

**Temasek Financial (I) Limited**  
**Issue of US\$500,000,000 5.375% Guaranteed Debentures due 2039**  
**unconditionally and irrevocably guaranteed by**  
**Temasek Holdings (Private) Limited**  
**Under the US\$5,000,000,000 Guaranteed Global Medium Term Note Program**  
**Series Number 3**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular, dated November 17, 2009. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated November 17, 2009.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

<b>1</b>	(i) Issuer:	Temasek Financial (I) Limited
	(ii) Guarantor:	Temasek Holdings (Private) Limited
<b>2</b>	Series Number:	3
<b>3</b>	Specified Currency or Currencies:	United States dollars (US\$)
<b>4</b>	Aggregate Nominal Amount:	US\$500,000,000
<b>5</b>	Issue Price:	99.029% of the Aggregate Nominal Amount
<b>6</b>	Specified Denominations:	US\$250,000 and integral multiples of US\$1,000 in excess thereof
<b>7</b>	(i) Issue Date:	November 23, 2009
	(ii) Interest Commencement Date:	November 23, 2009
<b>8</b>	Maturity Date:	November 23, 2039
<b>9</b>	Interest Rate Basis:	5.375% Fixed Rate
<b>10</b>	Redemption/Payment Basis:	Redemption at Par
<b>11</b>	Change of Interest or Redemption/Payment Basis:	Not Applicable
<b>12</b>	(i) Status of the Notes:	Senior
	(ii) Status of the Guarantee:	Senior
<b>13</b>	Listing:	SGX-ST
<b>14</b>	Method of distribution:	Syndicated

## Provisions Relating to Interest (if any) Payable

<b>15</b>	<b>Fixed Rate Note Provisions</b>	Applicable
(i)	Interest Rate:	5.375% per annum payable semi-annually in arrear
(ii)	Interest Payment Date(s):	May 23 and November 23 in each year commencing on and including May 23, 2010 to and including the Maturity Date. The first interest period will be from and including November 23, 2009 to (but excluding) May 23, 2010.
(iii)	Fixed Coupon Amount:	Not Applicable
(iv)	Broken Amount:	Not Applicable
(v)	Day Count Fraction:	360-day year of twelve 30-day months, and in the case of an incomplete month, the actual number of days elapsed
(vi)	Determination Date(s):	Not Applicable
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
<b>16</b>	<b>Floating Rate Provisions</b>	Not Applicable
<b>16A</b>	<b>Singapore Dollar Notes</b>	Not Applicable
<b>17</b>	<b>Zero Coupon Note Provisions</b>	Not Applicable
<b>18</b>	<b>Index Linked Interest Note Provisions</b>	Not Applicable
<b>19</b>	<b>Dual Currency Note Provisions</b>	Not Applicable
<b>20</b>	<b>Optional Redemption</b>	Applicable
<b>21</b>	<b>Optional Tax Redemption</b>	Applicable
<b>22</b>	<b>Additional Call Options</b>	Applicable. See "Important Information for Investors Relating to the U.S. — Ability of the Issuer to Compel Sale of or Redeem Rule 144A Notes" below.
<b>23</b>	<b>Put Option</b>	Not Applicable
<b>24</b>	<b>Final Redemption Amount of each Note</b>	Par
<b>25</b>	<b>Early Redemption Amount</b>	
(i)	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or an event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	Par
(ii)	Redemption for taxation reasons permitted on days other than Interest Payment Dates:	Yes
(iii)	Unmatured Coupons to become void upon early redemption (Bearer Notes only):	Not Applicable

## General Provisions Applicable to the Notes

<b>26</b>	Form of Notes:	Registered Notes
	(i) Form of Global Note:	Regulation S Global Note and DTC Restricted Global Note.  The Regulation S Global Note will be exchangeable for Definitive Registered Notes only in the limited circumstances specified in the Indenture.  The DTC Restricted Global Note will be exchangeable for Definitive Registered Notes only in the limited circumstances specified in the Indenture.
	(ii) Applicable TEFRA Rules:	Not Applicable
<b>27</b>	Financial Center(s) or other special provisions relating to payment dates:	New York City
<b>28</b>	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
<b>29</b>	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
<b>30</b>	Details relating to Instalment Notes:	Not Applicable
	(i) Instalment Amount(s):	
	(ii) Instalment Date(s):	
	(iii) Minimum Instalment Amount:	
	(iv) Maximum Instalment Amount:	
<b>31</b>	Redenomination, renominialization and reconventioning provisions:	Not Applicable
<b>32</b>	Consolidation provisions:	Not Applicable
<b>33</b>	Other terms or special conditions:	Not Applicable
<b>33A</b>	Governing law:	Laws of the State of New York

## Distribution

<b>34</b>	(i) If syndicated, names of Managers:	Deutsche Bank AG, Singapore Branch Goldman Sachs (Singapore) Pte. Morgan Stanley Asia (Singapore) Pte.
	(ii) Stabilising Manager (if any):	Morgan Stanley Asia (Singapore) Pte.
<b>35</b>	If non-syndicated, name of Dealer:	Not Applicable

**36 Additional selling restrictions:**

The Notes are Section 3(c)(7) securities issued in reliance on an exemption under the U.S. Investment Company Act of 1940, as amended. The eligible investors and transfer restrictions described below in the section entitled "Important Information for Investors Relating to the U.S." apply. Purchasers of the Notes will be required to execute and deliver a purchaser's letter in the form attached hereto as Appendix A.

## **Operational Information**

**37 ISIN Code:**

DTC Restricted Global Note: US87973PAB04  
Regulation S Global Note: US87973RAB69

**38 Common Code:**

DTC Restricted Global Note: 046037596  
Regulation S Global Note: 046037448

**39 CUSIP No.:**

DTC Restricted Global Note: 87973PAB0  
Regulation S Global Note: 87973RAB6

**40 Any clearing system(s) other than Euroclear and Clearstream, and the relevant identification number(s):**

DTC

**41 Delivery:**

Delivery free of payment

**42 The Agents appointed in respect of the Notes are:**

Not Applicable

## **General**

**43 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with \_\_\_\_\_:**

Not Applicable

**44 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of \_\_\_\_\_, producing a sum of (for Notes not denominated in U.S. dollars):**

Not Applicable

## **LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of the third series of Notes described herein pursuant to the Issuer's US\$5,000,000,000 Guaranteed Global Medium Term Note Program.

## **STABILIZING**

In connection with the issue of the Notes described herein, Morgan Stanley Asia (Singapore) Pte. (the "Stabilizing Manager") (or persons acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

## **MARKET-MAKING**

Certain Dealers have also agreed with the Issuer and Temasek that following an issuance of Notes they will make a market in such Notes for a specified period of time. However, there can be no assurance that a

market for the Notes will develop or be available at all times. Moreover, once the obligation to make a market has expired, any market-making activities with respect to such Notes may be discontinued at any time without notice.

## **IMPORTANT INFORMATION FOR INVESTORS RELATING TO THE U.S.**

As described more fully below, there are certain restrictions regarding the Notes which affect potential investors. These restrictions modify the restrictions set forth in the section entitled “Plan of distribution — Selling restrictions — United States” in the Offering Circular dated November 17, 2009. These restrictions include prohibitions on sale or transfer in the offering of the Notes and thereafter to persons in circumstances which would cause either the Issuer or the Guarantor to be required to be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), or the Notes to be required to be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”).

### ***Eligible Investors***

The Notes may only be offered or sold (A) to U.S. persons or persons in the United States who (i) are both “qualified institutional buyers” (each a “QIB”) as defined in Rule 144A under the Securities Act (“Rule 144A”) and “qualified purchasers” (each, a “QP”) as defined in the Investment Company Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) have executed a Purchaser’s Letter in the form set forth in Appendix A hereto, or (B) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). The terms “U.S. person” and “offshore transaction” have the meanings set forth in Regulation S. Neither the Issuer nor the Guarantor will be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act.

