

A close-up photograph of a hand moving a wooden chess piece on a board. The board is made of light-colored wood with dark lines forming a grid. Several other pieces are visible, some with red Chinese characters and some with green characters. The lighting is warm, highlighting the texture of the wood and the skin of the hand.

Temasek Report 2010

# Making a Difference

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TEMASEK  
HOLDINGS





## Making a Difference

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Our Temasek Annual Community Day is an integral part of our Anniversary commemoration on 25 June.

This year, our staff volunteer initiative *T-Touch*, organised a carnival for 170 residents and non-residents of Mindsville@Napiri, a facility for persons with learning disabilities.

“As I was leaving Mindsville, I noticed a carnival participant with his elderly uncle. He had stopped by the pedestrian path and was excitedly showing off his medal to his uncle. With a simple, yet disarmingly infectious and toothy grin, he raised both arms up in the air and celebrated like an Olympics winner. His elderly uncle looked similarly thrilled for him. It was a precious sight.

I was very moved, and I wanted to share this vignette with all of you, because the smiles on their faces were put there by each and everyone of you... And this was replicated in 170 beneficiaries from Mindsville who had just enjoyed a special afternoon.”

**Fidah Alsagoff**

Chairman, *T-Touch*  
in a note to staff after the event

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*“You can make the tomorrow you want  
provided you have the wisdom, the guts  
and the will to struggle for it.”*

S Rajaratnam (1915 – 2006)  
Former Senior Minister, Singapore

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*“We should be able to seize every advantage which the current situation offers us. We must be prepared to innovate, to strike out into new lines of activity whenever these are necessary for our well-being.”*

Goh Keng Swee (1918 – 2010)  
Former Deputy Prime Minister, Singapore



# Temasek Charter

## Temasek Holdings is an investment company

managed on commercial principles to create and deliver sustainable long-term value for our stakeholders.

## Temasek is an active value-oriented investor

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

## Temasek is an active shareholder

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

- **Values**

Foster a deep culture of integrity, meritocracy and excellence;

- **Focus**

Maintain a clear focus on core competence, customer fulfilment, innovation, commercial discipline and consistent value creation;

- **Human Capital**

Cultivate high calibre board and management leadership, as well as committed and responsible employees;

- **Sustainable Growth**

Institutionalise superior business leadership, financial discipline, operational excellence and sound corporate governance;

- **Strategic Options**

Create strategic options to build significant international or regional brands or businesses.

## Temasek is a responsible corporate citizen

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

# Year in Review

The year saw a steady but mixed return to global growth with a strong rebound in Asia.

Against a backdrop of structural economic imbalances, we strengthened and transformed our portfolio, investing and divesting steadily while maintaining our financial flexibility.

We remain focused on building our institution for the long term and deepening our commitment to the wider community in Singapore, Asia and beyond.

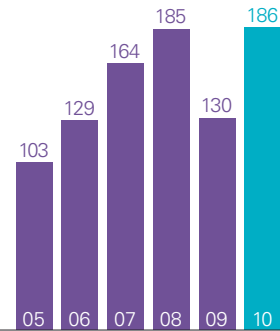
## Portfolio Value

Our portfolio by market value rebounded to S\$186 billion.

# S\$186<sub>b</sub>

Portfolio market value

Portfolio Value (S\$b)



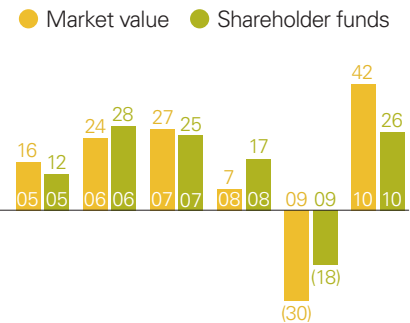
## Total Shareholder Return

Since inception, our Total Shareholder Return (TSR) was 17% by market value, or 16% by shareholder funds, compounded annually.

# 42%

One-year TSR by market value

One-year TSR (%)



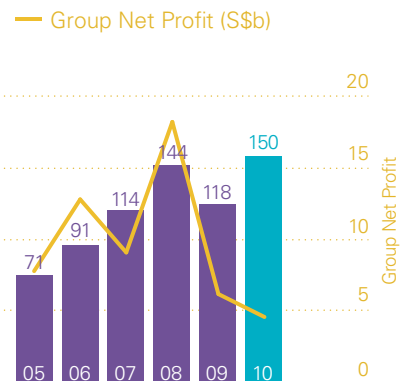
## Group Financial Highlights

Group shareholder equity grew to S\$150 billion.

# S\$5<sub>b</sub>

Group net profit

Group Shareholder Equity (S\$b)

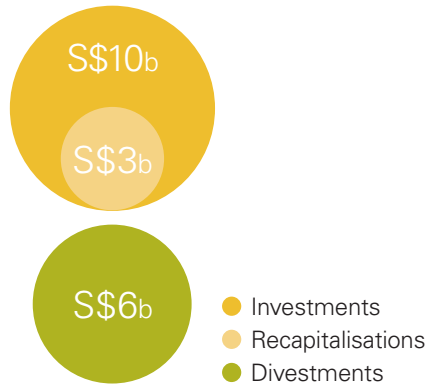


### Investment Activities

We invested and divested steadily, while maintaining flexibility in anticipation of market opportunities.

**S\$4b**

Net investments



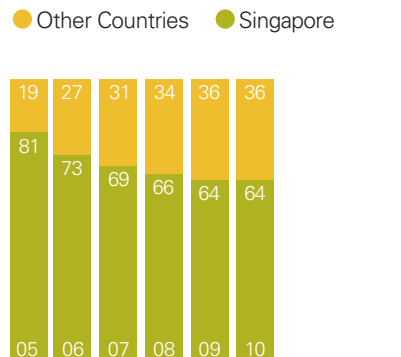
### Our People

We are a diverse international team of 380, sharing a strong culture of ownership and purpose.

**24**

Nationalities

#### Staff Origin (%)



### Our Community

We endowed S\$170 million for the Singapore community, including endowments for health care and special needs.

Over **S\$1b**

Commitment to date

- In its first year, *Temasek Cares* committed S\$1.7 million to five programmes for 1,200 beneficiaries in Singapore.
- Temasek Foundation committed close to S\$20 million to 35 programmes in Asia during the year.

## From Our Chairman

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The success of Temasek as a key Singapore institution since its inception is due in no small measure to the visionary and dedicated founding leaders of Singapore with their clear focus on governance and delivery.

The last 10 years in particular have seen much volatility, starting with the crash of the dotcom bubble in 2000, and ending with the pull-back from the brink of a deep global depression in 2009, punctuated in between by 9/11, SARS and the H1N1 flu pandemic scare. Undergirding these visible events is the unfolding story of Asia and the secular rebalancing of the global economy with the re-emergence of China and India.

At Temasek, we have the foundation of a strong base of Singapore blue chip companies in our portfolio, built through decades of sweat, ingenuity and dedication of generations of boards, management and staff. As they ventured abroad, they set the example for Temasek to follow suit and broaden our interests to add many new Asian blue chips to our portfolio.

As at 31 March 2010, we have 32% underlying exposure to Singapore, 46% to the rest of Asia ex-Japan, and the balance of 22% to OECD and other economies.

### Delivering Value

Our portfolio by market value rebounded to S\$186 billion, up from S\$130 billion a year earlier. Group net profit was S\$5 billion with reduced contributions from our portfolio companies.

Wealth Added or excess returns above a risk-adjusted hurdle was S\$42 billion.

One-year Total Shareholder Return (TSR) by market value stood at 42%, while TSR by shareholder funds was 26%.

Medium-term five-year compounded TSR was relatively robust at 11% by market value and 14% by shareholder funds. Our 10-year TSR by market value compounded annually, from the peak of the dotcom bubble, was 6%, and 20-year TSR 16%. The

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17%

Total Shareholder Return  
by market value  
since inception

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S\$42<sub>b</sub>

Wealth Added

corresponding 10- and 20-year TSRs by shareholder funds held steady at 12% and 14% respectively.

Since inception in 1974, our TSR was 17% by market value and a healthy 16% by shareholder funds.

### Staying Liquid

Since mid-2007, we have maintained a relatively liquid stance in anticipation of the risks and market opportunities.

Credit markets turned favourable towards the end of 2009. We took the opportunity to issue seven long-dated Temasek Bonds consecutively over five months, including our first SGD bond. In total, we raised over S\$5 billion through five SGD-denominated and two USD-denominated bonds. This extended our debt maturity curve to 2039.

Together with our maiden 10-year USD bond launched in 2005, we have eight outstanding Temasek Bonds, totalling just under S\$8 billion, with an average maturity of 13 years. Our triple-A rated Temasek Bonds serve as real-time public markers of our credit quality. They add new stakeholders for Temasek and reinforce our focus on capital efficiency and long-term financial discipline.

We ended the year with a flexible net cash position.

### Investing Steadily

We maintained a steady pace, with S\$10 billion of new investments and S\$6 billion of divestments. These include over S\$3 billion of rights issues in and recapitalisations of our portfolio companies. We also invested in China Construction Bank and Olam International during the year.

We had the opportunity to add LAN Airlines of Chile, a leading regional player, to our transport and Latin American portfolio, while an investment in Amyris Biotechnologies Inc gave us exposure to the production of renewable chemicals and transportation fuels in Brazil and the USA.

# S\$186<sub>b</sub>

Portfolio market value

# 42%

One-year Total  
Shareholder Return

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We invested in Seoul Semiconductor, a Korean light emitting diode (LED) company and its subsidiary, Seoul Optodevice, for exposure to energy-efficient products for LED displays and lighting applications.

New investments post March 2010 included GMR Energy Limited, a leading Indian power utility company, and the National Stock Exchange of India. We also invested in mining companies Platmin Limited of South Africa, Inmet Mining of Canada, and most recently Chesapeake Energy of the USA. We added exposure to the credit space through a fund in Singapore and another in the USA.

### Building Thoughtfully

In parallel with our investment activities, we continued to build our institution with tomorrow in mind.

We established SeaTown Holdings, a wholly-owned global investment company, with committed capital of over S\$4 billion. SeaTown operates and makes its investment decisions independently, with reciprocal co-investment rights between Temasek and SeaTown. SeaTown is intended as a co-investment platform for sophisticated investors in the medium term.

We continue to build on our suite of risk assessment tools covering the investment life cycle. Management information systems for transactions, monitoring and decision making have been revamped, with the first phase upgrading due to be completed this year.

The very sharp market downturn of March 2009 was a robust test of our framework of long-term incentives for our staff, particularly in the distribution and sharing of negative risk-adjusted returns. We have gained some reassurance through the ups and downs of one market cycle that this is the relevant platform for us to build a long-term ownership ethos.

In seeking sustainable long-term returns, we strive as an institution to make a difference to our stakeholders. We continue to build on the foundation of hope and opportunities for our future generations,

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

Investments

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S\$6<sub>b</sub>

Divestments

in the same way that others before us have planted trees that shade the paths for our generation.

In this spirit, we committed since 2003 to share a portion of our Wealth Added with the wider community for each year that we deliver returns above our aggregated risk-adjusted hurdle. We launched *Temasek Cares* in June last year with an initial endowment of S\$100 million to Temasek Trust, drawn from provisions set aside in previous years. In December 2009, we gifted an additional S\$70m for health care and special needs in Singapore. These complement the other non-profit philanthropic organisations sponsored by Temasek. To date, we have committed over S\$1 billion to various community initiatives and causes.

### Looking Ahead

The year saw a steady but mixed return to global growth, with a strong rebound in Asia. In April, the IMF forecast a growth of over 4% for 2010.

The current European sovereign debt crisis is a reminder that the past excesses are still being worked through. Governments and economies around the world will now have to deal with the consequences of the co-ordinated efforts to pull us back from the brink of potential global depression.

Deleveraging continues. Policy risks will be higher, and the regulatory environment tougher. Protectionism may rear its head as developed markets struggle to cope with high unemployment, weak fiscal positions and mounting debt burdens. Developing markets risk asset bubbles and loose lending may haunt their banking system down the road. Credit markets remain skittish. Inflation is a risk for the medium term.

Choppy waters lie ahead, but Asia will maintain its secular long-term growth.

Our focus on Asia continues.

Since mid-2007, we have maintained a relatively liquid stance.

Under **S\$8b**  
Temasek Bonds  
issued to date

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As we continue to strengthen and transform our portfolio, investing and divesting steadily, our investment themes remain relevant going forward:

- Transforming Economies
- Growing Middle Income Populations
- Deepening Comparative Advantages
- Emerging Champions

As an active investor and active shareholder, the decade ahead will present challenges as well as opportunities as we build for the long term.

#### Adding to our Board

Early this year, we welcomed to our Board, Michael Lien and Hsieh Fu Hua, both distinguished in their respective careers. Michael has been a corporate financier for more than a decade, while Fu Hua brings with him 35 years of experience in merchant banking and capital markets.

#### Appreciating our Stakeholders

Members on our Temasek International Panel and Temasek Advisory Panel have been excellent resources. They have contributed to shaping our perspectives. I thank all of them, past and present, for their wise counsel and strong support over the years.

I must also thank the boards, management and staff of companies in our portfolio for steering their businesses through the global financial crisis. Several portfolio companies delivered strong results despite a tough global environment. Without their leadership, hard work and perseverance, this would not have been possible.

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We continue to build on the foundation of hope and opportunities for our future generations.

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**S\$170<sub>m</sub>**

Endowed to Temasek Trust



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The same goes for the past and present Board, management and staff of Temasek. They have worked hard to ensure our growth and success. I want to thank them for their tireless support and commitment.

Finally, I wish to express my deep appreciation to our other stakeholders in Singapore and around the world: our shareholder, bondholders, business partners, advisors, friends, as well as governments, regulators, Temasek Trust and the various non-profit philanthropic organisations, and the broader public. They have contributed in their own different ways to Temasek's progress. We look to their continued support, friendship and guidance as we seek to deliver long-term value to all our stakeholders.

