ltd is Singapore's multi-modal transport service provider offering integrated island-wide transport services on its extensive network of trains, buses and taxis supported by retail amenities conveniently located within its stations.

Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	743	712
PATMI	135	103
EVA	78	62
Change in EVA	16	14
Market Capitalisation	2,254	1,690
ROE (%)	22.1	18.2
Gross Dividend Yield (%)	4.9	6.3
VA/Employment Cost	2.1x	2.0x
Price/Book	3.5x	2.9x
Price/Earnings	16.6x	16.3x

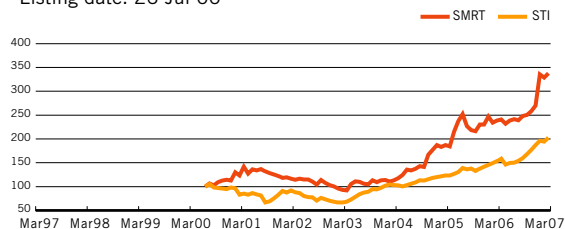
TSR (%)	1-year	3-year	5-year
		41.8	44.1

HIGHLIGHTS Increase in ridership as well as growth from rental and advertising businesses were key drivers of revenue growth. Net profit after tax increased 31.0% to S\$135.8 million on the back of better operating profits, gain on disposal of investments and lower tax expenses from the tax rate reduction.

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

Index = 100 in Jul 00

Listing date: 26 Jul 00



Chairman : Choo Chiau Beng
 President & CEO : Saw Phaik Hwa
 Website : www.smrt.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, Europe and the Middle East.

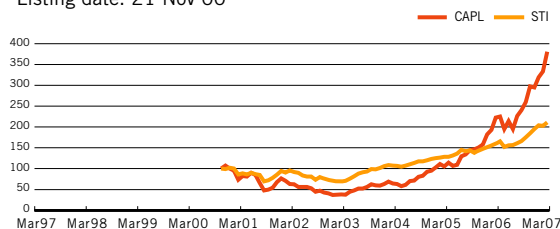
Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	3,148	3,846
PATMI	1,018	751
EVA	(134)	(185)
Change in EVA	51	201
Market Capitalisation	22,362	13,374
ROE (%)	14.5	12.5
Gross Dividend Yield (%)	1.5	3.7
VA/Employment Cost	2.8x	2.0x
Price/Book	3.0x	2.0x
Price/Earnings	21.7x	17.1x

	1-year	3-year	5-year
TSR (%)	71.4	80.9	43.2

HIGHLIGHTS In FY2006, CapitaLand achieved a record PATMI of S\$1,018 million. CapitaLand made its first foray into the integrated leisure, entertainment and convention business with its acquisition of a strategic 20% stake in Macau Studio City, Asia's first leisure resort property.

Relative TSR since Nov 00: Capitaland (CAPL) vs Straits Times Index (STI)

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



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



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	
	2007	2006
Revenue	217	161
PATMI	1,074	145
EVA	(57)	(22)
Change in EVA	(36)	137
Shareholder Equity	3,439	2,393
ROE (%)	36.8	6.2
Gross Dividend Yield (%)	0.5	0.7
VA/Employment Cost	4.8x	4.4x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	44.4	16.7	NA

HIGHLIGHTS In FY2006, Mapletree achieved a PATMI of S\$1,074 million, mainly due to valuation gains from VivoCity, Singapore's largest retail and lifestyle destination.

Unlisted

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

Infrastructure, Industrial & Engineering



**KEPPEL CORPORATION
SEMBORP INDUSTRIES
SINGAPORE TECHNOLOGIES ENGINEERING**



Held since 1975

Keppel Corporation Limited (Keppel) is in the Offshore & Marine, Property and Infrastructure businesses. The Group's geographical presence extends as far as Germany, USA, the Middle East, Azerbaijan, Brazil and Nicaragua.