Bearer Notes generally may not be offered or sold to a person within the United States or its possessions or to a United States person (as defined in the U.S. Internal Revenue Code), subject to certain exceptions.

A description of the transfer restrictions applicable to the Notes, including Notes initially sold in the United States or to U.S. persons, is set forth below in the section entitled “— Transfer Restrictions”.

### ***Transfer Restrictions***

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act, and have not been registered or qualified under any state securities laws in the United States or the securities laws of any other jurisdiction and, accordingly, may not be offered, resold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available, and except in accordance with the restrictions described below.

Any purchaser of DTC Restricted Global Notes may only sell, transfer, assign, pledge, or otherwise dispose of such Notes in compliance with the Securities Act and other applicable securities laws (i) to the Guarantor or any subsidiary thereof, (ii) to a U.S. person or a person in the United States whom it reasonably believes is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor the Purchaser’s Letter in the form of Appendix A hereto or (iii) outside the United States to a non-U.S. person in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), *provided* that such purchaser delivers to the Issuer and the Guarantor an Offshore Transaction Letter in the form of Annex I to Appendix A hereto. A purchaser of a DTC Restricted Global Note is deemed to represent that either (a) it is not and is not using the assets of any (i) “employee benefit plan” which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), “plan” which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (“Similar Law”), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a DTC Restricted Global Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.

Any purchaser of interests in the Regulation S Global Notes may only sell, transfer, assign, pledge, or otherwise dispose of such interests (i) to the Guarantor or any subsidiary thereof, (ii) to a non-U.S. person in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), or (iii) after the expiration of the 40-day distribution compliance period following the issue date of the Notes, to a U.S. person or a person in the United States whom it reasonably believes is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor the Purchaser's Letter in the form of Appendix A hereto, and such transferee will then acquire such interests as interests in the DTC Restricted Global Note. Prior to the end of the expiration of the 40-day distribution compliance period, no exchange, sale, assignment, pledge, transfer or other disposal of interests in a Regulation S Global Note for interests in a DTC Restricted Global Note shall be permitted.

### ***Investor Representation Letters***

Each purchaser of Notes that is a person in the United States or that is a U.S. person will be required to execute a Purchaser's Letter in the form of Appendix A hereto. In addition, in the event that any purchaser of Notes that is a person in the United States or that is a U.S. person transfers such Notes outside the United States in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), such transferor must execute an Offshore Transaction Letter in the form of Annex I to Appendix A hereto and cause such letter to be promptly delivered to the Issuer and the Guarantor.

### ***Ability of the Issuer to Compel Sale of or Redeem DTC Restricted Global Note***

The Issuer may, at its option, compel any beneficial owner of interests in the DTC Restricted Global Note to sell its interest in such Notes, or sell such interests on behalf of such holder, or redeem its interests in such Note at par, being a Redemption Amount equal to the principal amount plus any accrued and unpaid interest to (but excluding) the Redemption Date (as defined in the Indenture), if such holder is not a QIB and a QP.

### ***Legend***

Each DTC Restricted Global Note representing the Notes will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND THAT NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN "**INVESTMENT COMPANY**" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A "**QUALIFIED PURCHASER**" AS DEFINED IN THE INVESTMENT COMPANY ACT, AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A "**QUALIFIED PURCHASER**" AS DEFINED IN THE INVESTMENT



COMPANY ACT (X) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER'S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, OR (3) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION TO THAT EFFECT BY THE SELLER IN WRITING IN AN OFFSHORE TRANSACTION LETTER (IN THE FORM OF ANNEX I TO THE FORM OF PURCHASER'S LETTER) OR ANOTHER FORM ACCEPTABLE TO THE ISSUER. THE TERMS "**U.S. PERSON**," "**OFFSHORE TRANSACTION**" AND "**DESIGNATED OFFSHORE SECURITIES MARKET**" HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. NONE OF THE TRUSTEE UNDER THE INDENTURE GOVERNING THIS NOTE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. THE ISSUER AND ITS AGENTS MAY REQUIRE ANY PERSON WHO IS REQUIRED TO BE A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER BUT WHO IS NOT A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AT THE TIME IT ACQUIRES THIS NOTE TO TRANSFER THIS NOTE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S WITHIN 30 DAYS. IF THIS NOTE IS NOT SO TRANSFERRED, THE ISSUER IS ENTITLED TO SELL THIS NOTE TO A PURCHASER SELECTED BY THE ISSUER OR REDEEM THIS NOTE FROM SUCH PERSON AT PAR, BEING A REDEMPTION AMOUNT EQUAL TO THE PRINCIPAL AMOUNT PLUS ANY ACCRUED AND UNPAID INTEREST TO (BUT EXCLUDING) THE REDEMPTION DATE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("SIMILAR LAW") OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL

INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Each Regulation S Global Note representing the Notes will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. TERMS USED HEREIN HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT. NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN “**INVESTMENT COMPANY**” UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF “INVESTMENT COMPANY” UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”) TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, OR (3) AFTER THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD FOLLOWING THE ISSUE DATE OF THE NOTES, TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A “**QUALIFIED PURCHASER**” AS DEFINED IN THE INVESTMENT COMPANY ACT (X) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER’S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, AND SUCH TRANSFEREE WILL THEN HOLD THE ACQUIRED INTERESTS AS INTERESTS IN THE DTC RESTRICTED GLOBAL NOTE. THE TERMS “**U.S. PERSON**,” “**OFFSHORE TRANSACTION**” AND “**DESIGNATED OFFSHORE SECURITIES MARKET**” HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO ABOVE.

NONE OF THE TRUSTEE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO ABOVE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) “EMPLOYEE BENEFIT PLAN” AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), “PLAN” SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL



REVENUE CODE ("SIMILAR LAW") OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorized

Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
Duly authorized

**PURCHASER'S LETTER**

To:

Temasek Financial (I) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Issuer

Temasek Holdings (Private) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Guarantor

Re: Third Series of Guaranteed Debentures (the **"Notes"**) under the US\$5,000,000,000 Guaranteed Global Medium Term Note Program

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 16, 2005, as amended and supplemented by the Supplemental Indenture, dated as of April 10, 2007, and as further amended and supplemented by a Fourth Supplemental Indenture in relation to the Notes dated as of the date of original issuance of the Notes (collectively, the **"Indenture"**), among Temasek Financial (I) Limited, as the issuer (the **"Issuer"**), Temasek Holdings (Private) Limited, as the guarantor (the **"Guarantor"**), and Deutsche Bank Trust Company Americas, as the trustee (the **"Trustee"**). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter (**"Purchaser's Letter"**) relates to the purchase by or the transfer to the undersigned of interests in a DTC Restricted Global Note representing the Notes and is to be delivered on behalf of the person acquiring beneficial ownership of the Notes.

We make the following representations and agreements, as of the date hereof and at the time of any purchase of the Notes during the Validity Period (as defined below), on behalf of ourselves, and, if applicable, on behalf of each account for which we are acting:

1. We hereby confirm that:

- (i) we are a "qualified institutional buyer" (**"QIB"**) as defined in Rule 144A (**"Rule 144A"**) under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**), and a "qualified purchaser" (**"QP"**) as defined in Section 2(a)(51) and related rules of the U.S. Investment Company Act of 1940, as amended (the **"Investment Company Act"**);
- (ii) we are not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers;
- (iii) we are not a participant-directed employee plan, such as a plan described in subsections (a)(1)(i)(D), (E) or (F) of Rule 144A; and
- (iv) either (a) we are not and are not using the assets of any (i) "employee benefit plan" which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (**"ERISA"**), "plan" which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (**"Similar Law"**), or entity whose assets are treated as assets of any such plan, or (b) our

purchase and holding of a Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.