**Our focus on Asia continues.**



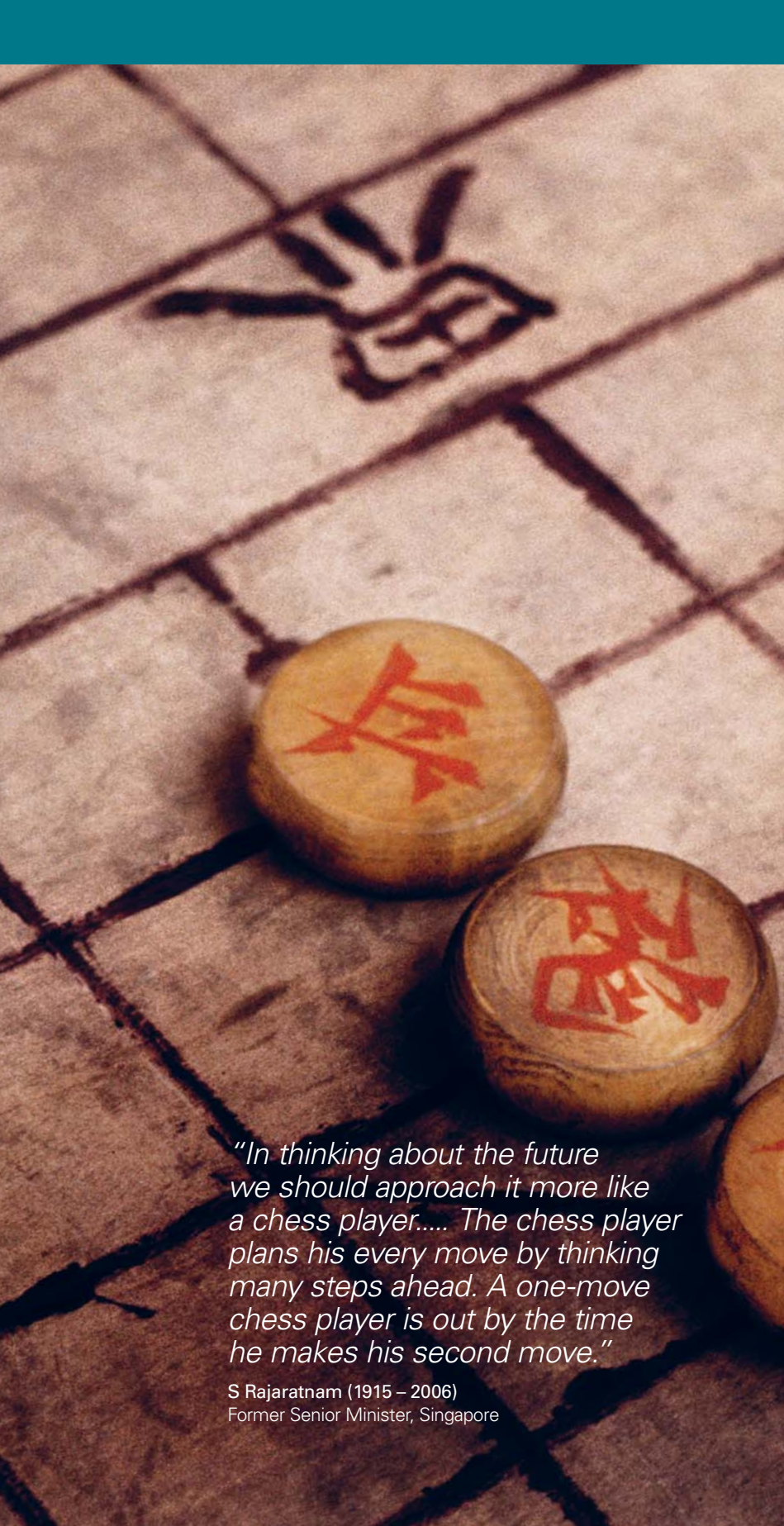
**S DHANABALAN**

Chairman

July 2010







*"In thinking about the future we should approach it more like a chess player..... The chess player plans his every move by thinking many steps ahead. A one-move chess player is out by the time he makes his second move."*

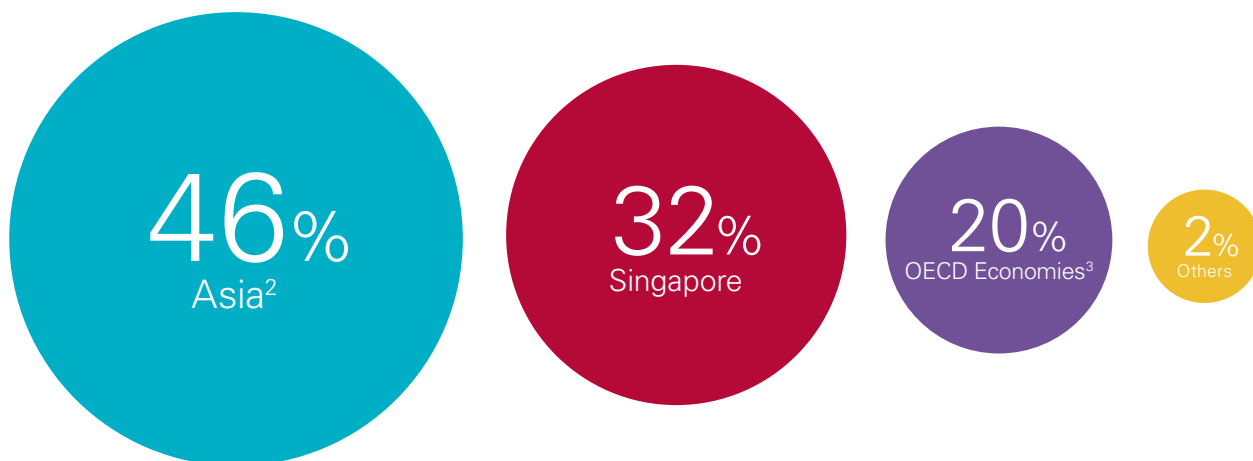
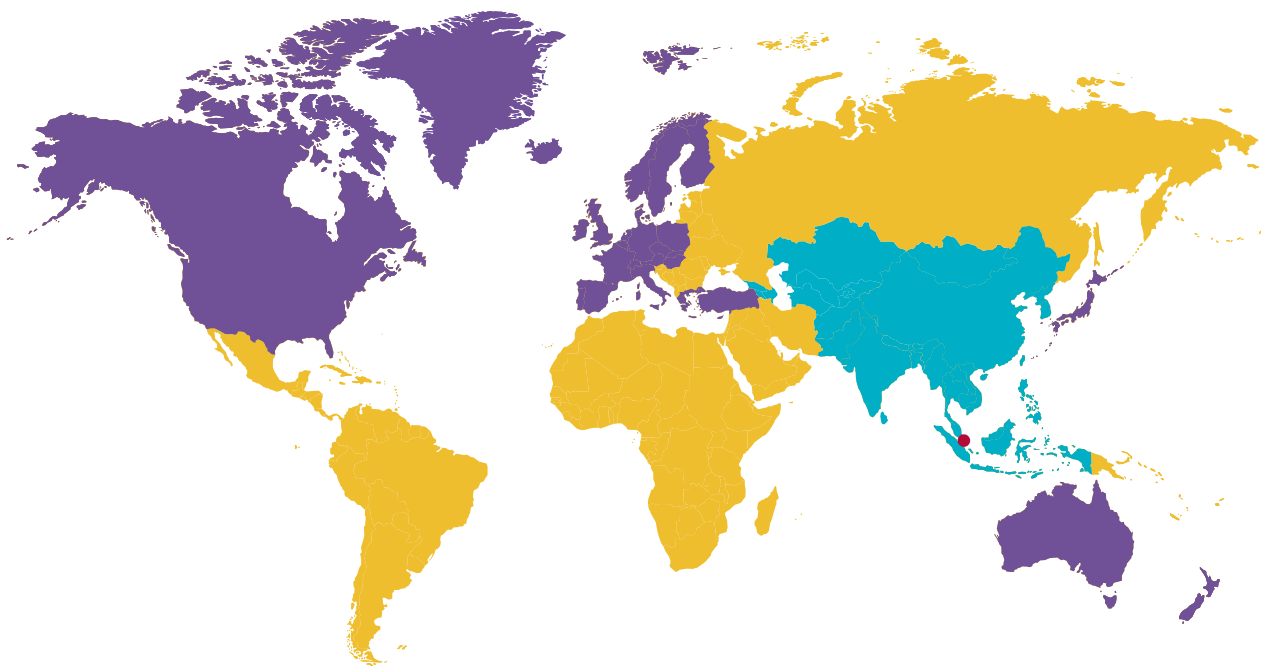
S Rajaratnam (1915 – 2006)  
Former Senior Minister, Singapore

## Portfolio Highlights

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# Portfolio Highlights

## Portfolio by Geography<sup>1</sup>

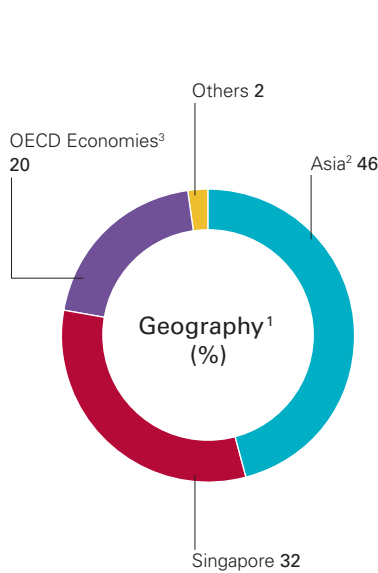


<sup>1</sup> Distribution based on underlying assets.

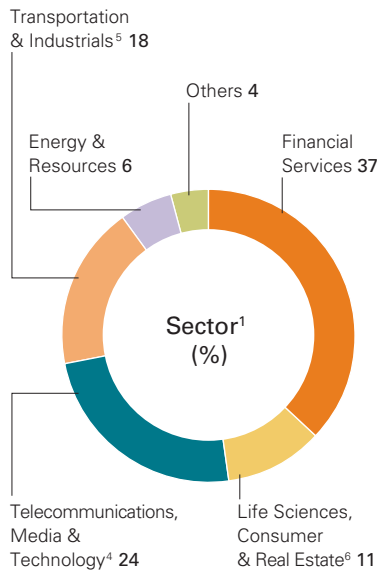
<sup>2</sup> Excluding Singapore and Japan.

<sup>3</sup> Excluding Korea, Mexico and Chile.

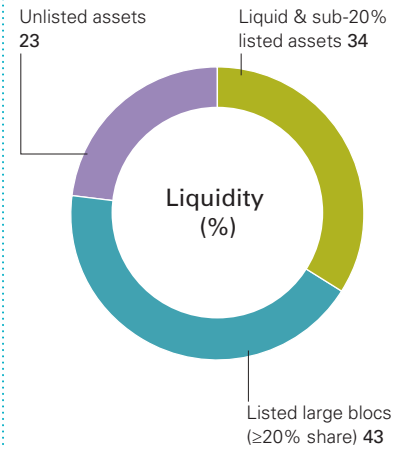
(Portfolio value of S\$186b as at 31 Mar 10)



	2009	2010
● Asia²	43	46
● Singapore	31	32
● OECD Economies³	22	20
● Others	4	2



	2009	2010
● Financial Services	33	37
● Telecommunications, Media & Technology⁴	27	24
● Transportation & Industrials⁵	19	18
● Life Sciences, Consumer & Real Estate⁶	10	11
● Energy & Resources	5	6
● Others	6	4



	2009	2010
● Liquid & sub-20% listed assets	34	34
● Listed large blocs (≥20% share)	38	43
● Unlisted assets	28	23

<sup>4</sup> "Technology" classified separately as a standalone sector in 2009.

<sup>5</sup> "Transportation" and "Industrials" classified separately as standalone sectors in 2009.

<sup>6</sup> "Life Sciences, Consumer" and "Real Estate" classified separately as standalone sectors in 2009.

# Our Portfolio Value since Inception

**Temasek was incorporated as an independently managed commercial investment company in 1974.**

Our initial portfolio of 35 investments, valued at about S\$354 million, ranged from a detergent manufacturer to start-up shipyards.

In the 1990s, statutory entities such as SingTel, SingPower and PSA were corporatised and transferred to Temasek.

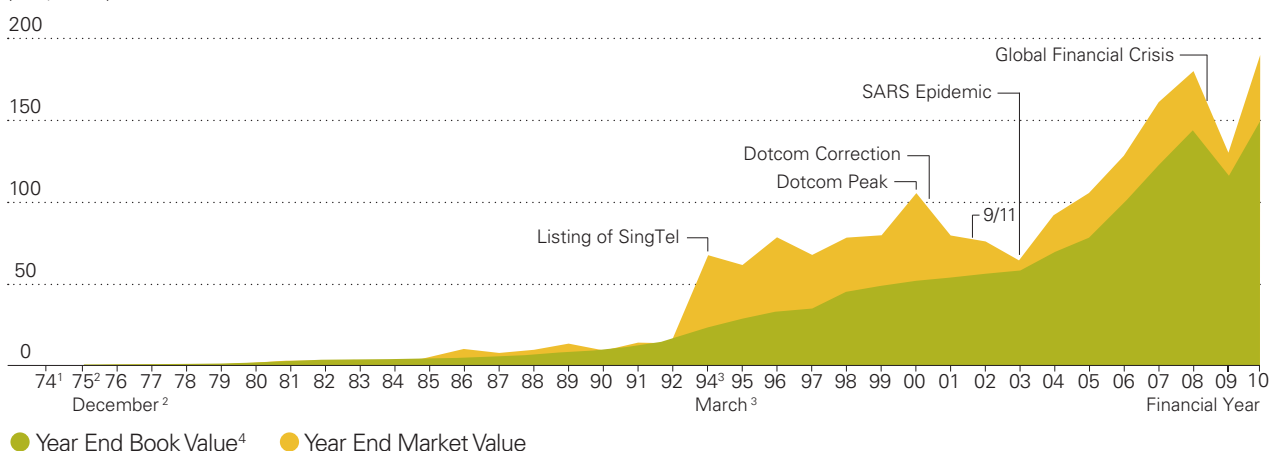
As at 31 March 2010, our portfolio market value was S\$186 billion. The book value of our portfolio increased to S\$150 billion, up from S\$50 billion 10 years ago.

To date, the biggest single-year increase in our portfolio value has been the uplift from the listing of SingTel in 1993. Conversely, the global financial crisis of 2008 led to our steepest one-year decline in March 2009.

Our secular growth since inception has been underpinned by earnings from our portfolio companies and our direct investment activities.

## Temasek Portfolio Value

(in S\$ billion)



<sup>1</sup> Incorporation of Temasek on 25 June 1974.

<sup>2</sup> Financial Year 75 began on 25 June 1974 and ended on 31 December 1975.

<sup>3</sup> Financial year-end was changed from 31 December before 1993 to 31 March from 1994 onwards.

<sup>4</sup> Since financial year ended 31 March 2006, with the adoption of FRS 39, sub-20% investments have been measured at fair values which fluctuate with market prices. Prior to 2006, sub-20% investments were measured at lower of cost or market value.

## Total Shareholder Return

For the financial year ended 31 March 2010, our one-year Total Shareholder Return by market value was 42.71%.

Total Shareholder Return (TSR) is the compounded annual return over a specified period. We measure TSR by market value and by shareholder funds.

TSR by market value takes into account changes in the market value of our portfolio, dividends we paid, and nets off any new capital we received. For unlisted investments, the movements in shareholder funds are tracked in lieu of market price changes.

Our long-term 20-year and 30-year TSRs by market value were stable at 16%. TSR since inception remained a healthy 17%.

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

Our TSR by shareholder funds remained a steady 16% since inception. Medium-term TSRs over five- and 10-year periods were 14% and 12% respectively, while long-term 20-year and 30-year TSRs were a healthy 14%.

### Total Shareholder Return

Period (in years)	By Shareholder Funds (%)	By Market Value (%)
Since Inception	16	17
30	14	16
20	14	16
10	12	6
5	14	11
3	7	2
2	2	0
1	26	42

# Wealth Added

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

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

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

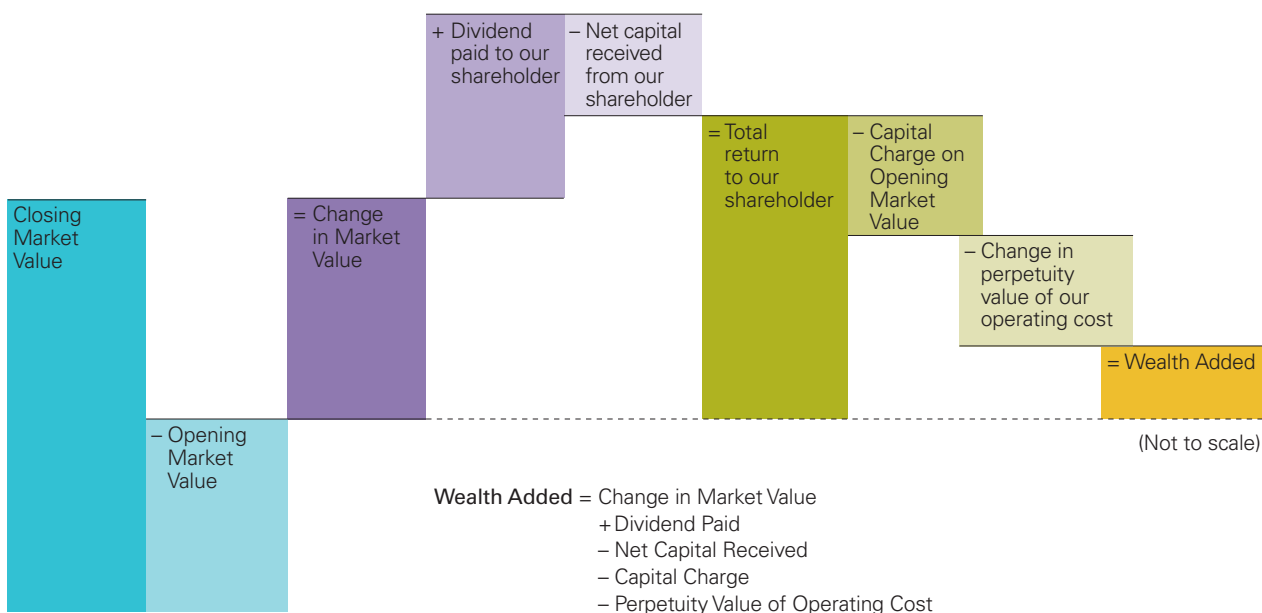
## Calculating Wealth Added

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

The capital charge is the risk-adjusted hurdle that the shareholder expects, based on the opening market value of his portfolio at the start of the year.