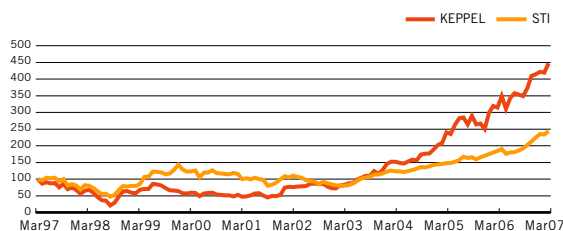
Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	7,601	5,688
PATMI	751	564
EVA	416	197
Change in EVA	219	161
Market Capitalisation	15,005	10,850
ROE (%)	19.1	16.7
Gross Dividend Yield (%)	1.5	1.7
VA/Employment Cost	2.0x	1.7x
Price/Book	3.7x	3.1x
Price/Earnings	19.9x	19.1x

TSR (%)	1-year	3-year	5-year
		42.4	43.3

HIGHLIGHTS Keppel's 2006 revenue was at a record, with the Offshore & Marine Division making up more than three-quarters of Group revenue. Group PATMI reached a high of S\$751 million, with Offshore & Marine as a significant contributor, followed by the Investments Division. Its return on equity was an all-time high of 19.1% and Economic Value Added of S\$416 million more than doubled that of the previous year.

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

Index = 100 in Mar 97



Executive Chairman : Lim Chee Onn

Website : www.keppcorp.com



Held since 1983

SembCorp Industries provides centralised utilities and services to industrial customers in Singapore, the United Kingdom, Asia and the Middle East. Its Marine and Offshore Engineering Unit operates a global network of shipyards, providing integrated solutions in ship repair, shipbuilding, ship conversion, rig building, topsides fabrication and offshore engineering.

Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	8,107	7,409
PATMI	1,030	303
EVA	382	116
Change in EVA	266	460
Market Capitalisation	9,056	6,128
ROE (%)	42.8	15.3
Gross Dividend Yield (%)	5.7	1.9
VA/Employment Cost	2.1x	1.9x
Price/Book	3.2x	3.1x
Price/Earnings	8.7x	20.5x

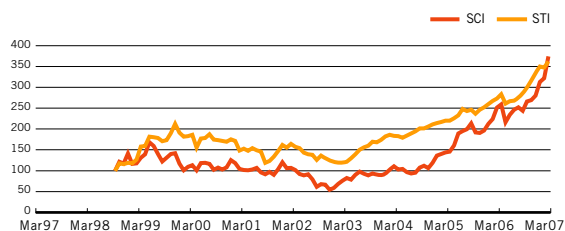
TSR (%)	1-year	3-year	5-year
		55.1	56.8

HIGHLIGHTS In 2006, SembCorp divested its logistics and engineering & construction businesses to focus on Utilities and Marine & Offshore Engineering. The company reached final settlement for the Solitaire arbitration and sold SMOE and Sembawang Bethlehem to SembCorp Marine. SembCorp also acquired a stake in the Fujairah 1 independent water and power plant.

Relative TSR since Oct 98: SembCorp Industries (SCI) vs Straits Times Index (STI)

Index = 100 in Oct 98

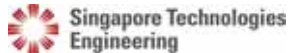
Listing date: 5 Oct 98



Chairman : Peter Seah Lim Huat

Group President & CEO: Tang Kin Fei

Website : www.sembcorp.com.sg



Held since 1997

ST Engineering is an integrated engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors. With a market capitalisation of over S\$9 billion, it ranks among the largest companies listed on the Singapore Exchange. ST Engineering has more than 17,000 employees worldwide, and over 100 subsidiaries and associated companies in 20 countries and 35 cities.

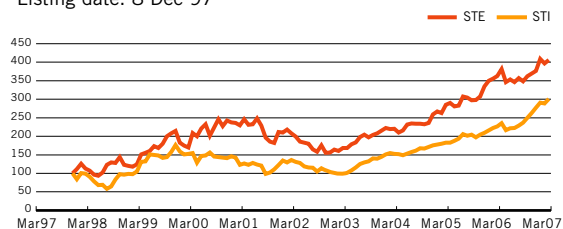
Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	4,486	3,338
PATMI	445	396
EVA	297	284
Change in EVA	14	43
Market Capitalisation	9,836	9,104
ROE (%)	29.1	27.8
Gross Dividend Yield (%)	4.6	4.4
VA/Employment Cost	1.6x	1.7x
Price/Book	6.3x	6.1x
Price/Earnings	21.9x	22.7x

	1-year	3-year	5-year
TSR (%)	12.0	22.6	14.3

HIGHLIGHTS The Group recorded double digit growth for a second straight year in 2006. Group turnover rose 34% to S\$4,486 million, while net profits grew 12% on the strength of the Aerospace and Electronics sectors. Order book rose to a new high at S\$7.37 billion.