2. We hereby confirm that: (i) we were not formed for the purpose of investing in the Issuer (unless each beneficial owner of our securities is a QP); and (ii) we are acquiring an interest in the Notes for our own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this Purchaser's Letter and for whom we exercise sole investment discretion.
3. We understand and acknowledge that the Notes have not been and will not be registered under the Securities Act and accordingly may not be offered or sold as part of their initial distribution within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
4. We understand and acknowledge that neither the Issuer nor the Guarantor has registered, and neither the Issuer nor the Guarantor intends to register, as an "investment company" (as such term is defined under the Investment Company Act and related rules) and that the Issuer and the Guarantor have imposed the transfer and offering restrictions with respect to persons within the United States and U.S. Persons described herein so that the Guarantor will qualify for the exemption provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company.
5. We agree that our Notes may only be sold, transferred, assigned, pledged or otherwise disposed of in compliance with the Securities Act and other applicable securities laws (i) to the Guarantor or any subsidiary thereof, (ii) to a U.S. Person or to a person in the United States whom we reasonably believe is a QIB that is also a QP in (x) a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor a representation letter substantially in the form of this letter, or (iii) outside the United States to a non-U.S. Person in an offshore transaction complying with the provisions of Regulation S under the Securities Act (including, for the avoidance of doubt, a *bona fide* sale on the Singapore Exchange Securities Trading Limited), *provided* that we deliver to the Issuer and the Guarantor an Offshore Transaction Letter in the form of Annex I hereto. The term "offshore transaction" has the meaning set forth in Regulation S. We understand that the transfer restrictions will remain in effect until the Issuer determines, in its sole discretion, to remove them.
6. We agree that our Notes may be sold, transferred, assigned, pledged or otherwise disposed of only in minimum denominations of US\$250,000.
7. We understand that, subject to certain exceptions, to be a QP, entities must have US\$25 million in "investments" as defined in Rule 2a51-1 under the Investment Company Act.
8. We agree, upon a proposed transfer of our Notes, to notify any purchaser of such Notes or the executing broker, as applicable, of any transfer restrictions that are applicable to the Notes being sold.
9. We understand and acknowledge that: (i) the Trustee, the Issuer, the Guarantor and their agents shall not be obligated to recognize any resale or other transfer of the Notes represented thereby made other than in compliance with the restrictions set forth in this Purchaser's Letter; and (ii) the Issuer and its agents may require any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Notes to transfer the Notes within 30 days to a non-U.S. Person in an offshore transaction complying with the provisions of Regulation S and if the obligation is not met, the Issuer is irrevocably authorized, without any obligation, to sell such Notes on an offshore stock exchange on such terms as the directors of the Issuer think fit, or the Issuer shall be entitled to redeem such Notes at par, being a Redemption Amount equal to the principal amount plus any accrued and unpaid interest to (but excluding) the Redemption Date.
10. We agree that neither we, nor any of our affiliates, nor any person acting on our or their behalf, will make any "directed selling efforts" as defined in Regulation S, or any "general solicitation" or "general advertising" as defined in Regulation D, with respect to the Notes.

11. We understand that the Trustee, the Issuer and the Guarantor may receive a list of participants holding positions in the Notes from one or more book-entry depositories.
12. We agree that the Issuer, the Guarantor and others may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
13. We understand and acknowledge that any Notes issued to us in certificated form will bear a legend to the following effect. In addition, we understand that the legend shall not be removed from the Notes unless the Issuer agrees, in its sole discretion, to remove the legend.

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND THAT NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN “**INVESTMENT COMPANY**” UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF “INVESTMENT COMPANY” UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A “**QUALIFIED PURCHASER**” AS DEFINED IN THE INVESTMENT COMPANY ACT, AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A “**QUALIFIED PURCHASER**” AS DEFINED IN THE INVESTMENT COMPANY ACT (X) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER’S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, OR (3) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”) TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION TO THAT EFFECT BY THE SELLER IN WRITING IN AN OFFSHORE TRANSACTION LETTER (IN THE FORM OF ANNEX I TO THE FORM OF PURCHASER’S LETTER) OR ANOTHER FORM ACCEPTABLE TO THE ISSUER. THE TERMS “**U.S. PERSON**,” “**OFFSHORE TRANSACTION**” AND “**DESIGNATED OFFSHORE SECURITIES MARKET**” HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. NONE OF THE TRUSTEE UNDER THE INDENTURE GOVERNING THIS NOTE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. THE ISSUER AND ITS AGENTS MAY REQUIRE ANY PERSON WHO IS REQUIRED TO BE A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER BUT WHO IS NOT A

QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AT THE TIME IT ACQUIRES THIS NOTE TO TRANSFER THIS NOTE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S WITHIN 30 DAYS. IF THIS NOTE IS NOT SO TRANSFERRED, THE ISSUER IS ENTITLED TO SELL THIS NOTE TO A PURCHASER SELECTED BY THE ISSUER OR REDEEM THIS NOTE FROM SUCH PERSON AT PAR, BEING A REDEMPTION AMOUNT EQUAL TO THE PRINCIPAL AMOUNT PLUS ANY ACCRUED AND UNPAID INTEREST TO (BUT EXCLUDING) THE REDEMPTION DATE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("SIMILAR LAW") OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

14. Unless withdrawn by the undersigned, this Purchaser's Letter shall remain valid, binding and in effect until one year from the date hereof (the "**Validity Period**").

[Where there are joint applicants, each must sign this Purchaser's Letter. Applications from a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation's constitution (evidence of such authority may be required).]

Very truly yours,

[NAME OF PURCHASER]

By: \_\_\_\_\_

Name:

Title:

Address:

Date:

**Annex I to Appendix A**  
**Offshore Transaction Letter For The Notes**

To:  
Temasek Financial (I) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Issuer

Temasek Holdings (Private) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Guarantor

With a copy to:  
Deutsche Bank Trust Company Americas  
60 Wall Street — 27th Floor  
MSNY-2710  
New York, New York 10005

as Trustee

Re: Third Series of Guaranteed Debentures (the **“Notes”**) under the US\$5,000,000,000 Guaranteed Global Medium Term Note Program

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 16, 2005, as amended and supplemented by the Supplemental Indenture, dated as of April 10, 2007, and as further amended and supplemented by a Fourth Supplemental Indenture in relation to the Notes dated as of the date of original issuance of the Notes (collectively, the **“Indenture”**), among Temasek Financial (I) Limited, as the issuer (the **“Issuer”**), Temasek Holdings (Private) Limited, as the guarantor (the **“Guarantor”**), and Deutsche Bank Trust Company Americas, as the trustee (the **“Trustee”**). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter (an **“Offshore Transaction Letter”**) relates to the sale or other transfer by us of interests in a DTC Restricted Global Note representing the Notes in an offshore transaction pursuant to Regulation S (**“Regulation S”**) under the U.S. Securities Act of 1933, as amended (the **“Securities Act”**).

Capitalized terms used but not defined herein shall have the meanings given to them in Regulation S, except as otherwise stated herein.

We acknowledge (or if we are acting for the account of another person, such person has confirmed that it acknowledges) that the Notes have not been and will not be registered under the Securities Act and that neither the Issuer nor the Guarantor has registered, and neither the Issuer nor the Guarantor intends to register, as an “investment company” under the Investment Company Act of 1940, as amended (the **“Investment Company Act”**).

We hereby certify as follows:

1. The offer and sale of the Notes was not and will not be made to a person in the United States or to a person known by us to be a U.S. Person.
2. Either: (a) at the time the buy order for the Notes was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the



United States; or (b) the transaction in the Notes was executed in, on or through the facilities of a designated offshore securities market (including the Singapore Exchange Securities Trading Limited), and neither we nor any person acting on our behalf knows that the transaction was pre-arranged with a buyer in the United States.

