

TEMASEK HOLDINGS

NEWS RELEASE

Temasek delivers strong group results for year ended 31 March 2006

Revenue growth	: 18%
Net profit growth	: 71%
Total shareholder return	: 24%
Portfolio value	: S\$129 billion

6 September 2006 (Singapore) – Temasek Holdings (Temasek) published its Temasek Review 2006 today, showing a 24% increase in the market value of its portfolio from S\$103 billion to S\$129 billion for the financial year ending 31 March 2006 (FY 2005). Shareholder funds grew by 28% to S\$91 billion.

FINANCIAL HIGHLIGHTS

Mr S. Dhanabalan, Chairman of Temasek, said the group had a good year and would continue to strengthen its foundation for long-term returns. On the back of an 18% rise in group revenues to S\$80 billion, he reported in his Chairman's Message: "Group net profit rose 71% to S\$13 billion. This was driven by solid realised returns at the Temasek company level, plus the strong operating performance at our portfolio companies."

FY 2005 group wealth added, measuring excess return over an aggregate risk-adjusted hurdle, was S\$15 billion, with S\$6 billion contributed by direct investment activities at the Temasek level. Total shareholder return was 24% by market value and 28% by shareholder funds for the year.

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

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PORTFOLIO RESHAPING

Temasek's underlying asset exposure to Singapore increased 14% to S\$57 billion, comprising 44% of its overall portfolio. Exposure to Asia (ex-Singapore and Japan) rose to 34% from 19%. This increase in exposure to the rest of Asia brought the group closer to its long-term balanced portfolio target of approximately one-third exposure each to Singapore, rest of Asia (ex-Japan), and OECD (ex-Korea) and other economies.

Temasek's confidence in Asia continues to be reflected in the reshaping of its portfolio, in terms of both geographical and industry mix. The financial services and telecommunications and media sectors, which provide broad-based exposure to emerging Asian economies, now account for 61% of the portfolio, up from 54% a year earlier.

INVESTMENT STRATEGY & PERFORMANCE

During FY2005, Temasek made S\$21 billion of new investments. The group continued to execute its strategy of increasing exposure to Asia through four investment themes – rising Asian economies, growing middle class, deepening comparative advantages and emerging champions.

Reflecting these investment themes, Temasek added new holdings in Asia's leading companies such as China Construction Bank, Bank of China, Standard Chartered, E.Sun Financial Holdings, Shin Corp, Dongfeng Motor Group, Tata Teleservices, and eMobile.

New investments made since early 2002, when the group began to actively engage with Asia, have grown to S\$34 billion in market value, and generated a four-year compounded return of 41% per year. Over the same four-year period, the rest of Temasek's portfolio (pre-2002 investments) recovered from the SARS crisis and yielded a steady return of 14% per annum.

Temasek regularly monitors the performance of its portfolio companies and investments and will maintain, increase or reduce its holdings based on its value tests. As part of its overall portfolio re-balancing for sustainable returns, Temasek monetised S\$13 billion in assets in FY2005.

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OUTLOOK

In the medium term, Temasek maintains a cautious, disciplined investment stance in the face of global uncertainties. Mr Dhanabalan said: “The growing economies in Asia continue to hold much promise for the long term, though we can expect bumps along the way.”

***** ends *****

Note:

About Temasek Review 2006

The Temasek group financial summary and performance highlights may be found in the Temasek Review 2006.

This annual review also provides a brief overview of the Company’s activities, an outline of its institutional framework for governance and risk management, as well as a financial snapshot of some of the major investments in its portfolio.

The on-line copy is available at www.temasekholdings.com.sg

About Temasek Holdings

Incorporated in 1974, Temasek Holdings is an Asia investment firm headquartered in Singapore. Supported by affiliates and offices around Asia, it manages a diversified S\$129 billion (US\$80 billion) portfolio, concentrated principally in Singapore, Asia and the OECD economies.

The Temasek portfolio spans various industries including telecommunications & media, financial services, real estate, transportation & logistics, energy & resources, infrastructure, engineering & technology as well as bioscience & healthcare.

Temasek’s total shareholder return since inception in 1974 has been 18% compounded annually. It has a corporate credit rating of AAA/Aaa by rating agencies Standard & Poor's and Moody's respectively. Further information on Temasek please visit www.temasekholdings.com.sg

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FINANCIAL HIGHLIGHTS (FY2005)

Portfolio Performance as at 31 March 2006

- Temasek's net portfolio value grew 24% to S\$129 billion, up from S\$103 billion a year ago.
- Temasek delivered 24% total shareholder return by market value for the year.
- Wealth added, which is dollar value of returns over and above a risk-adjusted hurdle, was S\$15 billion, including S\$6 billion from direct investment activities.
- Temasek continued to reshape its portfolio. Exposure to Asia (ex-Singapore and Japan) rising from 19% to 34%. Singapore exposure grew 14% from S\$50 billion to S\$57 billion, forming 44% of total portfolio exposure by geography. Total Asia exposure was 78%, up from 68% a year ago.
- Financial services and telecommunications and media sectors account for 61% of the portfolio, up from 54% a year earlier.
- New investments since early 2002 gave us a four-year total compounded return of 41% per annum.
- Temasek made S\$21 billion of new investments and monetised S\$13 billion of its portfolio.

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Consolidated Group Performance

(\$ billion)	FY 2004 ¹ Ended 31 Mar 05	FY 2005 Ended 31 Mar 06	Change (%)
<u>Income Statements</u>			
Revenue	67.5	79.8	18.2
Profit before exceptional items	9.4	14.9	58.5
Net profit	7.5	12.8	70.6
Group EVA	1.5	5.5	266.7
<u>Balance Sheets</u>			
Total assets	199.1	213.7	7.3
Shareholder equity	70.9	90.6	27.8
Net debt ²	26.9	16.7	(37.9)
<u>Returns</u>			
Return on Assets ³	6.6%	9.2%	
Return on Equity ⁴	11.1%	15.9%	

¹ Figures for FY 2004 have been restated to comply with current year's new or revised Financial Reporting Standards

² Total debt less cash and cash equivalents (excluding customer deposits at banks)

³ Profit after tax before minority interest, add back financing cost, expressed as a percentage of average total assets

⁴ Net profit attributable to equity holder of the company expressed as a percentage of average shareholder equity

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Total Shareholder Return (%)

Years	By Market Value	By Shareholder Funds
1	24	28
2	20	19
3	28	18
5	10	13
10	6	11
30	18	15
32	18	17

Geographic Exposure (%)

Region	FY 2004	FY 2005
	Ended 31 Mar 05	Ended 31 Mar 06
Singapore	49	44
Rest of Asia (excluding Japan)		
• North Asia (China, Taiwan & Korea)	8	19
• ASEAN (excluding Singapore)	9	12
• South Asia (India & Pakistan)	2	3
OECD Economies (excluding Korea)	30	20
Others	2	2

Sector Exposure (%)

Sector	FY 2004	FY 2005
	Ended 31 Mar 05	Ended 31 Mar 06
Financial Services	21	35
Telecommunications & Media	33	26
Transportation & Logistics	17	13
Infrastructure, Engineering & Technology	10	9
Real Estate	8	7
Energy & Resources	8	6
Others	3	4