Relative TSR since Dec 97: ST Engineering (STE) vs Straits Times Index (STI)

Index = 100 in Dec 97
Listing date: 8 Dec 97



Chairman : Peter Seah Lim Huat
 President & CEO : Tan Pheng Hock
 Website : www.stengg.com

Energy & Resources



POWERSERAYA
SENOKO POWER
SINGAPORE POWER
TUAS POWER



Held since 1995

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

Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	2,624	2,093
PATMI	168	130
EVA	88	49
Change in EVA	39	15
Shareholder Equity	1,073	1,012
ROE (%)	16.1	12.4
Gross Dividend Yield (%)	5.6	22.7
VA/Employment Cost	9.2x	8.7x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	11.9	13.2	-1.8

HIGHLIGHTS The Company has been reconfigured into four businesses: Utilities, Energy Markets, Oil Trading and Retailing. PowerSeraya's capabilities were expanded through adding desalinated water and steam to its portfolio. Direct sourcing helped reduce supply risk. Further business separation will occur with the development of complementary non-regulated activities.

Unlisted

Chairman : Tan Yam Pin
Managing Director: Neil Garry McGregor
Website : www.powerseraya.com.sg



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	
	2007	2006
Revenue	2,772	2,194
PATMI	131	131
EVA	37	43
Change in EVA	(6)	4
Shareholder Equity	838	796
ROE (%)	16.0	15.2
Gross Dividend Yield (%)	6.0	37.7
VA/Employment Cost	8.3x	9.7x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	11.6	14.2	9.9

HIGHLIGHTS Senoko continued to improve its ROE in FY2006. Its excellent safety record was marked by a record 2.95 million man-hours without Lost Time Injury achieved in November 2006. This is the best performance in the electricity industry in Asia Pacific region. Senoko also received the PowerGen Asia Award as the Environmental Plant of the Year 2006.

Unlisted

Chairman : John Lim Kok Min
President & CEO: Roy Adair
Website : www.senokopower.com.sg



Held since 1995

Singapore Power Ltd and its subsidiaries (SP Group) are engaged principally 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	
	2007	2006*
Revenue	5,243	4,832
PATMI	905	1,317
EVA	369	282
Change in EVA	87	53
Shareholder Equity	3,912	3,899
ROE (%)	23.2	34.1
Gross Dividend Yield (%)	9.2	51.3
VA/Employment Cost	9.0x	9.2x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	26.0	30.1	22.2

HIGHLIGHTS During the year, SP Group sold its co-generation and water treatment plants in South Korea as it continues to focus on electricity and gas transmission and distribution. On 30 March 2007, SPI Ltd and Babcock and Brown International Pty Ltd (B&B) jointly entered into an agreement to acquire Alinta Ltd. The SP/B&B consortium subsequently entered into a revised agreement with Alinta Ltd on 11 May 2007 to acquire the company. The transaction is subject to approval of Alinta Ltd's shareholders in August 2007.

* FY2005/2006 comparatives are restated arising from adoption of INT FRS 104.

Unlisted

Chairman : Ng Kee Choe
Group CEO : Quek Poh Huat

Website : www.singaporepower.com.sg



Held since 1995

Tuas Power Ltd is a major player in the electricity and multi-utilities industries with businesses in electricity generation, trading and retail as well as the provision of multi-utilities solutions such as trigeneration development. The Company is now pursuing opportunities in other related areas such as waste management.

Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	2,282	1,749
PATMI	177	104
EVA	65	(9)
Change in EVA	74	60
Shareholder Equity	1,110	1,031
ROE (%)	16.5	10.7
Gross Dividend Yield (%)	9.1	0.0
VA/Employment Cost	16.5x	13.4x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	17.3	5.8	-1.9

HIGHLIGHTS The year ending March 2007 is the first full year that Tuas Power operated under its full licensed capacity of 2,670 MW. The year also saw the Company forming TPGS Green Energy Pte Ltd, a joint venture providing sustainable multi-utilities solutions to businesses. TPGS Green Energy signed contracts for the development of two trigeneration plants during the year, with total investment value of S\$25 million.