3. Neither we, nor any of our affiliates, nor any person acting on our or their behalf, has made any directed selling efforts in the United States with respect to the Notes.
4. The proposed transfer of the Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act or the Investment Company Act.
5. None of the Issuer, the Guarantor or any of their agents participated in the sale of the Notes.
6. If the transfer is in accordance with Rule 904 of Regulation S, and we are a dealer in securities or have received a selling concession, fee or other remuneration in respect of the Notes, and the transfer is to occur during the Distribution Compliance Period (as defined in the Indenture), that the requirements of Rule 904(b)(i) of Regulation S have been satisfied.
7. We agree, prior to the sale of the Notes, to notify the purchaser of such Notes or the executing broker, as applicable, of the transfer restrictions that are applicable to the Notes being sold.
8. We agree that the Issuer, the Guarantor and others may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

[Where there are joint transferors, each must sign this Offshore Transaction Letter. An Offshore Transaction Letter of a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation's constitution (evidence of such authority may be required).]

Very truly yours,

[NAME OF TRANSFEROR]

By: \_\_\_\_\_

Name:

Title:

Address:

Date:

# TEMASEK HOLDINGS

## Temasek Financial (I) Limited

(Incorporated with limited liability under the laws of Singapore)  
(Company Registration Number: 200408713K)

### **US\$500,000,000 5.375% Guaranteed Debentures due 2039 as the Third Series of Notes issued under the US\$5,000,000,000**

***Guaranteed Global Medium Term Note Program  
unconditionally and irrevocably guaranteed by***

## **Temasek Holdings (Private) Limited**

(Incorporated with limited liability under the laws of Singapore)  
(Company Registration Number: 197401143C)

Under this Guaranteed Global Medium Term Note Program (the "Program"), Temasek Financial (I) Limited (the "Issuer") may from time to time issue notes (the "Notes") unconditionally and irrevocably guaranteed (the "Guarantee") by Temasek Holdings (Private) Limited ("Temasek" or the "Guarantor"). The aggregate principal amount of Notes outstanding will not at any time exceed US\$5,000,000,000 (or the equivalent in other currencies), unless such amount is otherwise increased pursuant to the terms of the Program. This Offering Circular updates and replaces the offering circular dated September 14, 2005 with respect to the issuance of US\$500,000,000 5.375% Guaranteed Debentures due 2039 as the third series of Notes to be issued under the Program and offered by the Dealers identified below. As of the date hereof, US\$1,750,000,000 aggregate principal amount of 4.5% Guaranteed Notes due 2015 and US\$1,500,000,000 aggregate principal amount of 4.3% Guaranteed Notes due 2019 have been issued under the Program and remain outstanding.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation of the third series of Notes to be issued under the Program and any other Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted series of Notes may also be issued pursuant to the Program. The relevant Pricing Supplement (as defined herein) in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange. There is no assurance that the application to the Official List of the SGX-ST will be approved. Approval in-principle has been obtained from the SGX-ST for the listing of, and quotation for, the third series of Notes to be issued under the Program, on the SGX-ST. Admission to the Official List of the SGX-ST and quotation of the third series of Notes to be issued under the Program and any other Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST are not to be taken as an indication of the merits of the Issuer, Temasek, their respective subsidiary companies (if any), their respective associated companies (if any), the Program or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular.

See "Investment considerations" beginning on page 12 for a discussion of certain considerations in connection with an investment in the Notes.

Neither the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority has approved or disapproved of the Notes and the Guarantee or passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

Temasek has been assigned an overall corporate credit rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"). Each series of Notes issued under the Program may be rated or unrated. Where a series of Notes is rated, such rating will not necessarily be the same as ratings assigned to the Guarantor. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*The Notes and the Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States or any other jurisdiction, and the Notes may include notes issued in bearer form ("Bearer Notes" comprising a "Bearer Series"), which are subject to certain U.S. tax law requirements. The Notes are being offered and sold (i) only to U.S. persons or persons in the United States who are "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A"), in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Any series of Notes may also restrict purchasers of such Notes in the United States or that are U.S. persons (as defined in Regulation S) to QIBs that are also "qualified purchasers" ("QPs") as defined in the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). The relevant Pricing Supplement in respect of such series of Notes will specify any such restrictions. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons. See "Notice to purchasers and Holders of Registered Notes and transfer restrictions" and the relevant Pricing Supplement.*

*Joint Lead Managers and Dealers with respect to the third series of Notes*

**Deutsche Bank      Goldman Sachs (Singapore) Pte.      Morgan Stanley**

November 17, 2009

# Table of Contents

Summary .....	1
Investment considerations .....	12
Exchange rates .....	17
Use of proceeds .....	18
Capitalization .....	19
Selected financial information and other information .....	20
Management's discussion and analysis of financial condition and results of operations .....	23
Business of Temasek .....	33
Management .....	43
The Issuer .....	48
Description of the Notes issued under the Indenture .....	49
Form of Notes .....	65
Certain tax considerations .....	67
Benefit plan investor considerations .....	80
Plan of distribution .....	82
Notice to purchasers and Holders of Registered Notes and transfer restrictions .....	89
Legal matters .....	94
Ratings .....	95
Independent public accountants .....	96
Index to financial statements .....	97
Annex A — Global clearance and settlement .....	A-1
Annex B — Form of Pricing Supplement .....	B-1
Annex C — Republic of Singapore .....	C-1
Annex D — Constitutional safeguards .....	D-1

In making an investment decision, investors must rely on their own examination of the Issuer and Temasek, the terms of the Program and any of the terms and conditions of any series of Notes offered thereunder. Notwithstanding anything herein to the contrary, each investor (and each employee, representative or other agent of each investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by this Offering Circular, and all materials of any kinds (including opinions or other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure. However, this authorization does not extend to information that may be required to be kept confidential in order to comply with applicable securities laws. Each investor further acknowledges and agrees that it does not know or have reason to know that its or its employees', representatives' or other agents' use or disclosure of information relating to the U.S. tax treatment or U.S. tax structure of any transaction contemplated by this Offering Circular is limited in any manner. By receiving this Offering Circular, investors acknowledge that (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular, (ii) they have not relied on the Arrangers (as defined in the Program Agreement (as defined in "Plan of Distribution")), the Joint Lead Managers (as defined in "Plan of Distribution") nor any Dealer (as defined herein) or any person affiliated with any Arranger, any Joint Lead Manager or any Dealer in connection with their investigation of the accuracy of any information in this Offering Circular or their investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the issue or sale of the Notes, the Issuer or Temasek other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, Temasek, the Arrangers, the Joint Lead Managers or the Dealers.

Certain information in this Offering Circular with respect to companies in which Temasek holds an equity interest, directly and/ or indirectly, through one or more Investment Holding Companies as defined hereafter (together, "portfolio companies") has been extracted from publicly available documents and information, including annual reports, information available on corporate websites and documents filed by such companies with their respective regulators and, if applicable, the relevant stock exchanges on which their securities are listed. Potential investors in the Notes may obtain information regarding these companies from such public sources. None of such documents or publicly available information is incorporated by reference in this Offering Circular. Each of the Issuer and Temasek makes no representation, express or implied, and does not accept any responsibility with respect to the accuracy or completeness of any information made publicly available by its portfolio companies, whether or not included in this Offering Circular.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, Temasek or the Temasek Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, Temasek or the Temasek Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Program is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular or any pricing supplement to this Offering Circular (each a "Pricing Supplement") and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, Temasek, the Arrangers, the Joint Lead Managers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "Plan of distribution", "Notice to purchasers and Holders of Registered Notes and transfer restrictions" and the relevant Pricing Supplement.

None of the Arrangers, the Joint Lead Managers or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. None of this Offering Circular or any other financial statements or information supplied in connection with the Program is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, Temasek, the Temasek Group, the Arrangers, the Joint Lead Managers or the Dealers that any recipient of this Offering Circular or any other person should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular, and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Joint

Lead Managers or the Dealers undertakes to review the financial condition or affairs of the Issuer, Temasek or the Temasek Group during the life of the arrangements contemplated by this Offering Circular nor to advise investors of any information coming to the attention of any of the Arrangers, the Joint Lead Managers or the Dealers.

In connection with the issue of any series of Notes, one or more Dealers named as stabilizing manager (the “Stabilizing Manager(s)”) (or persons acting on behalf of any Stabilizing Manager) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the relevant date of issue (the “Issue Date”). However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes.