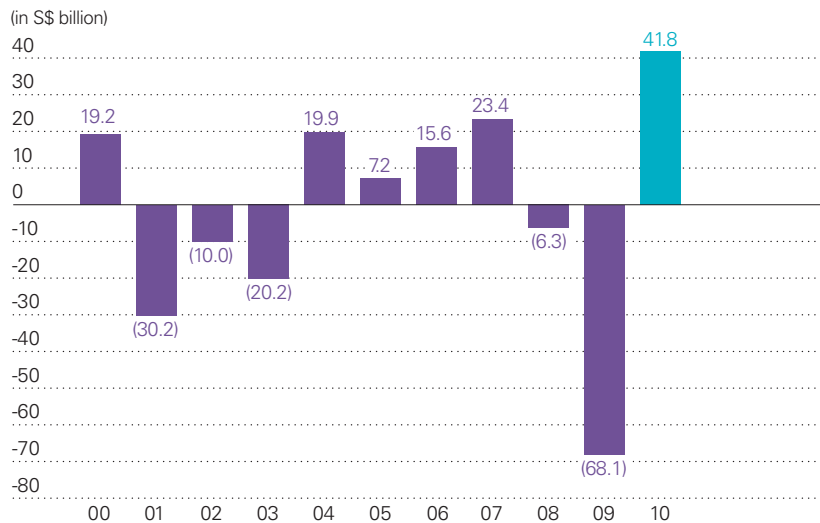
Wealth Added is the total return to the shareholder less the capital charge.

Wealth Added measures excess returns over a risk-adjusted hurdle





(For year ended 31 Mar)

**Annual Wealth Added<sup>1</sup>****Illustrative Example:**

Consider a listed investment with the following parameters:

Opening market value : \$1,000

Closing market value : \$1,200

Dividends received : \$40

Year-end equity invested : \$130

Risk-adjusted hurdle rate : 10%

Thus,

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

**Capital charge** = 10% hurdle rate x \$1,000 = **\$100**

**Wealth Added** = total return – capital charge = **\$10**

In the following year, the capital charge is calculated on the new opening market value of \$1,200.

Assuming no net capital movements or dividends, the portfolio value must increase by a hurdle of at least \$120 (i.e. 10% of \$1,200) to achieve positive Wealth Added, compared to a capital charge of \$100 the year before. Thus as the portfolio value grows, the hurdle to achieve positive Wealth Added is progressively higher.

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





*"We must always keep ourselves competitive and efficient. Then our future is secure."*

Tay Eng Soon (1940 – 1993)  
Former Senior Minister of State for Education, Singapore

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## Statement by Auditors

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We are the auditors of Temasek Holdings (Private) Limited (“Temasek”). We have audited the statutory consolidated financial statements of Temasek and its subsidiary companies (the “Group”) for the financial years ended 31 March 2008, 2009 and 2010 and have issued unqualified audit reports dated 16 July 2008, 15 July 2009 and 1 July 2010, respectively. The audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2005 to 2007 were audited by PricewaterhouseCoopers whose auditors’ reports contained unqualified opinions.

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

Management is responsible for the preparation and presentation of the Group Financial Summary set out from pages 26 to 31 based on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2005 to 2010. The Group Financial Summary consists of the Group Financial Highlights, Group Income Statements, Group Balance Sheets and Group Cash Flow Statements as at and for the financial years ended 31 March 2005 to 2010 and Group Statements of Changes in Equity for the financial years ended 31 March 2009 and 2010.

Our responsibility is to express an opinion on whether the Group Financial Summary has been summarised and presented consistently, in all material respects, with the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2005 to 2010. We conducted our examination in accordance with Singapore Standard on Auditing SSA 800 – *The Independent Auditor’s Report on Special Purpose Audit Engagements*. This standard requires that we comply with ethical requirements and plan and perform the examination to obtain reasonable assurance on whether the Group Financial Summary is free from material inconsistency with the audited statutory consolidated financial statements of the Group. Our work included examining, on a test basis, evidence supporting the consistency of the amounts and disclosures in the Group Financial Summary to the audited statutory consolidated financial statements of the Group.

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



**KPMG LLP**

Public Accountants and Certified Public Accountants  
Singapore  
1 July 2010

## Statement by Directors

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Our auditors, KPMG LLP, have expressed unqualified opinions on the audited statutory consolidated financial statements of Temasek Holdings (Private) Limited and its subsidiary companies (the "Group") for the financial years ended 31 March 2008, 2009 and 2010. Our auditors for the financial years ended 31 March 2005 to 2007, PricewaterhouseCoopers, have expressed unqualified opinions on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2005 to 2007.

On behalf of the directors



**S DHANABALAN**

Chairman  
1 July 2010



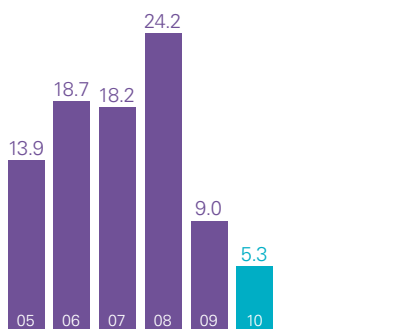
**HO Ching**

Executive Director & Chief Executive Officer  
1 July 2010

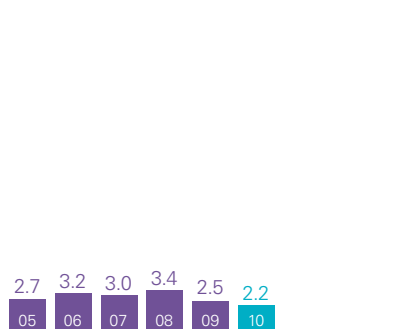
# Group Financial Highlights<sup>1</sup>

(For year ended 31 Mar)

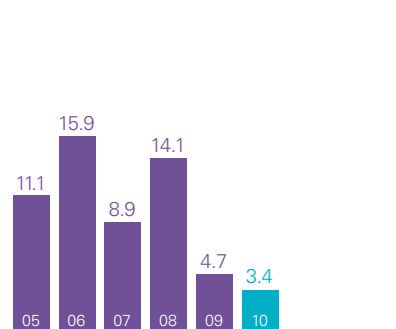
Profit Margin<sup>2</sup> (%)



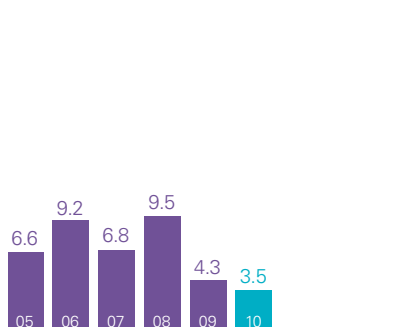
VA/Employment Cost<sup>3</sup>



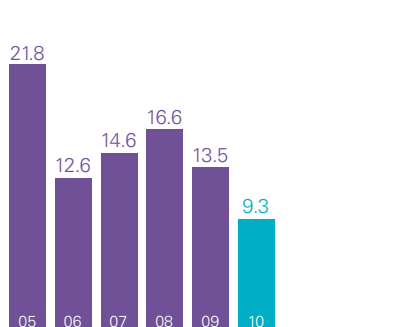
Return on Average Equity<sup>4</sup> (%)



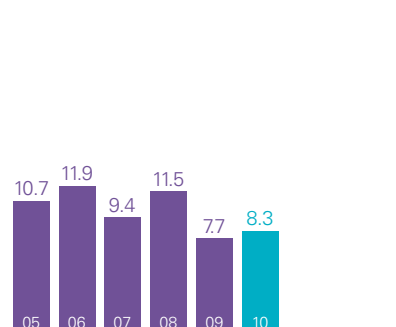
Return on Average Assets<sup>5</sup> (%)



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



EBITDA Interest Coverage<sup>7</sup>



<sup>1</sup> The Group Financial Summary including highlights as set out from pages 26 to 31, was prepared and presented based on the audited statutory consolidated financial statements of the Group for the financial years ended 31 March 2005 to 2010.

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

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

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

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

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

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

## Group Income Statements (In S\$ billion)

For year ended 31 Mar	2005	2006	2007	2008	2009	2010
Revenue	67.5	79.8	74.6	83.3	79.6	<b>76.7</b>
Profit before exceptional items	9.4	14.9	13.6	20.2	7.2	<b>4.1</b>
Net profit attributable to equity holder	7.5	12.8	9.1	18.2	6.2	<b>4.6</b>

## Group Balance Sheets (In S\$ billion)

As at 31 Mar	2005	2006	2007	2008	2009	2010
Total assets	199.1	213.7	242.4	295.5	247.9	<b>284.8</b>
Shareholder equity	70.9	90.6	114.0	144.1	118.4	<b>149.7</b>
Net debt <sup>8</sup>	26.9	16.7	23.6	33.8	22.1	<b>17.8</b>

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

# Group Income Statements

In S\$ million

For year ended 31 Mar	2005	2006	2007	2008	2009	2010
Revenue	67,520	79,822	74,563	83,284	79,615	<b>76,658</b>
Cost of sales	(43,780)	(53,309)	(49,282)	(53,290)	(57,477)	<b>(50,679)</b>
Gross profit	23,740	26,513	25,281	29,994	22,138	<b>25,979</b>
Other operating income	3,334	7,678	8,370	15,870	16,198	<b>4,518</b>
Expenses: Selling & Distribution	(3,939)	(4,086)	(4,278)	(5,197)	(5,042)	<b>(5,318)</b>
Administrative	(7,003)	(8,040)	(8,104)	(8,619)	(8,068)	<b>(8,723)</b>
Finance	(2,120)	(2,415)	(2,611)	(3,207)	(2,727)	<b>(2,432)</b>
Other operating expenses	(4,648)	(4,758)	(5,053)	(8,681)	(15,333)	<b>(9,937)</b>
Profit before exceptional items	9,364	14,892	13,605	20,160	7,166	<b>4,087</b>
Exceptional items	404	1,666	–	–	–	–
Profit after exceptional items	9,768	16,558	13,605	20,160	7,166	<b>4,087</b>
Share of results of associated companies and partnerships	1,410	1,163	(830)	3,187	1,333	<b>2,374</b>
Share of results of joint ventures	1,037	1,263	1,566	2,182	1,870	<b>2,013</b>
Profit before income tax	12,215	18,984	14,341	25,529	10,369	<b>8,474</b>
Income tax expense	(1,837)	(2,518)	(1,381)	(3,055)	(1,280)	<b>(1,682)</b>
Profit from continuing operations	10,378	16,466	12,960	22,474	9,089	<b>6,792</b>
Profit from discontinued operations	31	67	16	–	–	–
<b>Total profit</b>	<b>10,409</b>	<b>16,533</b>	<b>12,976</b>	<b>22,474</b>	<b>9,089</b>	<b>6,792</b>

Profit attributable to:

<b>Equity holder of the Company</b>	<b>7,521</b>	<b>12,827</b>	<b>9,112</b>	<b>18,240</b>	<b>6,183</b>	<b>4,593</b>
Minority interests	2,888	3,706	3,864	4,234	2,906	<b>2,199</b>
<b>Total profit for the financial year</b>	<b>10,409</b>	<b>16,533</b>	<b>12,976</b>	<b>22,474</b>	<b>9,089</b>	<b>6,792</b>



## Group Balance Sheets

In S\$ million

As at 31 Mar	2005	2006	2007	2008	2009	2010
Shareholder equity	70,890	90,630	113,958	144,058	118,398	<b>149,743</b>
Minority interests	25,325	25,412	24,447	25,786	22,555	<b>23,409</b>
	96,215	116,042	138,405	169,844	140,953	<b>173,152</b>
Property, plant and equipment	69,268	65,552	65,486	75,302	68,206	<b>67,974</b>
Intangibles	14,714	14,481	14,805	21,382	19,891	<b>19,147</b>
Investments	16,976	27,137	34,965	39,513	41,105	<b>44,610</b>
Financial assets	13,829	27,529	52,341	73,850	40,234	<b>64,181</b>
Investment properties	7,848	1,817	3,632	5,035	5,331	<b>6,535</b>
Properties under development	453	518	158	626	759	<b>187</b>
Other non-current assets	8,266	9,972	10,446	9,393	9,505	<b>10,241</b>
Deferred tax assets	2,138	1,735	1,628	1,849	1,960	<b>1,809</b>
Net current assets	14,713	12,718	13,629	2,114	18,400	<b>28,078</b>
Current assets	65,614	64,987	58,979	68,568	60,958	<b>70,109</b>
Current liabilities	(50,901)	(52,269)	(45,350)	(66,454)	(42,558)	<b>(42,031)</b>
	148,205	161,459	197,090	229,064	205,391	<b>242,762</b>
Non-current liabilities	(51,990)	(45,417)	(58,685)	(59,220)	(64,438)	<b>(69,610)</b>
	96,215	116,042	138,405	169,844	140,953	<b>173,152</b>

## Group Cash Flow Statements

In S\$ million

For year ended 31 Mar	2005	2006	2007	2008	2009	2010
Operating cash flow before working capital changes	16,854	18,661	17,557	21,213	14,072	<b>16,428</b>
Change in working capital	(4,353)	2,577	2,508	(287)	1,484	<b>(4,155)</b>
Cash generated from operations	12,501	21,238	20,065	20,926	15,556	<b>12,273</b>
Income tax paid	(1,480)	(1,558)	(1,592)	(1,942)	(1,826)	<b>(1,260)</b>
Net cash inflow from operating activities	11,021	19,680	18,473	18,984	13,730	<b>11,013</b>
Net cash (outflow)/inflow from investing activities	(4,765)	(16,509)	(23,344)	(30,431)	95	<b>(5,285)</b>
Net cash (outflow)/inflow from financing activities	(4,793)	(238)	2,259	13,277	(6,398)	<b>(196)</b>
Net increase/(decrease) in cash and cash equivalents held	1,463	2,933	(2,612)	1,830	7,427	<b>5,532</b>

## Group Statements of Changes in Equity

In S\$ million

	Attributable to Equity Holder of the Company				<b>Total</b>
	Share Capital and Other Reserves	Revenue Reserves	Currency Translation Reserves	Minority Interests	
<b>Opening balance at 1 Apr 2009</b>	45,778	76,962	(4,342)	22,555	<b>140,953</b>
Net profit for the financial year	–	4,593	–	2,199	<b>6,792</b>
Others, net <sup>1</sup>	24,940	101	1,711	(1,345)	<b>25,407</b>
<b>Closing balance at 31 Mar 2010</b>	<b>70,718</b>	<b>81,656</b>	<b>(2,631)</b>	<b>23,409</b>	<b>173,152</b>
<b>Opening balance at 1 Apr 2008</b>	70,917	74,638	(1,497)	25,786	<b>169,844</b>
Net profit for the financial year	–	6,183	–	2,906	<b>9,089</b>
Others, net <sup>1</sup>	(25,139)	(3,859)	(2,845)	(6,137)	<b>(37,980)</b>
<b>Closing balance at 31 Mar 2009</b>	<b>45,778</b>	<b>76,962</b>	<b>(4,342)</b>	<b>22,555</b>	<b>140,953</b>

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

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

# Temasek Bonds

## Temasek Bonds are issued as public markers of our credit quality.

Our Bonds enhance our capital efficiency, increase our funding flexibility and expand our stakeholder base. In addition, they foster the discipline of engaging with both international and Singapore bondholders.

To date, we have eight outstanding Temasek Bonds, totalling just under S\$8 billion (under US\$6 billion), as part of our US\$10 billion Global Guaranteed Medium Term Note (MTN) Programme. Three are USD-denominated and five SGD-denominated, with varying maturities of up to 2039, and a weighted average maturity of about 13 years.