Unlisted

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

Website : www.tuaspower.com.sg

Technology



**CHARTERED SEMICONDUCTOR MANUFACTURING
STATS CHIPPAC**



Held since 1987

Chartered Semiconductor Manufacturing Ltd (Chartered), a dedicated semiconductor foundry, offers leading-edge technologies down to 65 nanometer, enabling today's system-on-chip designs. In Singapore, the company operates a 300mm fabrication facility and four 200mm facilities.

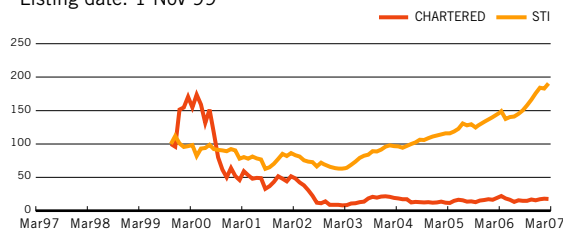
Key figures (USD'm)	FY ended 31 Dec	
	2006	2005
Revenue	1,415	1,033
PATMI	67	(160)
EVA	(292)	(475)
Change in EVA	183	(84)
Market Capitalisation	2,411	2,432
ROE (%)	4.1	NM
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	3.8x	3.8x
Price/Book	1.4x	1.6x
Price/Earnings	47.4x	NM

TSR (%)	1-year	3-year	5-year
		-7.7	-2.8

HIGHLIGHTS Chartered posted record revenues in 2006; revenues grew 37% compared to 2005. Revenues from leading-edge 90-nanometer technology grew by over 110% compared to 2005 and Chartered returned to profitability with a net income of US\$67 million.

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

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



Chairman : James A. Norling
President & CEO: Chia Song Hwee

Website : www.charteredsemi.com



Held since 1995

STATS ChipPAC Ltd. is a service provider of semiconductor packaging design, bump, probe, assembly, test and distribution solutions. It provides a comprehensive range of semiconductor packaging and test solutions to a diversified global customer base servicing the computing, communications, consumer, automotive and industrial markets.

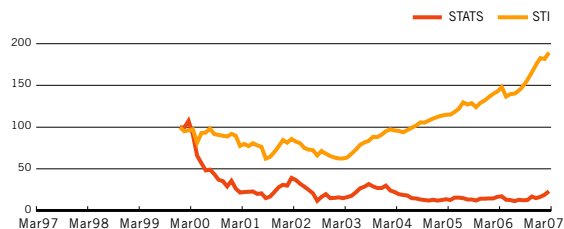
Key figures (USD'm)	FY ended 31 Dec	FY ended 25 Dec
	2006	2005
Revenue	1,617	1,157
PATMI	77	(26)
EVA	(45)	(137)
Change in EVA	92	(69)
Market Capitalisation (SGD'm)	3,675	2,563
ROE (%)	6.4	NM
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	2.3x	2.3x
Price/Book	1.9x	1.4x
Price/Earnings	30.0x	NM

TSR (%)	1-year	3-year	5-year
		41.2	1.5

HIGHLIGHTS STATS ChipPAC Ltd grew its revenue by 40%, improved its gross margin from 16.4% in 2005 to 20.2% in 2006 and achieved record net income of US\$76.8 million. On 1 March 2007, STSPL, a wholly-owned subsidiary of Temasek Holdings, launched a voluntary conditional cash offer for the company. The offer closed on 18 May 2007 with STSPL and its concert parties holding 83.1% of the outstanding shares.

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

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



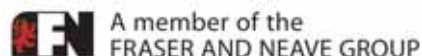
Chairman : Charles R. Wofford
President & CEO: Tan Lay Koon

Website : www.statschippac.com

Consumer & Lifestyle



**FRASER AND NEAVE
SINGAPORE FOOD INDUSTRIES
WILDLIFE RESERVES SINGAPORE**



Held since 2007

F&N is a pan-Asian Consumer Group. The principal activities of the Group are production and sale of soft drinks, beer, dairy products and glass containers; development of and investment in properties and REIT; and printing and publishing.