The Notes and the Guarantee have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account, or benefit of, U.S. persons.

The Notes are being offered or sold (i) only to U.S. persons or persons in the United States who are QIBs, as defined in Rule 144A, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S. Neither the Issuer nor Temasek is or will be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. Any series of Notes may also restrict purchasers of such Notes in the United States or that are U.S. persons to QIBs that are also QPs as defined in the Investment Company Act. Any additional restrictions on the sale or transfer of any series of Notes will be specified in the relevant Pricing Supplement for such Notes.

Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Arrangers and Dealers, through their respective selling agents, may arrange for the offer and resale of the Notes to U.S. persons or persons in the United States who are QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act. Investors may be required to bear the financial risk of an investment in the Notes for an indefinite period. The Notes are not transferable except in compliance with the restrictions described in “Notice to purchasers and Holders of Registered Notes and transfer restrictions” and the relevant Pricing Supplement.

In connection with the offering of any series of Notes, each Dealer is acting or will act for the Issuer in connection with the offering and no one else and will not be responsible to anyone other than the Issuer for providing the protection afforded to clients of that Dealer nor for providing advice in relation to any such offering.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,



securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

For a description of other restrictions, see "Plan of distribution", "Notice to purchasers and Holders of Registered Notes and transfer restrictions" and the relevant Pricing Supplement.

Notes of each series (as described in "Summary — Summary of the Program") to be issued as a Bearer Series will initially be represented by interests in a temporary global note or a permanent global note, in either case in bearer form (each a "Temporary Global Note" and a "Permanent Global Note", respectively), without interest coupons, which may be deposited on or about the Issue Date with The Central Depository (Pte) Limited ("CDP"), subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or with a common depository on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream"), or with any other agreed clearance system compatible with Euroclear and Clearstream. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note (each a "Global Note") from 40 days after the later of the commencement of the offering and the Issue Date (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Interests in a Permanent Global Note may be exchanged for individual definitive Bearer Notes ("Definitive Bearer Notes") only in the limited circumstances as described therein.

Notes of each series to be issued in registered form ("Registered Notes" comprising a "Registered Series") sold in an "offshore transaction" within the meaning of Regulation S, will initially be represented by interests in a global unrestricted Registered Note, without interest coupons (each a "Regulation S Global Note"), which may be deposited on the Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or with a common depository for, and registered in the name of a nominee of, Euroclear and Clearstream, or with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC") for the accounts of Euroclear and Clearstream. Beneficial interests in a Regulation S Global Note will be shown on, and transfers thereof will be effected only through, records maintained by CDP, Euroclear, Clearstream or DTC. Notes of each Registered Series sold to a QIB as defined in Rule 144A, as referred to in, and subject to the transfer restrictions described in, "Plan of distribution", "Notice to purchasers and Holders of Registered Notes and transfer restrictions" and the relevant Pricing Supplement, will initially be represented by interests in a global restricted Registered Note, without interest coupons (each a "DTC Restricted Global Note" and, together with any Regulation S Global Note, the "Registered Global Notes"), which will be deposited on the Issue Date with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in a DTC Restricted Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "Annex A — Global clearance and settlement". Notes of each Registered Series sold to "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act ("Institutional Accredited Investors")) will be in definitive form, registered in the name of the holder thereof ("Definitive IAI Registered Notes"). Individual definitive Registered Notes ("Definitive Registered Notes") will otherwise only be available in certain limited circumstances as described herein.

## **Documents incorporated by reference**

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.



## **NOTICE TO NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“CHAPTER 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### **Available information**

Temasek has agreed that, during the period of one year from the date of original issuance of the third series of Notes under the Program and thereafter only if Temasek reasonably determines that any such Notes at the time of the expiration of such one year period are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during such period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144(A)(d)(4) under the Securities Act (the “Rule 144A(d)(4) Information”). After one year from the date of original issuance of such Notes if Temasek reasonably determines that such Notes at the time of the expiration of such one year period do not constitute “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, Temasek will no longer be obligated to provide to any holder or beneficial owner of such Notes or to any prospective purchaser of such Notes the Rule 144A(d)(4) information.

The Issuer has undertaken, in connection with its application to list the third series of Notes to be issued under the Program on the SGX-ST, to immediately disclose to the SGX-ST any information which may have a material effect on the price or value of such Notes or on an investor’s decision whether to trade in such Notes.

Temasek is an exempt private company under the Companies Act, Chapter 50 of Singapore (the “Singapore Companies Act”) and therefore it is not required to file its financial statements with the relevant public registry in Singapore. The financial statements included in this Offering Circular from pages FS1 to FS152 are included only for the purpose of the offering of the Notes under the Program.

### **Enforcement of civil liabilities**

Each of the Issuer and Temasek is a company incorporated in Singapore and all or a significant portion of their assets are located in Singapore and certain other jurisdictions outside the United States. In addition, a majority of the Issuer’s and Temasek’s directors (“Directors”) and executive officers, and certain of the parties named in this Offering Circular reside in Singapore, and all or a significant portion of the assets of such persons may be located in Singapore and certain other jurisdictions outside the United States. As a result, it may not be possible for investors to effect service of process upon the Issuer or Temasek or such persons outside Singapore and outside such other jurisdictions or to enforce against the Issuer or Temasek or such persons outside Singapore and outside such other jurisdictions the federal securities laws of the United States, or to enforce judgments obtained in courts outside Singapore and outside such other jurisdictions, including U.S. courts, predicated upon the civil liability provisions of the federal securities laws of the United States. Each of the Issuer and Temasek has, however, appointed CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011 as its authorized agent for service of process in any legal action or proceeding arising out of or relating to the Indenture (as defined herein) or Notes governed by the laws of the State of New York issued thereunder brought in any federal or state court in The City of New York in the Borough of Manhattan or brought under federal or state securities laws or brought by the Trustee (as defined herein) (whether in its individual capacity or in its capacity as the

Trustee) and, in each case, will irrevocably submit to the non-exclusive jurisdiction of such courts in any suit or proceeding. Furthermore, a judgment for money in any action based on such Notes in a federal or state court in the United States ordinarily would be enforced in the United States only in U.S. dollars. The date used by such a court to determine the rate of conversion of the relevant currency into U.S. dollars will depend on various factors, including which court renders the judgment. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on non-U.S. dollar-denominated Notes would be required to render such judgment in the relevant currency, and such judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

### **Forward-looking statements**

Certain statements in this Offering Circular constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Temasek’s or the Temasek Group’s actual results, performance or achievements, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of Temasek or its portfolio companies and the environment in which they will operate in the future. The important factors that could cause the actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in the local, regional or global economy, changes in government regulation and licensing of the business activities of Temasek or its portfolio companies and increased competition in the various industries in which Temasek or its portfolio companies operate. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Investment considerations”, “Management’s discussion and analysis of financial condition and results of operations”, “Annex D — Constitutional safeguards”, “Business of Temasek” and “Management”. These forward-looking statements speak only as at the date of this Offering Circular. The Issuer and Temasek expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of the Issuer and Temasek with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **Presentation of financial and other information**

Unless otherwise specified or the context otherwise requires, in this Offering Circular: references to “US\$” or “U.S. dollars” are to the lawful currency of the United States of America; references to “S\$” or “Singapore dollars” are to the lawful currency of the Republic of Singapore; references to “€” are to “Euros”, the lawful currency of certain nations within the European Union; references to “Rs.”, “Rupees” or “Indian Rupees” are to the lawful currency of India; references to “Singapore” are to the Republic of Singapore; references to the “Government” are to the Government of Singapore; references to “portfolio companies” are to companies in which Temasek holds an equity interest, directly and/or indirectly, through one or more Investment Holding companies (as defined below) and references to an entity’s “Group”, such as “Temasek Group”, are to that entity together with its subsidiary companies, taken as a whole.