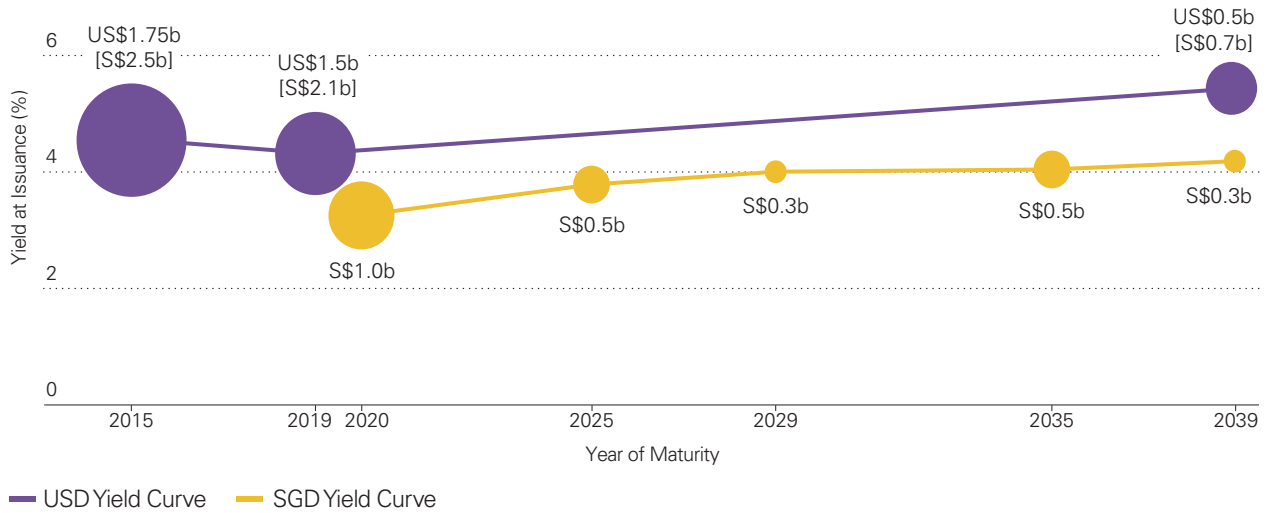
Net proceeds from these offerings fund the ordinary course of business of Temasek and our investment holding companies.

Our MTN Programme and Temasek Bonds are all rated Aaa/AAA by Moody's Investors Service and Standard & Poor's Ratings Group respectively.

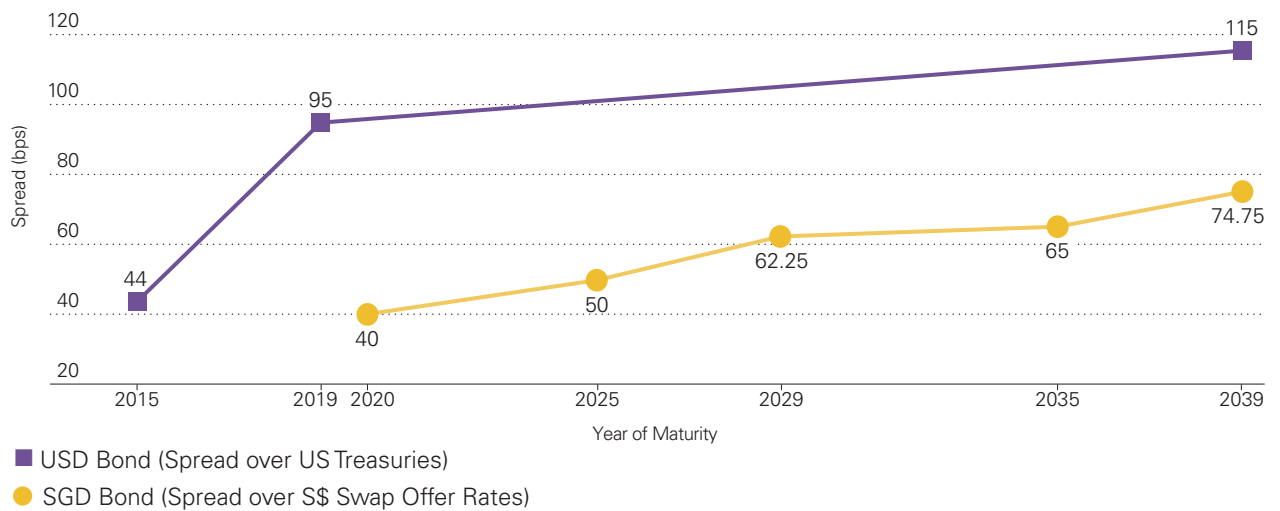
## Temasek Bonds – Issue Profile

Bond Series	Denomination	Amount Issued (\$b)	Coupon (%)	Yield at Issuance (%)	Issue Date	Maturity Date
T2015-US\$	USD	1.75	4.5000	4.5750	21 Sep 05	21 Sep 15
T2019-US\$	USD	1.5	4.3000	4.3280	26 Oct 09	25 Oct 19
T2039-US\$	USD	0.5	5.3750	5.4410	23 Nov 09	23 Nov 39
T2029-S\$	SGD	0.3	4.0000	4.0000	07 Dec 09	07 Dec 29
T2039-S\$	SGD	0.3	4.2000	4.2000	07 Dec 09	07 Dec 39
T2020-S\$	SGD	1.0	3.2650	3.2650	19 Feb 10	19 Feb 20
T2025-S\$	SGD	0.5	3.7850	3.7850	05 Mar 10	05 Mar 25
T2035-S\$	SGD	0.5	4.0475	4.0475	05 Mar 10	05 Mar 35

Temasek Bonds – Yield Curves



Temasek Bonds – Spreads at Issue







## Shaping Our Portfolio

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*"If we prepare ourselves for adversity, we shall be better able to ride it out when it comes."*

Goh Keng Swee (1918 – 2010)  
Former Deputy Prime Minister, Singapore

# Our Portfolio

**We aim to create and maximise sustainable long-term value as an active investor and shareholder of successful enterprises.**

As an owner with a long-term perspective, we have the flexibility of taking concentrated positions, investing with a long or short horizon, or remaining in cash.

As an active shareholder, we act to enhance sustainable value, consolidating or transforming our holdings where it makes sense.

As an active investor, we invest, hold or divest where we can achieve clear shareholder value.

Our investments are funded primarily by dividends from portfolio companies, divestment proceeds and commercial leverage.

As at 31 March 2010, over three quarters of our underlying exposure was to Asia. Our largest sectoral exposures are to financial services; telecommunications, media & technology; and transportation & industrials.

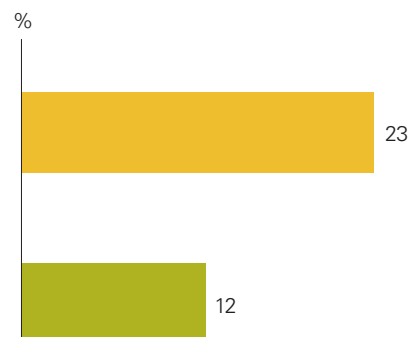
Our investments centre around four themes:

- Transforming Economies
- Growing Middle Income Populations
- Deepening Comparative Advantages
- Emerging Champions

Portfolio Market Value



Eight-Year Annualised Returns to Temasek



(As at 31 Mar 10)

- Investments after 31 Mar 02
- Investments before 31 Mar 02



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These remain relevant for the longer term, though near and medium-term prospects may be volatile as the global economy deleverages and finds its new balance.

### Investment Framework

Our investment framework encompasses the evaluation and structuring of our investments to deliver robust returns and mitigate risks, and our engagement with our portfolio companies to achieve sustainable long-term returns on a risk-adjusted basis.

Our investment and divestment decisions are based on our value tests and market opportunities.

The boards and management of our portfolio companies are responsible for their own day-to-day operations and commercial decisions. As an active shareholder, we foster robust governance and encourage a strong culture of excellence and integrity.

We create value by building sustainable competitive advantages, or by increasing our optionalities. We review and rebalance our existing portfolio regularly, in line with our risk-return stance.

Where relevant, we partner like-minded co-investors to broaden perspectives and enhance opportunities for value creation.

### Investment Outlook

While meltdown risks might have diminished, recovery remains fragile. Though the market is flushed with liquidity, medium-term inflation and cracks in the credit system pose potential downside risks. The sovereign debt crisis in Europe is a reminder of the underlying structural imbalances and the untidy readjustments ahead. We expect global growth in the medium term to be slower.

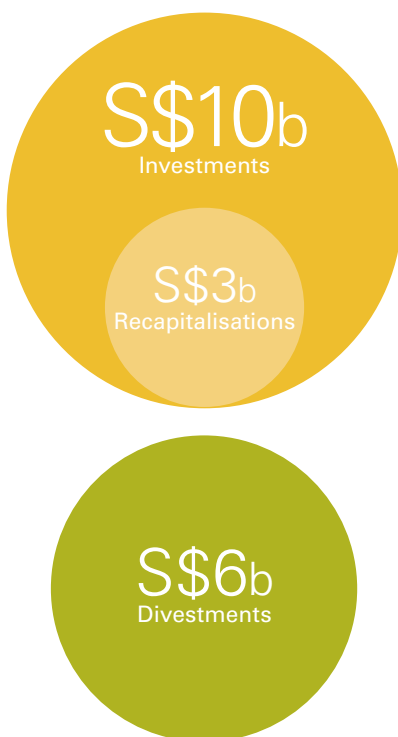
Notwithstanding global readjustments, the growing middle income populations in Asia and other growth markets continue to offer significant investment prospects in the longer term.

Asia's underlying long-term opportunities will inform our balanced Asia-centric posture going forward.

**Our investments are funded primarily by dividends from portfolio companies, divestment proceeds and commercial leverage.**

## Investment Highlights

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During the year ended 31 March 2010, we made S\$10 billion of new investments and S\$6 billion of divestments as part of our regular portfolio rebalancing.

Over the course of the year, we reinforced the balance sheets of some of our portfolio companies to enhance their financial flexibility. This included the rights issues of Bank Danamon and Chartered Semiconductor Manufacturing in April, Neptune Orient Lines in July and CitySpring in September 2009. Further, we injected S\$1.5 billion into Singapore Power in October 2009, and S\$210 million into Surbana in February 2010 to support their growth plans.

In the energy and resources sector, we invested S\$418 million in the convertible debentures of Niko Resources, a Canadian-listed oil and gas company with assets in Asia. Subsequently in April 2010, we invested S\$687 million in Inmet Mining, a Canadian copper producer with operations in six countries. May 2010 saw us investing S\$207 million in Platmin Limited, a promising platinum producer in South Africa.

Nearer home, we invested S\$343 million in Seoul Semiconductor, a Korean light emitting diode (LED) company and its subsidiary, Seoul Optodevice. This gave us exposure to energy-efficient LED displays and lighting products in the technology space.

Following our earlier investment in Li & Fung Limited two years ago, we had the opportunity last year to invest in a related spin-out, Trinity Limited, a leading luxury menswear retailer in Greater China. We increased our exposure to Olam International through S\$138 million of convertible bonds in October 2009, shortly after an earlier investment of S\$438 million in June 2009.

In May 2010, we invested S\$251 million on the health sciences front in Celltrion, a Korean biopharmaceuticals company developing biosimilars, which are generic biotech drugs, for both emerging and developed markets.

In China, we invested in China Construction Bank, as well as in Longfor, a real estate developer, and in China ITS, a transportation infrastructure technology solutions provider. We saw the IPOs of two of our earlier real estate investments, Evergrande Real Estate and Kaisa.

In India, we invested S\$241 million in the National Stock Exchange of India in May 2010. We also added to our exposure in the

infrastructure space with a S\$280 million investment in GMR Energy Limited in June 2010, a leading Indian power utility company with existing generating capacity of 808 MW and planned additions of 6,000 MW in various stages of development. Other investments include Sobha Developers in February 2010, a leading developer in South India, and in Essar Energy in April 2010.

In our growing portfolio in Latin America, we invested S\$70 million in Amyris Biotechnologies Inc, the US parent of Amyris Brasil, a Brazilian company with an innovative approach to producing biofuels and other chemicals from sugarcane. We also had an opportunity to gain an exposure of S\$98 million in LAN Airlines, a Chilean airline with pan-regional presence in South America.

In Singapore, we reshaped our portfolio through the divestment of Chartered Semiconductor Manufacturing and the listing of Tiger Airways on the Singapore Exchange in January 2010. We now hold a direct stake in Singapore Airport Terminal Services (SATS) after Singapore Airlines distributed its stake in SATS to its shareholders.

We established SeaTown Holdings, a wholly-owned global investment company, in August 2009, with committed capital of over S\$4 billion and the potential for third-party co-investment in the medium term. Sustainable urban solutions provider, SingBridge International, was formed in June 2009 to focus on the investment and development of integrated townships and large-scale projects in Asia.

### Value Creation Framework

#### Evaluating our Investments

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

#### Managing our Portfolio

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

#### Maximising our Value

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



*"In a profession,  
practitioners have  
not only to be proficient  
but also to maintain at  
all times high standards  
of ethics and integrity."*

Hon Sui Sen (1916 – 1983)  
Former Minister for Finance, Singapore





## Shaping Our Institution

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# Governance

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## A commitment to strong governance is the foundation for a sustainable institution of character and distinction.

A robust and pragmatic governance framework emphasises long term over short term and substance over form, and provides a balance between accountability and responsiveness, empowerment and organisational alignment, and risks and returns.

Our governance framework defines roles and responsibilities of our Board and management, guides our conduct as a key institution under the Singapore Constitution, and governs our relationship with our stakeholders.

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

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

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

### Relating to Our Shareholder

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

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

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

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

We provide annual statutory financial statements audited by an international audit firm, as well as periodic updates to our shareholder. While not required to release any financial information publicly as an exempt private company, we have published our Group Financial Summary based on the audited statutory consolidated financial statements in our annual reports since 2004.

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

### Relating to the President

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

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

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

If our total reserves are less than our past reserves, or if our current reserves are negative, this will be considered a draw on our past reserves. We will need to seek the President's approval before a draw on past reserves.

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

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

**A robust and pragmatic governance framework emphasises long term over short term and substance over form, and provides a balance between accountability and responsiveness, empowerment and organisational alignment, and risks and returns.**

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

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



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

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

### Relating to Our Portfolio Companies

Companies in our portfolio are managed by their respective management, and guided and supervised by their respective boards. Temasek does not direct the commercial or operational decisions of its portfolio companies.

We exercise our shareholder rights fully, including voting at shareholders' meetings, to protect our commercial interests.

We promote sound corporate governance in our portfolio companies. We support the formation of high calibre, commercially experienced and diverse boards to complement and guide management leadership.

We advocate that the Chairman and CEO in a company should be separate persons, independent of each other, to ensure an appropriate balance of power, increased accountability, and greater capacity of the board for independent decision making.

### Relating to the Wider Community

We exercise our corporate citizenship in two aspects.

Firstly, we put in place a framework for contributing to the wider community on the twin pillars of sustainability and independent governance.

In 2003, we began setting aside a share of our Wealth Added for community contributions each year we achieved returns in excess of our risk-adjusted hurdle.

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**We put in place a framework for contributing to the wider community on the twin pillars of sustainability and independent governance.**

We established Temasek Trust in 2007 to independently oversee the management of endowments and gifts, and the distribution of funding to specific non-profit philanthropic organisations. These independent beneficiaries of Temasek Trust, such as the Singapore Millennium Foundation and the Temasek Life Sciences Laboratory, are responsible for the development and delivery of the programmes within their respective mandates. Newer beneficiaries such as Temasek Foundation and *Temasek Cares* were set up with specific mandates for communities in Asia and Singapore respectively. The promotion of governance and ethics is also within the mandate of Temasek Foundation.

These non-profit philanthropic organisations are an additional group of independent stakeholders with an interest in the continued success of Temasek.

The second aspect of our corporate citizenship is to be a proactive participant in dialogues with regulators, multilateral agencies and other market participants on governance and other regulatory issues to help promote fair and practical market oversight, and to keep abreast of governance issues and trends.

### Temasek Board and Committees

Our Board comprises 11 members, a majority of whom are non-executive independent private sector business leaders.

They bring a wealth of experience from the private sector and industry to our deliberations.

During the year, Michael Lien joined the Board on 2 January 2010. We also welcomed Hsieh Fu Hua on board on 1 February 2010.