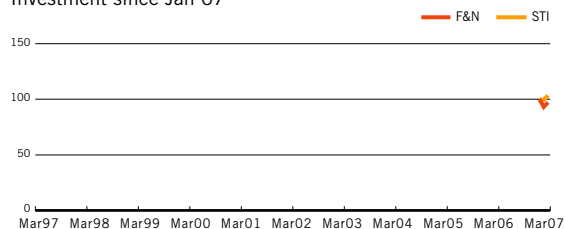
Key figures (SGD'm)	FY ended 30 Sept	
	2006	2005
Revenue	3,796	3,488
PATMI	320	296
EVA	3	-
Change in EVA	NA	-
Market Capitalisation	7,043	4,609
ROE (%)	9.6	9.8
Gross Dividend Yield (%)	2.8	3.5
VA/Employment Cost	NA	NA
Price/Book	1.7x	1.5x
Price/Earnings	18.7x	15.5x

TSR (%)	1-year	3-year	5-year
		32.9	25.2

HIGHLIGHTS During the financial year, the Group's subsidiary, Frasers Centrepoint Trust, a Real Estate Investment Trust (REIT) was listed on SGX-ST. Post balance sheet date, the Group acquired canned liquid milk production and chilled dairy and juice production from Nestle.

Relative TSR since Dec 06: Fraser and Neave (F&N) vs Straits Times Index (STI)

Index = 100 in Jan 07
Investment since Jan 07



Chairman : Dr Michael Fam Yue Onn
Group CEO: Dr Han Cheng Fong

Website : www.fraserandneave.com



Held since 2002

Singapore Food Industries (SFI) is an integrated food company in Singapore, with three core businesses in Food Distribution, Food Preparation, Manufacturing and Processing and Abattoir & Hog Auction. It also has operations in the United Kingdom, Ireland, China and Australia.

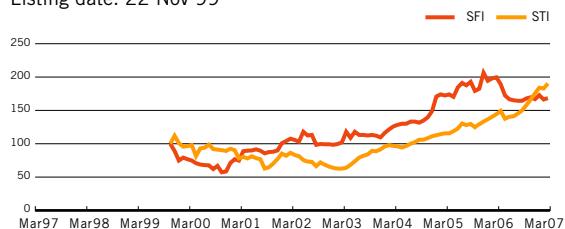
Key figures (SGD'm)	FY ended 31 Dec	
	2006	2005
Revenue	637	597
PATMI	30	36
EVA	19	26
Change in EVA	(8)	(2)
Market Capitalisation	468	589
ROE (%)	21.1	27.0
Gross Dividend Yield (%)	5.9	5.4
VA/Employment Cost	1.5x	1.7x
Price/Book	3.2x	4.2x
Price/Earnings	15.4x	16.2x

TSR (%)	1-year	3-year	5-year
		-15.8	10.1

HIGHLIGHTS The Group acquired Farmhouse Fare Limited, a chilled desserts company in the UK, at the end of October 2006.

Relative TSR since Nov 99: Singapore Food Industries (SFI) vs Straits Times Index (STI)

Index = 100 in Nov 99
Listing date: 22 Nov 99



Chairman: Tan Yam Pin
CEO : Roger Yeo Kok Tong

Website : www.sfi.com.sg



Held since 1975

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

Key figures (SGD'm)	FY ended 31 Mar	
	2007	2006
Revenue	72	61
PATMI	17	14
EVA	10	9
Change in EVA	1	2
Shareholder Equity	96	80
ROE (%)	18.9	19.4
Gross Dividend Yield (%)	0.0	0.0
VA/Employment Cost	1.7x	1.9x
Price/Book	NA	NA
Price/Earnings	NA	NA

	1-year	3-year	5-year
TSR (%)	20.2	21.3	16.5

HIGHLIGHTS Key developments during the year included JBP's new entrance which was completed in July 2006 and Night Safari's new Ulu Ulu Safari Restaurant, upgraded in November 2006.

Unlisted

Executive Chairman : Robert Kwan Wai Meng

Website : www.zoo.com.sg
www.nightsafari.com.sg
www.birdpark.com.sg

Our Reach



Our affiliated offices in China, India and Vietnam help us contribute better as a responsible member of the business community in these countries. Together with the Singapore office, our touch points in Asia give us better insights and responsiveness to the opportunities in North Asia, South Asia and Southeast Asia.

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