“Net Portfolio Value” as of a specified date refer to:

- (a) the sum of (i) the market value of investments in publicly-listed securities as of such specified date and (ii) the fair value of investments in unlisted securities held directly by Temasek and indirectly through subsidiary and associated companies whose principal activity is investment holding (together, the “Investment Holding Companies”); and
- (b) take into account the net debt position of Temasek, its Investment Holding Companies and Temasek’s subsidiaries principally engaged in financing activities (which are held directly by Temasek or its Investment Holding Companies).

In respect of (a)(ii), fair value of unlisted available-for-sale investments is based on valuation methods in accordance with FRS (as defined below), and fair value of investments in unlisted subsidiary and associated companies is based on the shareholders’ equity as set out in the financial statements of the relevant portfolio companies as at their respective financial year ends.

In determining the distribution of Temasek's portfolio across sectors and/or geographies, Temasek takes its Net Portfolio Value and attributes such value generally based on the percentage of assets of its portfolio companies in such sectors and/or geographies as derived from the financial statements of such companies or otherwise as provided by such companies. In the year ended March 31, 2009, Temasek changed its basis of allocation of its cash and receivables in determining the distribution of Temasek's portfolio across sectors and geographies. As of March 31, 2009, Temasek's cash and receivables were allocated proportionately across sectors and geographies for the purpose of determining Temasek's portfolio distribution. For the financial years ended March 31, 2007 and 2008, all of Temasek's cash and receivables were allocated to the financial services sector and geographically under Singapore for the purpose of determining Temasek's portfolio distribution. The distribution of Temasek's portfolio by sector and geographies as of March 31, 2009 is therefore not comparable with prior years.

In this Offering Circular, references to Temasek's interests in its portfolio companies refer to Temasek's effective interest in such portfolio companies. "Effective interest", when used with respect to a portfolio company, refers to the aggregate of (i) the percentage interest in a portfolio company held directly by Temasek, if any, and (ii) Temasek's proportionate percentage interest in such portfolio company held indirectly through one or more of its subsidiary companies computed based on Temasek's percentage interest in any such subsidiary company multiplied by such subsidiary company's percentage interest in such portfolio company. It does not include (i) Temasek's proportionate percentage interest in such portfolio company held indirectly through one or more of its associated companies, and (ii) the trading portfolios of Temasek and/or its portfolio companies and investments managed by portfolio companies which are discretionary fund managers.

For the convenience of the reader, unless otherwise specified or the context otherwise requires, this Offering Circular contains translations of some Singapore dollar amounts into U.S. dollars based on the exchange rate of S\$1.52 per US\$1.00, which was the noon buying rate in The City of New York as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers (the "Noon Buying Rate") for Singapore dollars on March 31, 2009. However, such translations should not be construed as representations that Singapore dollar amounts have been, could have been or could be converted into U.S. dollars at that or any other rate. The Noon Buying Rate for Singapore dollars on November 6, 2009 was S\$1.39 per US\$1.00. See "Exchange rates".

Certain amounts (including percentage amounts) have been rounded for convenience, as a result, the aggregate of certain figures may not sum to total amounts or equal quotients.

Temasek's consolidated financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"), which differ in certain respects from International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States ("U.S. GAAP"). As a result, Temasek's consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or U.S. GAAP. Such differences may be material. This Offering Circular does not contain a reconciliation of Temasek's consolidated financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between FRS and IFRS or U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. See "Investment considerations — Considerations related to the Issuer and Temasek — The Temasek Group's accounting and corporate disclosure standards may differ from those in other countries". In making an investment decision, investors must rely upon their own examination of the Issuer, Temasek and the Temasek Group, the terms of the particular series of Notes and the financial information relating to the Temasek Group. Potential investors should consult their own professional advisors for an understanding of these differences between FRS and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

The financial statements included in this Offering Circular from pages FS1 to FS152 are presented on a consolidated basis for the Temasek Group. Financial statements for Temasek on a non-consolidated basis are not presented in this Offering Circular and are not publicly available.

Certain reclassifications have been made to prior years' financial information to conform to classifications used in the year ended March 31, 2009. These reclassifications are described in Note 42 "Comparative figures" of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

## Summary

*The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained or referred to elsewhere in this Offering Circular, including the sections regarding “Investment considerations”, “Management’s discussion and analysis of financial condition and results of operations”, “Business of Temasek” and “Management”. For a discussion of Net Portfolio Value, see “Presentation of financial and other information”. To understand the terms of the Notes, investors should carefully read the section of this Offering Circular entitled “Description of the Notes issued under the Indenture” and the risks of investing in the Notes under “Investment considerations” and the relevant Pricing Supplement.*

### Temasek

Temasek is an investment holding company with a portfolio of investments covering a wide range of countries and industry sectors. Temasek has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AAA” by Standard & Poor’s.

Temasek was incorporated in 1974 under the Singapore Companies Act and is wholly-owned by the Government through the Minister for Finance (Incorporated), a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore (“MOF (Inc)”). The Constitution of Singapore (the “Constitution”) sets out a framework relating to the safeguarding of reserves of Temasek. See “Annex D — Constitutional safeguards”.

The Temasek Group had total assets of S\$247.9 billion (US\$163.1 billion) as at March 31, 2009. The Temasek Group generated revenue of S\$79.6 billion (US\$52.4 billion) and profit attributable to equity holder of Temasek of S\$6.2 billion (US\$4.1 billion) for the year ended March 31, 2009.

Temasek’s Net Portfolio Value amounted to S\$130 billion (US\$86 billion) as at March 31, 2009, compared to S\$185 billion as at March 31, 2008. As at March 31, 2009, approximately 31% of Net Portfolio Value was in Singapore, 43% in the rest of Asia (excluding Japan), 22% in the Organization for Economic Co-operation and Development (“OECD”) countries (excluding South Korea and Mexico) and 4% in Latin America and other markets. Of the 43% of Net Portfolio Value invested in the rest of Asia (excluding Japan) as at March 31, 2009, approximately 27% of Net Portfolio Value was in North Asia (including China, Taiwan and Korea), 9% in The Association of Southeast Asian Nations (“ASEAN”) countries (excluding Singapore), and 7% in South Asia (including India and Pakistan). The top three sectors (based on contribution of each sector to Temasek’s Net Portfolio Value) were financial services, telecommunications and media, and transportation and logistics which comprised 33%, 26% and 13%, respectively, of Temasek’s Net Portfolio Value. Temasek’s Net Portfolio Value increased 32% from S\$130 billion as at March 31, 2009 to S\$172 billion (US\$119 billion based on the exchange rate on July 31, 2009 of S\$1.44 per US\$1.00) as at July 31, 2009.

Temasek has delivered a total shareholder return of 16% by market value and 16% by shareholder funds compounded annually since its inception to March 31, 2009. For the period from March 31, 2009 to July 31, 2009, total shareholder return by market value was 32%. See “Business of Temasek — Total shareholder return” for details on the manner of computation of total shareholder return.

See “Business of Temasek — Major investments” for a description of the major companies in Temasek’s portfolio.

### Strategy

Temasek is an investment company managed on commercial principles to create and deliver sustainable long-term value for its stakeholders. Temasek is an active value-oriented shareholder and investor, which seeks to manage its investments to create and maximize shareholder value, balancing risks and opportunities across industries and geographies. Temasek is also a responsible corporate citizen and is committed to contributing part of its returns to encourage growth and development of the wider community.

Temasek is an active shareholder and aims to achieve sustainable returns by engaging the boards and management of its portfolio companies to foster a culture of integrity, excellence and meritocracy, maintain a clear focus on core competence, customer fulfillment, innovation, commercial discipline and consistent value creation, and cultivate high calibre board and management leadership as well as committed and responsible employees. In engaging the boards and management of its portfolio companies, Temasek

also aims to institutionalize superior business leadership, financial discipline, operational excellence and sound corporate governance and create strategic options to build significant international or regional brands or businesses.

As a shareholder, Temasek does not participate in the day-to-day management of its portfolio companies. Companies in its portfolio are managed by their respective management, and guided by their respective boards of directors to deliver sustainable shareholder value.