Our Board provides overall guidance and policy directions to our management. Each year, the Board is scheduled to meet on a quarterly basis for sessions of 1.5 days each, but meets more

**We advocate that the Chairman and CEO in a company should be separate persons, independent of each other.**

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often when necessary. Seven Board meetings were held during the year ended 31 March 2010.

Certain specific authority has been delegated to various Board committees:

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

Each committee is chaired by an independent, non-executive Director. Members of the AC are not members of the Executive Committee.

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

During the year, the AC approved refinements to the Valuation Policy and the Impairment Review process, as well as amendments to the Whistle Blowing Policy.

### Board and Committee Decisions

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

Board members with interests that may conflict with specific Temasek interests are recused from the relevant information flow, deliberations and decisions.

Quarterly Board meetings include Executive Sessions for the non-executive Directors to meet without the presence of management. The annual CEO succession review is part of these deliberations.

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**Board members with interests that may conflict with specific Temasek interests are recused from the relevant information flow, deliberations and decisions.**

## Temasek Management

The governance role of Temasek management is to ensure that we comply with the rules and regulations of the jurisdictions where we have investments or operations. We have robust systems and processes in place to assist us in such compliance.

Our systems and processes are continually updated and refined, in particular for new markets and new asset classes, or to incorporate new technology platforms or capabilities.

### Board Committee Membership

	Board	EXCO	AC	LDCC
S Dhanabalan	Chairman	Chairman		Chairman
Kwa Chong Seng	Deputy Chairman	Deputy Chairman		Member
Kua Hong Pak	Member		Chairman	
Koh Boon Hwee	Member	Member		
Ho Ching	Executive Director & CEO	Member		Member
Hsieh Fu Hua	Member	Member		Member
Goh Yew Lin	Member		Member	Member
Simon Israel	Executive Director	Member		
Michael Lien	Member		Member	Member
Teo Ming Kian	Member	Member		
Marcus Wallenberg	Member			

# Board of Directors

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## **S DHANABALAN**

### **Chairman (since September 1996)**

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

## **KWA Chong Seng**

### **Deputy Chairman (since September 1997)**

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

## **HO Ching**

### **Director (since January 2002)**

- Executive Director since May 2002; Executive Director & CEO since January 2004
- Previously President and CEO of the Singapore Technologies Group
- Honorary Fellow of the Institute of Engineering, Singapore

## **KUA Hong Pak**

### **Director (since November 1996)**

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

## **KOH Boon Hwee**

### **Director (since November 1996)**

- Chairman, Sunningdale Tech Ltd and Yeo Hiap Seng Ltd
- Conferred The Distinguished Service Order in 2008, Meritorious Service Medal in 1995 and the Public Service Star in 1991

## **GOH Yew Lin**

### **Director (since August 2005)**

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

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## Simon ISRAEL

### Director (since August 2005)

- Executive Director since July 2006
- Chairman, Singapore Tourism Board, Asia Pacific Breweries Ltd and Asia Pacific Breweries Foundation
- Conferred Knight in the Legion of Honour by the French Government in 2007

## TEO Ming Kian

### Director (since October 2006)

- Director and Chairman<sup>1</sup>, MediaCorp Pte Ltd
- Permanent Secretary, National Research and Development, Prime Minister's Office and Advisor, Special Projects, Ministry of Finance
- Conferred the Commander First Class – Royal Order of the Polar Star (Sweden) in 1994 and Meritorious Service Medal in 2008

## Marcus WALLENBERG

### Director (since July 2008)

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

## Michael LIEN

### Director (since January 2010)

- Deputy Chairman and Executive Director, Wah Hin & Co Pte Ltd
- Member, Board of Trustees and Investment Committee, National University of Singapore

## HSIEH Fu Hua

### Director (since February 2010)

- Executive Director and President (effective 1 August 2010)
- Previously CEO, Singapore Exchange Limited
- Co-founder and Advisor, PrimePartners group of companies

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<sup>1</sup> Chairman (effective 20 July 2010).

# Senior Management

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## ANG Peng Huat

- Managing Director, Investment

## CHAN Heng Wing

- Managing Director, International Relations<sup>1</sup>

## CHAN Wai Ching

- Managing Director, Leadership Development & Compensation

## Willie CHAN

- Managing Director, Learning
- CEO, Temasek Management Services

## CHEO Hock Kuan

- Head, Organisation & Leadership
- Co-Head, China

## Lena CHIA

- Managing Director, Legal & Regulations

## Robert CHONG

- Managing Director, Human Resources

## Jeffrey CHUA

- Managing Director, Investment

## GAN Chee Yen

- Co-Chief Investment Officer
- Head, China

## Grace GOH

- Managing Director, Finance

## GOH Yong Siang

- Head, Strategic Relations
- Co-Head, Organisation & Leadership

## Lorenzo GONZALEZ BOSCO

- Managing Director, Mexico

## Nagi HAMIYEH

- Managing Director, Investment

## David HENG

- Managing Director, Investment

## HIEW Yoon Khong

- Senior Managing Director, Special Projects
- CEO, Mapletree Investments

## HO Ching

- Executive Director & CEO

## Simon ISRAEL

- Executive Director
- Head, Singapore

## Manish KEJRIWAL

- Head, India
- Head, Africa & Middle East
- Co-Head, Strategic Relations

## Gregory LANHAM

- Managing Director, Investment

## LAO Tzu Ming

- Managing Director, Risk Management

## Derek LAU

- Managing Director & Chief Representative, Vietnam

## LEONG Wai Leng

- Chief Financial Officer

## Margaret LUI

- Managing Director, Special Projects
- COO, SeaTown Holdings International

## NG Yat Chung

- Head, Portfolio Management & Operations
- Co-Head, Singapore

## ONG Beng Teck

- Managing Director, Investment

## Charles ONG

- Senior Managing Director, Special Projects
- CEO, SeaTown Holdings International

## PAK Hoe Soon

- Managing Director, Investment

## Jimmy PHOON

- Head, Strategy
- Head, Latin America & Indochina
- Co-Head, India

## Padmanabh SINHA

- Managing Director, India

## Rohit SIPAHIMALANI

- Managing Director, Investment

## TAN Suan Swee

- Managing Director, Investment

## Myrna THOMAS

- Managing Director, Corporate Affairs

## Alan THOMPSON

- Managing Director, Latin America

## TOW Heng Tan

- Chief Investment Officer
- Co-Head, Singapore

## Matheus VILLARES

- Managing Director, Brazil

## WONG Kim Yin

- Managing Director, Investment

## YAP Chwee Mein

- Managing Director, China

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## HSIEH Fu Hua

- Executive Director & President<sup>2</sup>

## Dilhan Pillay SANDRASEGARA

- Head, Portfolio Management<sup>3</sup>

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## Michael DEE

- Senior Managing Director, International<sup>4</sup>

## Henry HO

- Managing Director, Investment<sup>5</sup>

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<sup>1</sup> Effective 1 June 2010; Chief Representative, China till 31 May 2010.

<sup>2</sup> Effective 1 August 2010; Special Advisor 1 February 2010 to 31 July 2010.

<sup>3</sup> Effective 1 September 2010; Advisor 21 June 2010 to 31 August 2010.

<sup>4</sup> Till 30 April 2010; Advisory Senior Director 1 May 2010 to 31 December 2010.

<sup>5</sup> Till 30 April 2010.

## Risk Framework

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**The founding of Temasek is rooted in robust risk-taking, which is inherent in our business as an investor.**

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

This culture is reinforced through a risk-sharing compensation philosophy which puts the institution above the individual, emphasises long term over short term, and aligns employee and shareholder interests through the ups and downs of business cycles as co-owners.

Enterprise risks, including the management of financial risks, are factored into our day-to-day decision making as an investment company, under the supervision of our CEO and senior management team.

In our continual upgrade of institutional capability, we have extended our risk management information systems to sharpen decision making in volatile markets. In particular, we have instituted forward-looking simulation techniques to better define risk-reward boundaries at portfolio and transaction levels.

---

### Risk Categories

#### Strategic Risks

- Aggregate Risk Profile
- Funding & Liquidity
- Political
- Structural Foreign Exchange
- Industry

#### Financial Risks

- Investment
- Market
- Credit

#### Operational Risks

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



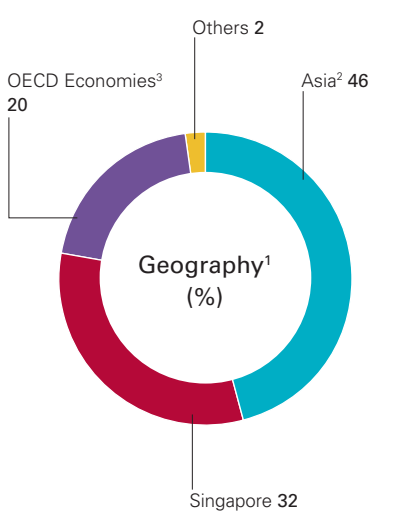
## Enterprise Risk

First and foremost, our risk framework provides for the effective management of risks for specific investment decisions. These include risks on Valuation & Price, Country, Political, Reputation, Legal & Regulatory, Tax, Funding, and Key Management.

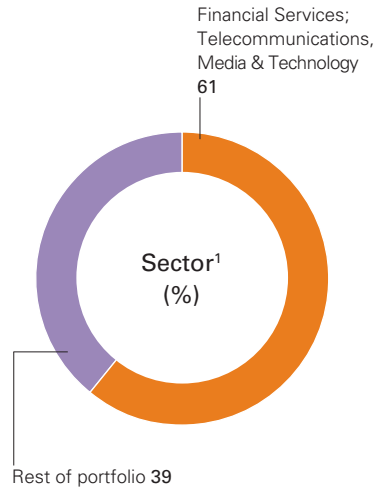
Strategic, Financial and Operational risks, faced by the company as a whole, are managed at the enterprise level.

(As at 31 Mar)

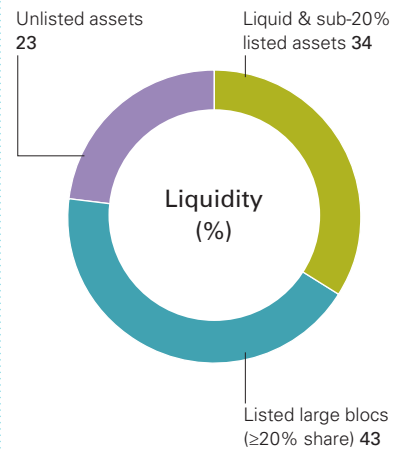
### Concentration Profile of S\$186b Portfolio



	2009	2010
Asia <sup>2</sup>	43	46
Singapore	31	32
OECD Economies <sup>3</sup>	22	20
Others	4	2



	2009	2010
Financial Services; Telecommunications, Media & Technology	60	61
Rest of portfolio	40	39



	2009	2010
Liquid & sub-20% listed assets	34	34
Listed large blocs (≥20% share)	38	43
Unlisted assets	28	23

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

<sup>2</sup> Excluding Singapore and Japan.

<sup>3</sup> Excluding Korea, Mexico and Chile.

Each risk category has a designated owner. Our investment teams and corporate units such as Legal & Regulations, Finance, Human Resources, Strategic Relations, Corporate Affairs, IT, Operations and Risk Management manage specific transaction or enterprise risk elements under their respective domains.

Relevant approval authorities have been established and company policies and standard operating procedures have been documented to drive our end-to-end process controls. These procedures also cover our reporting requirements to the Board, Board Committees and senior management to apprise them of relevant risk issues.

### Value-at-Risk

Value-at-Risk or VaR is a statistical estimate of the potential decline in portfolio value over a given period, based on historical market behaviour.

(As at 31 Mar)

### Asset Mix and Value-at-Risk



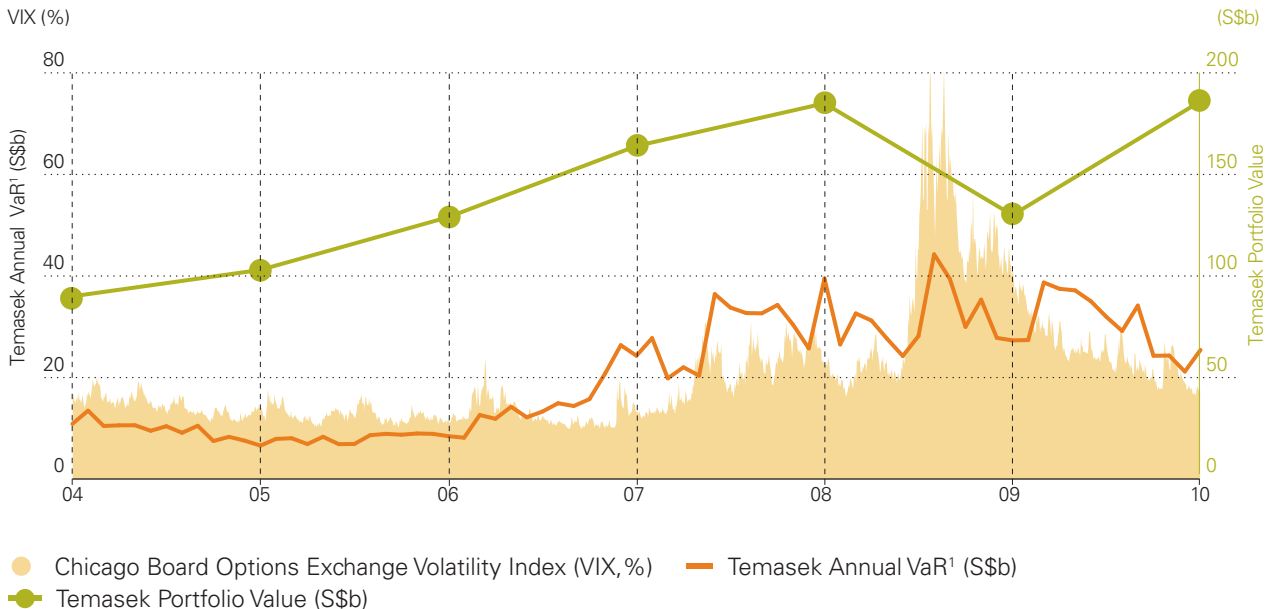
VaR is commonly used by financial institutions as an internal risk metric to measure their risk exposures on a daily basis. It may not be comparable across institutions as each may have its own internal assumptions and parameters. Nonetheless, VaR numbers are useful risk markers within the same institution under normal market conditions.

As a long-term investor, we have chosen to compute an annual VaR<sup>1</sup> for Temasek rather than a daily VaR, in order to give our stakeholders a sense of how our portfolio might decline in value over a 12-month period.

As at 31 March 2010, our annual VaR was about S\$25 billion. This means a one-in-six chance of our portfolio value declining by S\$25 billion or more within the next 12 months, assuming

### Temasek Value-at-Risk

(As at 31 Mar)



<sup>1</sup> Weekly price movements over three years are used to compute our annual VaR based on the assumption that the most recent three-year history would be more indicative of market behaviour over the next 12 months.

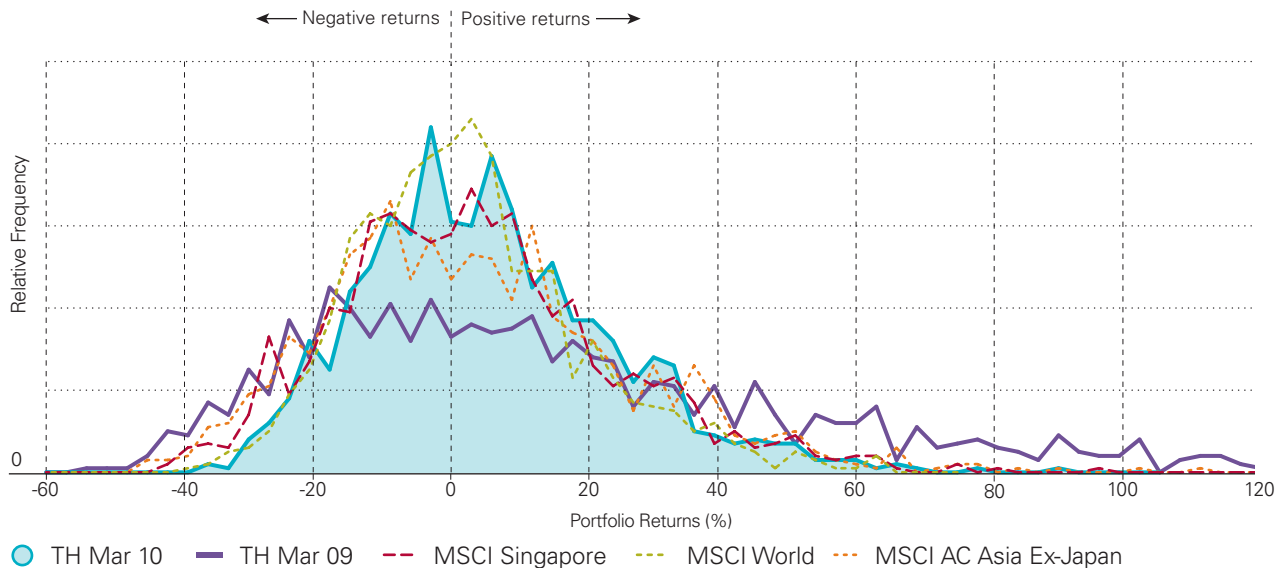
constant portfolio composition. Conversely, this also means a five-in-six chance of a gain in value, or a decline of at most S\$25 billion. While this VaR number is comparable to last year, it represents 14% of our portfolio value as at 31 March 2010, down from 22% a year ago.

In addition to VaR computations, we also conduct monthly stress tests and scenario analyses. We have recalibrated our stress parameters during the course of 2009 to reflect the market stresses of 2008/2009, unprecedented since the Great Depression of 1929.

In addition, we conduct periodic Monte Carlo simulations of prospective overall portfolio returns for different forward time horizons. The chart below, based on the 12-month simulation outlook as at 31 March 2010, shows that the overall market has calmed down and suggests a probability of more upside potential than downside risks.

Monte Carlo Simulated 12-month Portfolio Returns Distribution

(As at 31 Mar)



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### Internal Audit

Our Internal Audit (IA) unit reports to our Board Audit Committee.

IA conducts periodic reviews of Temasek's key control processes for all our offices and undertakes special reviews requested by the Board or senior management. The main objective is to ensure that our internal controls are well designed and effective across geographies, and that control awareness and compliance are high amongst staff.

IA is consulted on internal control matters prior to major system implementations or operating process changes so that their control node recommendations are incorporated by the systems architects into new systems or processes.

### Legal & Regulations

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

Acceptable legal risk parameters are defined and institutionalised by our legal risk management framework, and complemented by policies, processes and systems to provide effective and consistent management of legal risks. For example, our policy permits only personnel authorised by Board resolution to enter into derivatives transactions within defined scopes and limits on behalf of the designated entities.

Regulatory compliance is supported by robust securities tracking systems including automated systems for Singapore and Hong Kong. Regulatory requirements are continually reviewed and updated to track changes in law or regulations.

The conduct of our staff is governed by the Temasek Code of Ethics & Conduct and its related policies. These include policies on Gifts & Entertainment, Prohibition Against Insider Trading & Market Manipulation, and Whistle Blowing.

---

**Our policy permits only personnel authorised by Board resolution to enter into derivatives transactions within defined scopes and limits on behalf of the designated entities.**

## Compensation Framework

---

**A major cornerstone of our institution building is the principle of sharing gains and pains alongside our shareholder.**

We foster an ownership mindset through an incentive philosophy which puts the institution before the individual, emphasises long term over short term, and aligns employee and shareholder interests.

Our compensation system offers competitive base salaries and an incentive plan which is subject to performance hurdles and time horizons to account for risks over market cycles and the sustainability of returns.

The incentive plan includes annual cash bonuses linked to individual, unit or company annual targets, and risk-reward sharing incentives over the longer term, linked to Wealth Added (WA) or Total Shareholder Return (TSR).

Senior management have the bulk of their performance incentives deferred between three and 12 years, while junior staff have theirs paid proportionately more in cash.

### Annual Target Incentives

Annual individual, unit or Company targets determine the basic annual performance cash bonuses. These are capped within budgeted limits.

### Risk-Reward Sharing Incentives

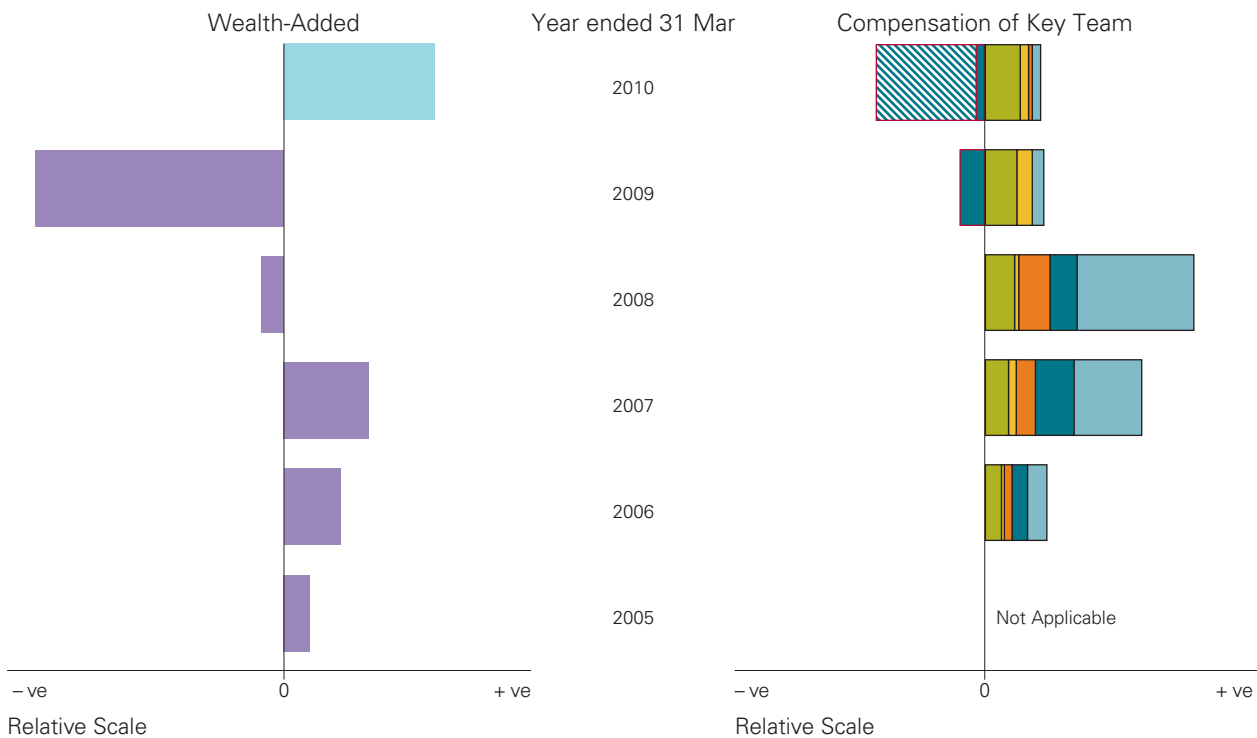
Our WA determines the size of the incentive pie we share, positive or negative, while the TSRs over the medium to long term drives the vesting and values of the co-investment units granted.

### WA Bonus Bank

A share of our total WA delivered is allocated to fund the notional WA bonus bank account of each staff. The sharing of the WA bonus pool, positive or negative, tracks their individual performance and relative contributions to the firm.

Senior managers receive payouts of a third or less of their WA bonus bank balances, while junior staff receive up to two thirds as their annual WA cash bonuses. Deferred bonuses remaining in the individual WA bank accounts are at risk of clawbacks in the event of negative WA.

## Compensation of Key Team



- Salaries & Benefits include annual wages and allowances, employer contributions to pension plans and benefits for the year.
- Annual Cash Bonuses include annual performance target incentives for prior year.
- WA Cash Bonus is the paid-out portion of the WA Bonus earned for the prior year.
- Deferred WA Bonus is the portion of the WA Bonus earned for the prior year that is at risk of clawback in future.
- Co-investment grants at nominal value of S\$1 each and subject to vesting and other conditions up to 12 years, include:
  - a. T-Scope units which may lapse if performance conditions are not met;
  - b. Restricted co-investment units vesting over varying time horizons.
- Negative WA Bonus allocated for negative WA delivered in the prior year, which is offset against deferred WA bonuses available in the WA Bonus Banks of staff.
- Excess negative WA Bonus to be aggregated at the Company level and carried forward for offsetting against future positive WA incentive pools.

### Notes:

Key Team includes Executive Directors, Senior Managing Directors, Managing Directors and management Directors.

---

### Co-investment Unit Grants

Subject to positive portfolio WA or other conditions, our staff may be awarded performance or restricted co-investment units. These grow or decline in value with Temasek's TSRs over the years, reinforcing an ownership mindset in our team.

The Temasek staff co-investment plan (T-Scope) provides for grants of co-investment units to our staff when Temasek achieves positive WA. Grants must meet performance conditions over a minimum period of three years before vesting begins, and lapse after 12 years.

Additional medium-term restricted co-investment units may be awarded to staff.

### Reward-Risk Alignment in Practice

With positive WA in prior years, our staff shared the gains in the form of WA bonus payouts along with the vesting and appreciation of their co-investment units.

The negative WA of S\$6.3 billion for year ended 31 March 2008 saw the sharing of pain. Negative bonuses were allocated for the first time, resulting in clawbacks from the deferred bonus bank balances of individual staff. No T-Scope units were awarded.

A year later, the negative WA of S\$68.1 billion for year ended 31 March 2009 led to the complete wipe-out of all existing bonus bank balances for our staff with no WA bonuses paid out for the year. As the bank balances were insufficient to fully set off the negative bonus allocated, the excess negative bonus allocations were aggregated at the Company level and carried forward to be offset against future positive WA incentives. No T-Scope units were awarded for a second year.

This practice of sharing gains and the associated risks through market cycles for up to 12 years reaffirms the principle of ownership and alignment with sustainable value over the long term, especially for senior management.



# Our People and Values

---

## Temasek is defined by our people.

From the pioneer leaders who established Temasek on commercial principles, to our current team who strive to deliver consistently on these, it is our people who make a difference to the institution.

### People Who Make a Difference

We are a diverse team of 380 employees from 24 nationalities. We are empowered to make a difference to the institution, ourselves, our families, and the larger community.

As one team, we define the culture of Temasek. Our organisational excellence and long-term sustainability are driven by the commitment of our people, individually and collectively.

### Making a Difference to the Institution

Over the year, we strengthened our middle office operations to enhance discipline in execution. Our investment processes were sharpened further and additional decision-support tools introduced.

We continued to reinforce our employee-defined MERITT values through institution-wide workshops. Individuals and teams set value goals and measured their progress on a quarterly basis.

Our mentoring programmes at various leadership levels supported the developmental needs of staff, including those who take on new or different responsibilities. These programmes also facilitated the integration of new staff.

### Making a Difference to Self and Family

We engage our people to stay fit in both body and mind. Our Recreation Club is an active partner in initiating health and fitness programmes, fostering team spirit and building a sense of camaraderie. Active interest groups also provide opportunities for staff participation in a wide range of sporting, recreational, and leisure activities.

Family is an essential part of our culture. Family-friendly employment policies, such as paternity and family care leave, encourage employees to play an active role in their families. Our employees may spend time with their families in regular company-sponsored activities such as Kidz@work, and our 'Family Movie Night' series.

### Making a Difference to the Community

*T-Touch*, our staff volunteer initiative, is a platform where passionate colleagues come together to drive awareness, help build skills and create avenues for our staff to contribute to various communities.

In 2009, *T-Touch* raised a total of S\$2.3 million for community causes. Over 100 staff volunteers helped to fulfil the wishes of 30 children with life-threatening illnesses in Singapore, under the aegis of the Make-A-Wish Foundation. Similarly, *T-Touch* volunteers from our Mexico office, with their families, spent a weekend building three rooms for the Xochimilco Community in partnership with the “Un techo para mi Pais” (a roof for my country) organisation. Amongst others, *T-Touch* supported the Yellow Ribbon Project for ex-offenders, including sponsoring 12 of them in a 21-week culinary skills training certificate programme offered by SHATEC, the Singapore International Hotel and Tourism Education College.

Apart from *T-Touch* volunteer initiatives, our company volunteer leave scheme enables staff to support community causes they are passionate about. At the institutional level, our anniversary date of 25 June is designated our Annual Community Day, where all staff are encouraged to serve the community.

### Our MERITT Values

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

#### Meritocracy

We are fair and objective in recognising contributions and performance

#### Excellence

We are passionately committed to learning, improving and delivering outstanding results

#### Respect

We treat others as we would like others to treat us

#### Integrity

We are honest to ourselves, our profession, our institution, and our stakeholders

#### Teamwork

We value each other and work together to benefit from our complementary strengths

#### Trust

We foster a culture of mutual support and confidence

*"Never take the future  
for granted, for it is  
what we make of it."*

E W Barker (1920 – 2001)  
Former Minister for Law, Singapore





## Shaping Our Perspectives

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# Engaging Friends

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*“The warmth of human relations is the ultimate good of all human beings.”*

David Marshall (1908 – 1995)  
Former Chief Minister, Singapore

## Strengthening Networks

We engaged our growing community of business partners and friends, think tanks, policy makers, and other stakeholders around the world, including the International Monetary Fund, the World Bank and members of the European Commission.

We hosted over 100 delegations from 36 countries, including Australia, Brazil, Chile, Germany, Malaysia, Portugal, the United Kingdom and Vietnam.

In Asia, we maintained our warm and open interactions with strategic dialogue partners, China’s State-Owned Assets Supervision and Administration Commission (SASAC) and the State Capital Investment Corporation (SCIC) in Vietnam.

Our Temasek International Panel of renowned global leaders held its sixth meeting in September 2009. Discussions centred on the post-financial crisis outlook and the challenges of globalisation. The meeting also heard the views of distinguished guests, including Tony Blair, former Prime Minister of the United Kingdom and Victor Fung, Group Chairman of Li & Fung.

We hosted visiting government and business leaders during the APEC Summit held in Singapore in November 2009.

## Developing Talent

We organised more than 70 learning events during the year, for staff and friends to learn from industry experts and practitioners, as well as from one another. In addition, we held 12 business forums, bringing together senior management of our portfolio companies, partners and friends to share a broad range of issues – from the global economic outlook, to talent management, high performance boards and sustainable investments.

The 5th Annual Temasek Forum was held in September 2009, with the theme “Looking to the Future – Trends in Demographics and Technology”. The event brought together more than 500 senior

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Over **100**  
Delegations from  
36 countries

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These engagements provided valuable opportunities for us to share and exchange views and experiences, and strengthen our friendships.

executives from around the region to discuss trends, investment opportunities, and genomic strategies in the bio-economy.

The year saw the continued expansion of our suite of leadership programmes. We launched our inaugural Global *LEADERS!* Programme for senior executives in Temasek, our portfolio companies as well as friends and partners.

The Young *LEADERS!* Programme and the *LEADERS!* Programme, focusing on high potential talents saw participation from enterprises in China, Kazakhstan, Vietnam, Malaysia and Singapore.

In total, close to 100 participants attended the three flagship programmes on leadership.

### Sharing Experiences

We shared experiences with friends and partners in Asia and beyond, covering corporate governance, learning organisation, talent management, human resources practices and risk management.

We welcomed more than 120 participants for the SASAC-Temasek Directors' Forums held in Singapore. In addition, at the invitation of Central SASAC, Temasek anchored two Corporate Governance training forums in Shenyang and Yinchuan, sharing its experience with 300 SASAC representatives, Chairmen and CEOs of State-Owned Enterprises (SOEs) from 11 provinces and four major cities.

Over the last five years, over 1,500 senior participants from China's SOE boards and top management, SASAC and other government agencies have been engaged in numerous SASAC-Temasek Corporate Governance Forums both in Singapore and China.

### Connecting with Alumni

The Temasek Alumni Network, launched in 2008, connects Temasek with almost 400 former colleagues through professional and social gatherings including the Temasek Forum, professional talks, dinners, golf, wine tasting and family events. In addition, the Network most recently launched "INSIGHTS", a platform for senior alumni to share their leadership perspectives and experiences.