Temasek's decisions as a professionally managed investment house are guided by business tenets and commercial discipline. As the owner of its portfolio, Temasek has flexible investment horizons and the option of taking concentrated risks or remaining in cash.

As an active value-oriented investor, Temasek may increase, reduce or hold its investments in companies or other assets, based on its value tests and market opportunities.

Temasek may also pioneer innovative products or businesses in order to increase and improve growth and diversification of its portfolio. Temasek continues to centre its investment strategies on these four investment themes:

- *Transforming Economies* — Tapping the potential of transforming economies like China, India, Vietnam, Russia and Latin America, through investments in sectors such as financial services and infrastructure.
- *Growing Middle Income* — Leveraging on growing consumer demands through investments in sectors such as telecommunications and media, real estate, and consumer and lifestyle.
- *Deepening Comparative Advantages* — Seeking out economies, businesses and companies with distinctive intellectual property and other competitive advantages.
- *Emerging Champions* — Investing in companies with a strong home base, as well as companies at inflexion points, with potential to be regional or global champions.

In terms of its overall portfolio, Temasek is guided by a directional portfolio mix of 40:30:20:10. This means an exposure to Asia of about 40%, keeping Singapore at about 30%, maintaining OECD exposure at about 20%, and adding exposure of up to 10% to other geographies such as Latin America, Eastern Europe, the Middle East and Africa. Temasek believes this portfolio mix provides an approximate 50:50 exposure between stable economies and growth regions.

See "Business of Temasek — Strategy".

## **The Issuer**

The Issuer, a wholly-owned subsidiary of Temasek, is a public company limited by shares incorporated under the Singapore Companies Act on July 12, 2004 and was incorporated for the purpose of issuing the Notes to finance the activities of Temasek and its subsidiary companies.

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Temasek's principal executive office is located at 60B Orchard Road, #06-18 Tower 2, The Atrium@Orchard, Singapore 238891, telephone number +65 6828 6828. Information on Temasek's website, [www.temasekholdings.com.sg](http://www.temasekholdings.com.sg), does not constitute a part of this Offering Circular and should not be relied upon. The Issuer's principal executive office is located at 60B Orchard Road, #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.



## Summary of the Program

*The following general summary does not purport to be complete and is qualified in its entirety by the more detailed information provided elsewhere in this Offering Circular and, in relation to the terms and conditions applicable to a particular series of Notes, by a Pricing Supplement. This summary is derived from and should be read in conjunction with the Program Agreement, the Indenture or, as the case may be, the Trust Deed (as defined herein) relating to the Notes. The terms and conditions of the Program Agreement, the Indenture and, as the case may be, the Trust Deed prevail to the extent of any inconsistency with the terms set out in this section. Words and expressions used in this summary and not otherwise defined shall have the meanings ascribed to such words and expressions appearing elsewhere in this Offering Circular.*

<b>Issuer</b> .....	Temasek Financial (I) Limited
<b>Guarantor</b> .....	Temasek Holdings (Private) Limited
<b>Description</b> .....	Guaranteed Global Medium Term Note Program (the “Program”)
<b>Trustee under the Indenture</b> .....	Deutsche Bank Trust Company Americas (the “Trustee”)
<b>Paying Agent and Transfer Agent in New York and London</b> .....	Deutsche Bank Trust Company Americas
<b>Paying Agent in Singapore</b> .....	Deutsche Bank Trust Company Americas
<b>Registrar</b> .....	Deutsche Bank Trust Company Americas (the “Registrar”)
<b>Size</b> .....	The aggregate principal amount (which in the case of Notes issued at a premium, shall be the aggregate initial offering price, in the case of Notes issued at a discount from their principal amount, shall be their principal amount, the case of partly paid Notes, shall be the amount of subscription monies paid up at such time, and the case of Notes denominated in a currency other than U.S. dollars, the equivalent amount in another currency determined in accordance with the Program Agreement) of Notes outstanding at any time shall not exceed US\$5,000,000,000 which amount may be increased pursuant to the Program Agreement. As of the date hereof, US\$1,750,000,000 aggregate principal amount of 4.5% Guaranteed Notes due 2015 and US\$1,500,000,000 aggregate principal amount of 4.3% Guaranteed Notes due 2019 have been issued under the Program and remain outstanding.
<b>Distributions</b> .....	The Notes are being offered from time to time by the Issuer through the Dealers. The Issuer may sell Notes to the Dealers acting as principals for resale to investors or other purchasers and may also sell Notes directly on its own behalf. Notes may be distributed on a syndicated or non-syndicated basis. See “Plan of distribution”.
<b>Currencies</b> .....	U.S. dollars and, subject to compliance with all relevant laws, regulations and directives, such other currencies as may be agreed between the Issuer and the relevant Dealers and specified in the relevant Pricing Supplement (each a “Specified Currency”).  Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements. See “Plan of distribution”.



<b>Series</b> .....	Notes will be issued in series, with all Notes in a series having the same maturity date and terms otherwise identical (except in relation to issue dates, interest paid or payable on or prior to the first interest payment date after issuance thereof, issue prices and related matters). The Notes of each series will be interchangeable with all other Notes of that series.
<b>Maturities</b> .....	As specified in the relevant Pricing Supplement, as selected by the relevant Dealer and agreed to by the Issuer and subject to such other minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the Guarantor or the relevant Specified Currency.
<b>Issue Price</b> .....	Notes may be issued at an issue price which is at par or at a discount to, or at a premium over, par, and on a fully-paid or partly-paid basis.
<b>Forms of the Notes</b> .....	Notes may be issued in bearer or in registered form, as specified in the relevant Pricing Supplement. Bearer Notes will not be exchangeable for Registered Notes, and Registered Notes will not be exchangeable for Bearer Notes.

Each series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, may be deposited on the Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or with a common depositary for Euroclear, Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. Interests in a Temporary Global Note will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Note from the Exchange Date. Interests in a Permanent Global Note may be exchanged for Definitive Bearer Notes only in the limited circumstances described therein. Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of CDP, Euroclear, Clearstream and/or any other agreed clearance system, as appropriate. Each series of Bearer Notes shall comply with United States Treasury Regulations §1.163-5(c)(2)(i)(D) (the “D Rules”) unless otherwise stated in the relevant Pricing Supplement.

Each series of Registered Notes, which are sold outside the United States in reliance on Regulation S, will, unless otherwise specified in the relevant Pricing Supplement, be represented by a Regulation S Global Note, which will be deposited on or about its Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to the expiry of the Distribution Compliance Period (as defined in “Form of Notes”), beneficial interests in a Regulation S Global Note of such series may be held only through CDP, Euroclear, Clearstream or DTC for the accounts of Euroclear and Clearstream. Regulation S Global Notes will be exchangeable

for Definitive Registered Notes only in the limited circumstances more fully described in “Annex A — Global clearance and settlement”.

Each series of Registered Notes sold to QIBs in compliance with Rule 144A and subject to the transfer restrictions described in “Notice to purchasers and Holders of Registered Notes and transfer restrictions” and the relevant Pricing Supplement will, unless otherwise specified in the relevant Pricing Supplement, be represented by a DTC Restricted Global Note, which will be deposited on or about its Issue Date with a custodian for, and registered in the name of a nominee of, DTC. Persons holding beneficial interests in the DTC Restricted Global Notes will be entitled or required, as the case may be, under the circumstances described in the Indenture, to receive physical delivery of Definitive Registered Notes.

Notes initially offered and sold in the United States to Institutional Accredited Investors pursuant to Section 4(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act and subject to the transfer restrictions described in “Notice to purchasers and Holders of Registered Notes and transfer restrictions” and the relevant Pricing Supplement will be issued only as “Definitive IAI Registered Notes” and will not be represented by a Global Note.

Application will be made to have Notes of any series accepted for clearance and settlement through the facilities of DTC, Euroclear and Clearstream, as appropriate. In addition, application may be made to have the Notes of any series accepted for clearance and settlement through CDP. See “Annex A — Global clearance and settlement”.