Over **1,500**

Participants from China in jointly organised Corporate Governance Forums

Global *LEADERS!*

Inaugural programme for senior executives



# Temasek International Panel

---

Distinguished global leaders on the Temasek International Panel have been generous in sharing their insights and perspectives on a range of strategic and business issues. We thank them for their incisive views which help deepen our appreciation of the evolving global business environment. We are honoured that some of them have accepted our invitation to become emeritus members.

## Members

**David BONDERMAN**  
Founding Partner  
Texas Pacific Group

**DeAnne JULIUS**  
Chairman  
Chatham House

**Minoru MAKIHARA**  
Senior Corporate Advisor  
Mitsubishi Corporation

**Jacob A. FRENKEL**  
Chairman  
JP Morgan Chase International

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

**Charles PRINCE**  
Retired Chairman & CEO  
Citigroup

**Ratan N. TATA**  
Chairman  
Tata Sons

## Emeritus Members

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

**Richard B. SYKES**  
Chair  
NHS London

**HAN Seung-soo**  
Former Prime Minister  
Republic of Korea

**XU Kuangdi**  
Former President  
Chinese Academy of Engineering

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

**Masamoto YASHIRO**  
Former Chairman  
Shinsei Bank

## Temasek Advisory Panel

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The well-recognised business leaders on the Temasek Advisory Panel share their wealth of industry knowledge and expertise with us. As experienced board directors of Asian companies and public institutions, some of them also serve in their personal capacities on the boards of our portfolio companies.

### Members

**CHENG Wai Keung**

**Chairman**

Neptune Orient Lines

**NG Kee Choe**

**Chairman**

Singapore Power

**Jennie CHUA**

**Chief Corporate Officer**

CapitaLand

**Peter SEAH**

**Chairman**

DBS Group Holdings

**FOCK Siew Wah**

**Group Chairman**

PSA International

**Ernest WONG**

**Chairman**

Invida Group

**KOH Boon Hwee**

**Chairman**

Yeo Hiap Seng

**XIE Qihua**

**Chairman**

Metallurgical Council of China  
Council for the Promotion of  
International Trade

**Stephen LEE**

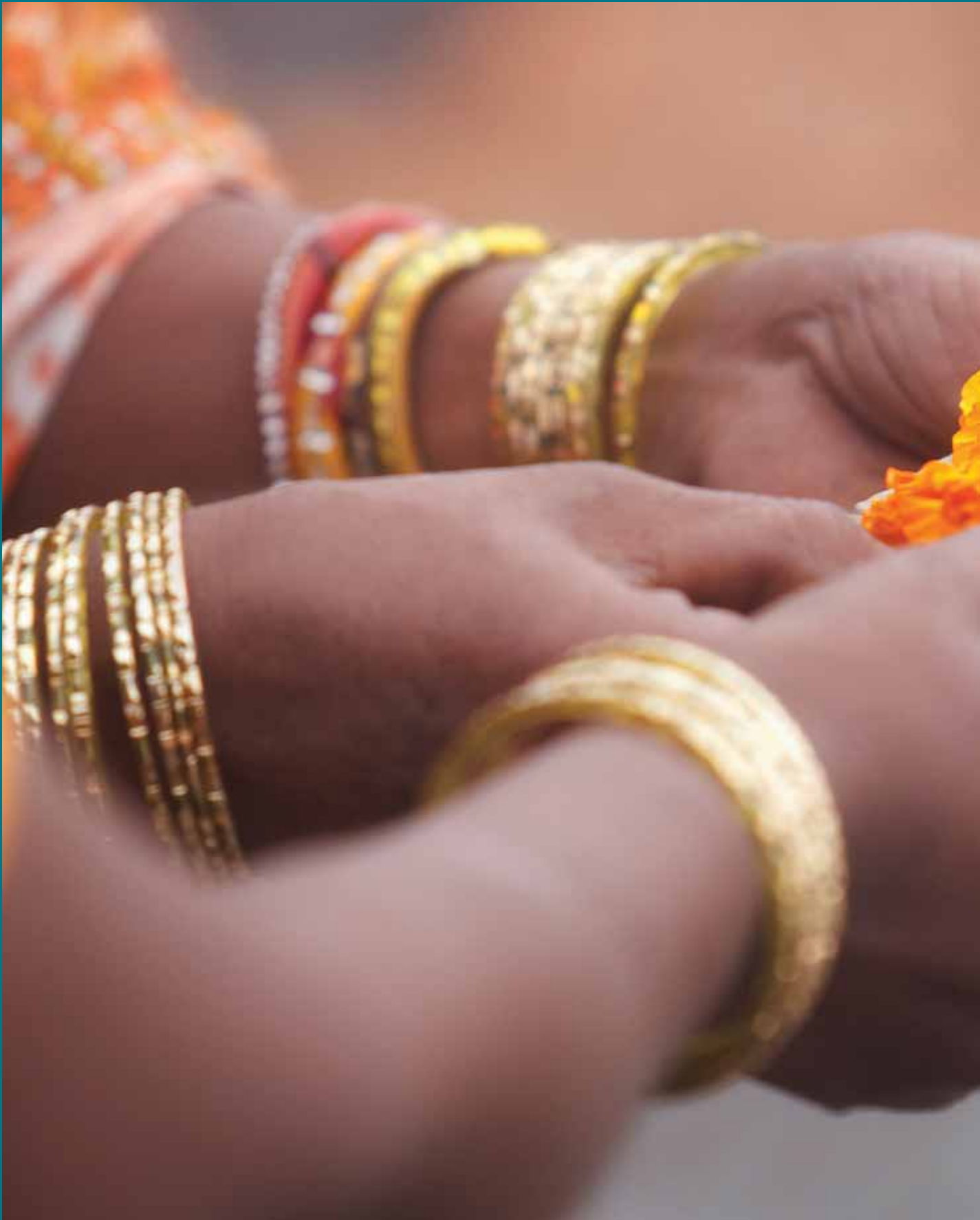
**Chairman**

Singapore Airlines

**Retired Chairman**

Baosteel Group Corporation





## Building a Shared Future

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*"The past is unchangeable,  
the present will disappear  
in a moment but there  
will always be a tomorrow  
to be shaped as you wish."*

S Rajaratnam (1915 – 2006)  
Former Senior Minister, Singapore

# Reaching Out

---

Temasek is committed to supporting the wider communities in Singapore, Asia and beyond. Since inception, we have committed over S\$1 billion for community, philanthropic and public good causes.

In 2003, our community commitment was institutionalised. We decided to set aside a portion of our positive Wealth Added for community contributions for each year that we deliver excess returns above our risk-adjusted hurdles.

## Temasek Trust

We established Temasek Trust in 2007 to independently oversee the management of endowments and gifts. As an additional stakeholder, the Trust tracks our performance as it benefits from our success.

Governed by a distinguished board of trustees comprising Chairman Lee Seng Wee and Richard Hu from Singapore, Ratan Tata from India, and Xu Kuangdi<sup>1</sup> from China, the Trust has the mandate to fund the following non-profit philanthropic organisations:

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

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In 2003, we decided to set aside a portion of our positive Wealth Added for community contributions for each year that we deliver excess returns above our risk-adjusted hurdles.

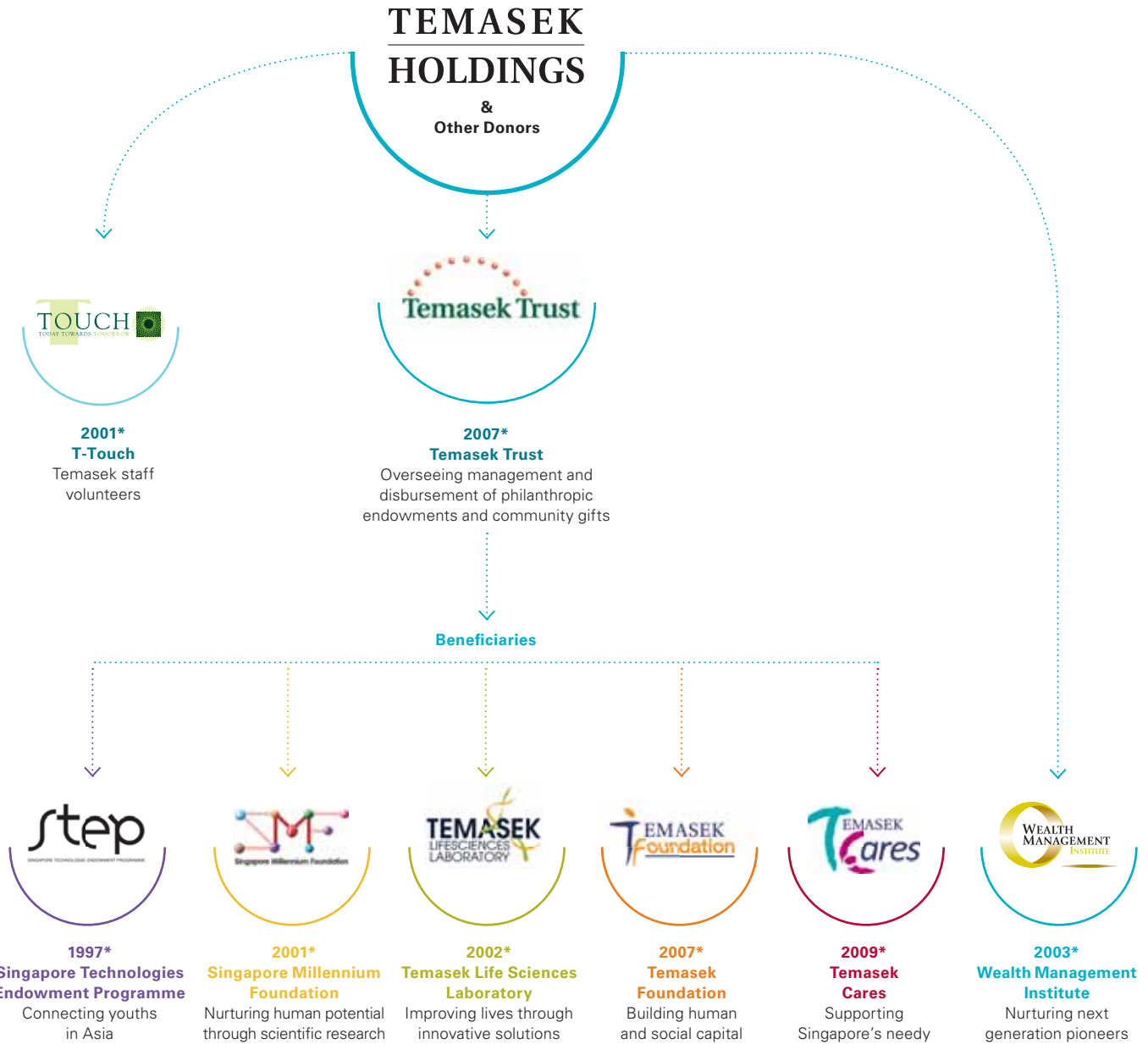
## Temasek Cares

To commemorate Temasek's 35<sup>th</sup> anniversary, *Temasek Cares* was established on 25 June 2009 as an Institution of a Public Character. This was supported by an initial endowment of S\$100 million to Temasek Trust. *Temasek Cares* aims to contribute to the well-being, dignity and livelihood of the underprivileged in Singapore through education, financial aid for the needy and families in crisis, and integrated community programmes.

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<sup>1</sup> Xu Kuangdi retired as Trustee upon the expiry of his term of office on 15 May 2010.

Temasek Non-Profit Philanthropic Platforms



\* Year of establishment.

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Close to **S\$20m**  
For 35 programmes in Asia  
by Temasek Foundation

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**1,000**  
Water-filter kits  
sponsored by Temasek  
Foundation for families  
in the Philippines and  
Vietnam affected by  
Typhoon Ketsana

In its first year, *Temasek Cares* sought to fill gaps in existing social and welfare programmes, through initiatives such as the Temasek Cares Bursary to support promising students from the Institute of Technical Education, and Project SPARK to help single-parent families.

#### Temasek Foundation

Set up in 2007 and funded from an endowment of S\$500 million, Temasek Foundation (TF) aims to support building of human capacity, promotion of governance and the provision of disaster relief. Over the past year, TF committed close to S\$20 million to 35 programmes in 11 countries, with an emphasis on building expertise in vocational education and health care, strengthening regulatory frameworks and enhancing public management capabilities.

For example, TF supported a programme in China to provide community health care training to health care professionals, who will serve at the “Fujian (Xiamen) – Singapore Friendship Polyclinic,” the province’s first primary care clinic. A second programme trained nurses in China’s Guangdong province to manage community health care issues such as tobacco addiction. Similar projects were undertaken in Bangladesh, where some 345 health care professionals were trained to provide sustainable and integrated eye care services to poor communities in Dhaka.

In addition, TF engaged in direct disaster relief around the region. Last year, it sponsored 1,000 portable water-filter kits to provide drinking water to families in the Philippines and Vietnam affected by Typhoon Ketsana.

#### Temasek Life Sciences Laboratory

Established in 2002, Temasek Life Sciences Laboratory (TLL) is a non-profit research organisation in the field of molecular biology and genetics. Affiliated to the National University of Singapore and the Nanyang Technological University, TLL supports about 220 researchers from 24 countries. Since inception, TLL has filed more than 200 patent applications and published more than 400 papers

in peer-reviewed journals, of which more than 25% are in high impact research journals like *Nature*.

TLL also helps nurture bright young scientific minds and challenges them to become leaders in their own fields.

In applied research, TLL is partnering the Agri-Food and Veterinary Authority of Singapore (AVA) in a fish breeding programme to provide a safe and sustainable supply of fish for Singapore. TLL is also collaborating with GenoMar AS, a Norwegian aquaculture company with operations across Asia, in providing fish farming industries with a traceability system to verify the origin of fish and fish products.

### Singapore Millennium Foundation

The Singapore Millennium Foundation (SMF) sponsors research programmes in Singapore. In the past year, 12 scholarships were awarded for research in diverse fields such as engineering, environmental sciences, renewable resources and water, life sciences, and physical and material sciences.

These included research led and published by Professor Teh Bin Tean, on the discovery of a genetic clue that could prevent the growth and spread of bile duct cancer.

SMF scholars have also gained recognition for their success in their careers. For example, Dr Yu Ting, an Assistant Professor at the Nanyang Technological University, was awarded the Young Scientist Award in 2009 by the Singapore National Academy of Science for his excellent research, including his work on the assembly of nanowires using optical tweezers.

SMF continues to sponsor the Lee Kuan Yew Water Prize, which recognises those who have contributed to solving global water problems. Previous winners include Professor Gatzke Lettinga of the Netherlands in 2009 and Dr Andrew Benedek of Canada in 2008.

Over **200**

Patent applications  
filed by Temasek Life  
Sciences Laboratory

**12**

Research scholarships  
awarded in 2009 by Singapore  
Millennium Foundation

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# 139

Youths from ASEAN, China, India and Bhutan sponsored by STEP for its 2009 annual Sunburst Youth Camp

## Singapore Technologies Endowment Programme

Since 1997, the Singapore Technologies Endowment Programme (STEP) has been building bridges among youths in Asia and contributing to their education.

In December 2009, 139 youths from ASEAN, China, India and Bhutan gathered in Singapore for its signature Sunburst Youth Camp. More than 1,500 youths have participated in the Camp over the last 12 years.

Into its second year, STEP's Sunburst Scholarships supports 15 scholars from Indonesia, Malaysia, Sri Lanka, Singapore and Vietnam in their undergraduate studies in universities and polytechnics in Singapore.

## Wealth Management Institute

Now in its seventh year, the Wealth Management Institute (WMI) continues to train and develop wealth managers in Asia. Its flagship programme, the Master of Science in Wealth Management, now has 270 alumni from 20 countries.

As Singapore's accreditation and certification agency for financial industry wealth management competency, WMI has seen over 1,000 professionals accredited through its WMI Certificate in Private Banking and the WMI Advanced Wealth Management Programme.

This year, the WMI Certificate in Trust Services (CTS) and the WMI Advanced Certificate in Trust Services (ACTS) were introduced to provide the Trust Services community with localised training and assessment courses. Sixty four participants have completed the CTS successfully, while ACTS is expected to be launched in August 2010.

# Touching Lives

## Temasek Cares in Singapore



### YouthReach

Partnering the Singapore Association of Mental Health to provide mentorship and a 24-hour helpline to 165 children suffering from mental illness, and 340 caregivers.

### Temasek Cares Bursary

Partnering the Institute of Technical Education to financially support 90 promising students in need.

### Project SPARK

#### (Successful Parents And Resilient Kids)

Working with the Chinese Development Assistance Council, Yayasan Mendaki, Singapore Indian Development Association and the Eurasian Association to support over 600 single-parent families.

### Therapy Outreach

#### Programme for Pre-Schoolers

Collaborating with the Society for the Physically Disabled for early intervention to support over 100 children with mild or moderate learning disabilities.

### Academic Life Skills Training

Partnering Yayasan Mendaki to provide 60 Malay/Muslim students from the Institute of Technical Education with professional academic and motivational mentoring.





## Temasek Foundation in Asia

### Bangladesh

#### Skills Upgrading for Eye Care Providers

Training for 345 eye care providers in Dhaka, Bangladesh, in specialist surgical techniques and frontline identification of refractive error, a leading cause of avoidable blindness amongst children and young adults.



### Thailand

#### Training Master Teachers of English

50 teachers trained as master teachers through a Postgraduate Diploma programme in Applied Linguistics; they will transfer their skills to 3,000 primary school teachers. A similar programme for secondary school teachers is underway.



### Singapore

#### Temasek Foundation Centre for Trade & Negotiations

Over 140 participants from ASEAN, Bangladesh, China, Maldives, Nepal and the rest of Asia, attended programmes at the S. Rajaratnam School of International Studies, on international trade negotiation, intellectual property rights, anti-dumping issues and countervailing duty laws.

**Mongolia**  
**Skills Upgrading  
for Civil Servants**

Best-practice management and productivity training of 90 civil servants and the development of training manuals for the various branches of the Mongolian civil service.

**China**  
**Enhancing Vocational  
Education Framework**

186 Liaoning educators trained in education management and teaching pedagogies to create a core group of model vocational colleges for other institutions in the province.



**Philippines & Vietnam**  
**Water-filter Kits**

One thousand portable water-filter kits to provide clean water for families affected by Typhoon Ketsana in September 2009.



**Indonesia**  
**Bank Indonesia Learning Centre**

This programme supports 29 participants to become effective trainers in banking supervision and monetary policy. They will impart their knowledge to a further 60 trainers.



*"It is imperative that we should never, either through extravagance or carelessness, fritter away all that we had so laboriously built up. We must build on the foundation of the accumulated experience of the decade and ensure that progress and prosperity will continue to higher levels of consolidation."*

Goh Keng Swee (1918 – 2010)  
Former Deputy Prime Minister, Singapore





# Major Portfolio Companies

## 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, Hana Financial Group, NIB Bank, PT Bank Danamon Indonesia, Standard Chartered, ICICI Bank, Bharti Airtel, Olam International, Fraser and Neave and Li & Fung.
3. Market relevant information is sourced from Bloomberg and Stock Exchanges.

		Market Capitalisation or Shareholder Equity <sup>1</sup>			
		Shareholding (%) as at 31 Mar 10	Currency	2009	2010
	Bank of China Limited	4 <sup>#</sup>	HKD'm	893,146	<b>1,050,894</b>
	China Construction Bank Corporation	6 <sup>#</sup>	HKD'm	1,032,523	<b>1,486,261</b>
	DBS Group Holdings Ltd	28	SGD'm	19,278	<b>32,559</b>
	Hana Financial Group Inc.	10 <sup>#</sup>	KRW'b	4,407	<b>7,337</b>
	NIB Bank Limited	74 <sup>#</sup>	PKR'm	22,200	<b>16,660</b>
	PT Bank Danamon Indonesia Tbk	68 <sup>#</sup>	IDR'b	15,770	<b>43,654</b>
	Standard Chartered PLC	18	GBP'm	16,441	<b>36,457</b>
	ICICI Bank Limited	6 <sup>#</sup>	INR'm	370,490	<b>1,061,890</b>

<sup>1</sup> Market Capitalisation or Shareholder Equity: For listed companies, 2010 refers to positions as at 31 March 2010. For unlisted companies, 2010 refers to positions as at 31 March 2010 or 31 December 2009, in accordance with their respective financial year ends. Similarly for 2009.

<sup>2</sup> Key Figures: FY2009 refers to financial year ended March 2010 or December 2009 or September 2009 or June 2009, in accordance with their respective financial year ends of the portfolio companies. Similarly for FY2008. Revenue for the Financial Services consists of net interest income and other operating revenue.

<sup>3</sup> TSR: For listed companies, source is Bloomberg.  
For unlisted companies, shareholder equity is used in the computations.  
Period for 1-year TSR is from 31 March 2009 to 31 March 2010.  
Period for 3-year TSR is from 31 March 2007 to 31 March 2010 (annualised).  
Period for 5-year TSR is from 31 March 2005 to 31 March 2010 (annualised).  
For unlisted companies, TSR is based on shareholder equity as at their respective financial year-ends.

## Glossary

EVA	= Economic Value Added (excluding unusual items), attributable to investors
Market Capitalisation	= Market value as at 31 March 2010 and 31 March 2009
NA	= Not applicable
PATMI	= Profit/(Loss) after tax and minority interest
Shareholder Equity	= Shareholder equity reported by the respective portfolio companies based on their annual filings
TSR	= Total Shareholder Return

Revenue		PATMI		EVA		Key figures <sup>2</sup> Change in EVA		TSR <sup>3</sup> (%)		
FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	1	3	5
228,896 <sup>4</sup>	<b>232,616<sup>4</sup></b>	64,360 <sup>4</sup>	<b>81,068<sup>4</sup></b>	13,831 <sup>4*</sup>	<b>28,269<sup>4</sup></b>	(3,497) <sup>4*</sup>	<b>14,438<sup>4</sup></b>	67.5	4.9	NA
269,747 <sup>4</sup>	<b>269,314<sup>4</sup></b>	92,599 <sup>4</sup>	<b>106,756<sup>4</sup></b>	47,960 <sup>4*</sup>	<b>55,766<sup>4</sup></b>	9,949 <sup>4*</sup>	<b>7,806<sup>4</sup></b>	46.8	16.2	NA
6,053	<b>6,603</b>	1,929	<b>2,041</b>	(738)*	<b>(82)</b>	(1,131)*	<b>656</b>	77.4	(3.8)	6.7
41,086	<b>30,838</b>	483	<b>306</b>	(197)*	<b>(1,765)</b>	(450)*	<b>(1,568)</b>	70.6	(9.0)	NA
6,234	<b>7,305</b>	(9,179)	<b>1,494</b>	(22,339)*	<b>(8,842)</b>	(16,267)*	<b>13,497</b>	(25.0)	(18.8)	(16.5)
10,351	<b>11,783</b>	1,530	<b>1,533</b>	(1,193)*	<b>(1,910)</b>	(982)*	<b>(717)</b>	124.3	4.2	10.7
13,968 <sup>5</sup>	<b>15,184<sup>5</sup></b>	3,241 <sup>5*</sup>	<b>3,380<sup>5</sup></b>	1,347 <sup>5*</sup>	<b>1,154<sup>5</sup></b>	1,054 <sup>5*</sup>	<b>(193)<sup>5</sup></b>	113.4	15.8	20.5
376,658	<b>388,706</b>	35,770	<b>46,703</b>	(7,542)*	<b>(11,090)</b>	22,039*	<b>(3,548)</b>	190.6	5.2	21.2

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

<sup>5</sup> Figures in USD'm.

# Includes significant interests held by Fullerton Financial Holdings Pte. Ltd.







\* Restated.

 For year ended Dec 2008/2009.








 For year ended Mar 2009/2010.

				Market Capitalisation or Shareholder Equity <sup>1</sup>	
				2009	2010
				Currency	
				Shareholding (%) as at 31 Mar 10	

## Telecommunications, Media & Technology

	Shin Corporation Public Company Limited	42 <sup>#</sup>	THB'm	60,820	<b>92,831</b>
	Singapore Technologies Telematics Pte Ltd	100	SGD'm	2,232	<b>2,106</b>
	STATS ChipPAC Ltd.	84	SGD'm	694	<b>2,312</b>
	Bharti Airtel Limited	5	INR'm	1,187,919	<b>1,184,450</b>
	MediaCorp Pte. Ltd.	100	SGD'm	869	<b>533</b>
	Singapore Telecommunications Limited	54	SGD'm	40,295	<b>50,505</b>

## Transportation & Industrials

	Keppel Corporation Limited	21	SGD'm	7,982	<b>14,571</b>
	Neptune Orient Lines Limited	66	SGD'm	1,739	<b>5,187</b>
	PSA International Pte Ltd	100	SGD'm	7,390	<b>7,985</b>
	Sembcorp Industries Ltd	49	SGD'm	4,179	<b>7,365</b>
	Singapore Technologies Engineering Ltd	50	SGD'm	7,385	<b>9,648</b>
	Singapore Airlines Limited	54	SGD'm	11,826	<b>18,111</b>
	SMRT Corporation Ltd	54	SGD'm	2,320	<b>3,095</b>

<sup>1</sup> Market Capitalisation or Shareholder Equity: For listed companies, 2010 refers to positions as at 31 March 2010. For unlisted companies, 2010 refers to positions as at 31 March 2010 or 31 December 2009, in accordance with their respective financial year ends. Similarly for 2009.

<sup>2</sup> Key Figures: FY2009 refers to financial year ended March 2010 or December 2009 or September 2009 or June 2009, in accordance with their respective financial year ends of the portfolio companies. Similarly for FY2008. Revenue for the Financial Services consists of net interest income and other operating revenue.

<sup>3</sup> TSR: For listed companies, source is Bloomberg.  
For unlisted companies, shareholder equity is used in the computations.  
Period for 1-year TSR is from 31 March 2009 to 31 March 2010.  
Period for 3-year TSR is from 31 March 2007 to 31 March 2010 (annualised).  
Period for 5-year TSR is from 31 March 2005 to 31 March 2010 (annualised).  
For unlisted companies, TSR is based on shareholder equity as at their respective financial year-ends.

Revenue		PATMI		EVA		Key figures <sup>2</sup> Change in EVA		TSR <sup>3</sup> (%) Years		
FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	1	3	5
8,918	<b>8,533</b>	5,649	<b>6,496</b>	944	<b>732</b>	3,085	<b>(212)</b>	70.9	14.7	1.3
5,965	<b>5,977</b>	783	<b>(195)</b>	(151)	<b>(167)</b>	80	<b>(16)</b>	(5.6)	22.7	24.2
1,658 <sup>4</sup>	<b>1,326<sup>4</sup></b>	26 <sup>4</sup>	<b>10<sup>4</sup></b>	(108) <sup>4*</sup>	<b>(184)<sup>4</sup></b>	(29) <sup>4*</sup>	<b>(76)<sup>4</sup></b>	233.3	(16.7)	(0.2)
369,615	<b>396,150</b>	84,699	<b>91,026</b>	39,781	<b>NA<sup>5</sup></b>	8,016	<b>NA<sup>5</sup></b>	0.1	(6.4)	24.7
539	<b>532</b>	37	<b>79</b>	— <sup>*</sup>	<b>29</b>	(19) <sup>*</sup>	<b>29</b>	(5.0)	(6.0)	5.1
14,934	<b>16,871</b>	3,448	<b>3,907</b>	1,869	<b>2,402</b>	(598)	<b>533</b>	30.6	3.6	9.5
11,805	<b>12,247</b>	1,098	<b>1,625</b>	855	<b>1,026</b>	76	<b>171</b>	92.1	3.6	15.7
9,285 <sup>4</sup>	<b>6,516<sup>4</sup></b>	83 <sup>4</sup>	<b>(741)<sup>4</sup></b>	(204) <sup>4</sup>	<b>(1,194)<sup>4</sup></b>	(389) <sup>4</sup>	<b>(990)<sup>4</sup></b>	94.4	(8.8)	1.1
4,392	<b>3,835</b>	1,039	<b>976</b>	503	<b>173</b>	(4)	<b>(330)</b>	12.1	19.3	21.0
9,928	<b>9,572</b>	507	<b>683</b>	326	<b>484</b>	194	<b>158</b>	82.8	(2.6)	21.3
5,345	<b>5,548</b>	474	<b>444</b>	358	<b>306</b>	(20)	<b>(52)</b>	37.7	4.2	9.9
15,996	<b>12,707</b>	1,062	<b>216</b>	(610)	<b>(1,204)</b>	(1,318)	<b>(594)</b>	76.2	6.3	12.4
879	<b>895</b>	163	<b>163</b>	111	<b>121</b>	8	<b>10</b>	39.4	16.0	23.0

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

<sup>5</sup> Information not available.




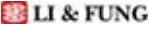




# Comprises significant interests held by Aspen Holdings Limited.

\* Restated.

● For year ended Dec 2008/2009.

● For year ended Mar 2009/2010.



				Market Capitalisation or Shareholder Equity <sup>1</sup>	
				2009	2010
		Shareholding (%) as at 31Mar 10	Currency		
<b>Life Sciences, Consumer &amp; Real Estate</b>					
	Olam International Limited	14	SGD'm	2,501	<b>5,230</b>
	Fraser and Neave, Limited	15	SGD'm	3,516	<b>6,706</b>
	CapitaLand Limited	39	SGD'm	9,889	<b>16,901</b>
	Li & Fung Limited	4	HKD'm	66,148	<b>144,634</b>
	Mapletree Investments Pte Ltd	100	SGD'm	4,671	<b>5,095</b>
	Singapore Airport Terminal Services Limited	44	SGD'm	1,306	<b>2,897</b>
	Wildlife Reserves Singapore Pte Ltd	88	SGD'm	131	<b>148</b>
<b>Energy &amp; Resources</b>					
	Singapore Power Limited	100	SGD'm	4,052	<b>6,783</b>





<sup>1</sup> Market Capitalisation or Shareholder Equity: For listed companies, 2010 refers to positions as at 31 March 2010. For unlisted companies, 2010 refers to positions as at 31 March 2010 or 31 December 2009, in accordance with their respective financial year ends. Similarly for 2009.

<sup>2</sup> Key Figures: FY2009 refers to financial year ended March 2010 or December 2009 or September 2009 or June 2009, in accordance with their respective financial year ends of the portfolio companies. Similarly for FY2008. Revenue for the Financial Services consists of net interest income and other operating revenue.

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 For unlisted companies, TSR is based on shareholder equity as at their respective financial year-ends.

								Key figures <sup>2</sup>		TSR <sup>3</sup> (%)	
Revenue		PATMI		EVA		Change in EVA		Years			
FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	1	3	5	
8,112	<b>8,588</b>	168	<b>252</b>	NA	<b>106</b>	NA	<b>NA</b>	81.2	(2.9)	30.3	
4,990*	<b>5,333</b>	436	<b>360</b>	(251)*	<b>(357)</b>	(208)*	<b>(106)</b>	95.9	1.2	13.2	
2,752	<b>2,957</b>	1,260	<b>1,053</b>	(511)	<b>(568)</b>	(459)	<b>(57)</b>	73.5	(14.1)	18.2	
110,722	<b>104,479</b>	2,422	<b>3,369</b>	883*	<b>1,091</b>	NA	<b>208</b>	115.0	18.8	27.9	
445	<b>453</b>	210	<b>394</b>	(499)	<b>284</b>	(1,392)	<b>783</b>	9.4	14.4	18.4	
1,062	<b>1,539</b>	147	<b>181</b>	NA	<b>67</b>	NA	<b>NA</b>	129.7	4.9	10.6	
87	<b>91</b>	17	<b>17</b>	5	<b>5</b>	(3)	<b>-</b>	13.0	15.8	17.9	
7,215*	<b>6,626</b>	719	<b>(238)</b>	172	<b>212</b>	(48)	<b>40</b>	30.4	10.5	17.9	

\* Restated.

-  For year ended Jun 2008/2009.
-  For year ended Sep 2008/2009.
-  For year ended Dec 2008/2009.
-  For year ended Mar 2009/2010.

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**Mixed Sources**

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