**Interest Rates** ..... Interest-bearing Notes may be issued either as Fixed Rate Notes or Floating Rate Notes. Interest on Floating Rate Notes will be determined with reference to one or more of the Commercial Paper Rate, the Prime Rate, the CD Rate, the Federal Funds Rate, the Treasury Rate, the CMT Rate (all as defined in “Description of the Notes issued under the Indenture — Interest and Interest Rates”) or another interest rate basis, each as adjusted by the Spread and/or Spread Multiplier, if any, as set forth in the relevant Pricing Supplement. Any Floating Rate Note may also have a maximum and/or minimum interest rate limitation. See “Description of the Notes issued under the Indenture”. Zero coupon Notes may be issued at their principal amount or at a discount from their principal amount and will not bear interest.

**Withholding Tax**..... All payments in respect of Notes and payments under the Guarantee will be payable by the Issuer and the Guarantor without withholding or deductions for, or on account of, taxes, levies, imposts or other governmental charges (“Taxes”) imposed by or for the account of Singapore and certain other Relevant Taxing Jurisdictions (as defined in “Description of the Notes issued under the Indenture — Payments of Additional Amounts”), except as otherwise required by law. If the Issuer or the Guarantor is required by law to deduct or withhold any such Taxes, the Issuer or the Guarantor will, subject to certain exceptions as described in “Description of the Notes issued under the Indenture — Payments of Additional Amounts”, be required to pay such additional amounts as are necessary to

enable holders of Notes (“Noteholders”) not denominated in Singapore dollars to receive, after such deductions or withholding, the amounts they would have received in the absence of such withholding or deductions. No such additional amount shall be payable in relation to Notes denominated in Singapore dollars. See “Description of the Notes issued under the Indenture — Payments of Additional Amounts”.

In making an investment decision, investors are strongly advised to consult their own professional advisors in respect of the tax implications of holding the Notes. See “Certain tax considerations”.

**Denominations** ..... Notes will be issued in the denominations indicated in the relevant Pricing Supplement (the “Specified Denomination(s)”), except that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notes in registered form shall be issued in minimum denominations of (i) US\$150,000 (or its equivalent in any other currency) for Notes issued pursuant to Rule 144A or Regulation S and higher integral multiples of US\$1,000 (or its equivalent as aforesaid) or (ii) US\$250,000 (or its equivalent in any other currency) for Notes issued to Institutional Accredited Investors pursuant to Section 4(2) of the Securities Act or in a transaction otherwise exempt from under the Securities Act and higher integral multiples of US\$1,000 (or its equivalent as aforesaid). Singapore dollar-denominated Notes will have a minimum denomination of S\$200,000.

**Change in Obligor** ..... The Issuer is permitted to consolidate with or merge into any Person, in each case, where the Issuer is not the surviving or resulting entity, or convey, transfer, sell or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all of its property and assets to any Person, so long as the conditions set forth in “Description of the Notes issued under the Indenture — Consolidation, merger and sale of assets” are satisfied. The approval from Noteholders is not required if the Issuer satisfies such conditions.

**Negative Pledge** ..... None.

**Cross Default** ..... The terms of the Notes will contain a cross default provision in respect of other indebtedness of the Issuer and the Guarantor.

**Redemption** ..... Unless previously redeemed or purchased and cancelled or unless such Note is stated in the relevant Pricing Supplement as having no fixed maturity date, the Notes will be redeemed on their maturity date at the redemption amount specified in the relevant Pricing Supplement (the “Redemption Amount”). The Notes, other than Notes denominated in Singapore dollars, may also be redeemed at the option of the Issuer for certain taxation reasons set forth in “Description of the Notes issued under the Indenture — Optional tax redemption”. The Notes may, unless otherwise specified in the relevant Pricing Supplement, be redeemed at the option of the Issuer in whole but not in part at an amount equal to the greater of (i) their Redemption Amount and (ii) the Make Whole Amount (which is an amount determined by discounting the principal amount of the Notes plus all required

remaining scheduled interest payments due on such Notes at the yield of Treasury Notes (as defined in “Description of the Notes issued under the Indenture — Interest and Interest Rates — CMT Rate Notes” of the same maturity) in each case, together with accrued but unpaid interest to (but excluding) the date of redemption.

The relevant Pricing Supplement will indicate whether the Notes can otherwise be redeemed prior to their maturity date at the option of the Issuer and/or the Noteholders and, if so, the terms applicable to such redemption.

**Redemption by Installments .....** The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more installments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Ratings .....** The Guarantor has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AAA” by Standard & Poor’s. Each series of Notes issued under the Program may be rated or unrated. Where a series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Guarantor. A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Status of the Notes .....** Unless otherwise stated in the relevant Pricing Supplement, the Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves and at least *pari passu* with all other existing and future unsecured and unsubordinated obligations of the Issuer, other than with respect to obligations which may be preferred by law or rank senior by operation of law.

**Guarantee .....** The Guarantor will fully, unconditionally and irrevocably guarantee to each Noteholder the due payment of all amounts owing from time to time under the Notes. Unless otherwise stated in the relevant Pricing Supplement, the Guarantee of the Notes will constitute a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor and will rank at least *pari passu* with all existing and future unsecured and unsubordinated obligations of the Guarantor (other than with respect to obligations which may be preferred by law or rank senior by operation of law) and senior to all existing and future subordinated obligations of the Guarantor.

**Listing of the Notes .....** Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST will be approved. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least S\$200,000 (or its equivalent in other currencies). Unlisted series of Notes may also be issued pursuant to the Program. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each series of Notes. The Pricing Supplement relating to each series of Notes will state whether or not the Notes of such series will be

listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

<b>Governing Law</b> .....	Notes denominated in Singapore dollars will be governed by, and construed in accordance with, the laws of Singapore. All other Notes will be governed by, and construed in accordance with, the laws of England, the State of New York or such other law as specified in the relevant Pricing Supplement and in such Notes. Bearer Notes will be governed by laws other than those of the State of New York. Notes governed by the laws of the State of New York shall be issued under an indenture dated as of September 16, 2005, as supplemented by a supplemental indenture dated as of April 10, 2007 (as amended, supplemented or otherwise modified and in effect from time to time, the "Indenture") among the Issuer, the Guarantor and the Trustee. Notes governed by the laws of Singapore or England shall be issued under the relevant trust deed to be entered into among the Issuer, the Guarantor and a trustee selected by the Issuer and the Guarantor (as amended, supplemented or otherwise modified and in effect from time to time, the "Trust Deed"). Notes issued under other laws shall be issued under such instrument(s) as may be appropriate as set out in the relevant Pricing Supplement and in such Notes.
<b>Submission to Jurisdiction</b> .....	The Issuer has submitted to the non-exclusive jurisdiction of any New York state or U.S. federal court sitting in The City of New York in the Borough of Manhattan for any legal action or proceeding arising out of or relating to the Indenture or Notes governed by the laws of the State of New York.
<b>Security Codes</b> .....	The Common Code and the ISIN number for each Bearer Series of Notes and the Common Code, ISIN number and the CUSIP numbers for each Registered Series, will be contained in the Pricing Supplement relating thereto. In addition, the Issuer will make an application with respect to any Registered Global Notes to be accepted for deposit by DTC.
<b>Selling Restrictions</b> .....	<p>The offer and sale of Notes and the delivery of the Offering Circular is restricted in certain jurisdictions. See "Plan of Distribution", "Notice to purchasers and Holders of Registered Notes and transfer restrictions" and any additional selling and transfer restrictions set out in the relevant Pricing Supplement.</p> <p>Bearer Notes will be issued in compliance with United States Treasury Regulations §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") rules are not applicable.</p>

## Summary financial and other information

The following tables set forth summary financial information for the Temasek Group as at and for the years ended March 31, 2007, 2008 and 2009. The summary financial information as at and for the years ended March 31, 2007, 2008 and 2009 should be read in conjunction with the consolidated financial statements of Temasek and the related notes thereto which are included elsewhere in this Offering Circular.

The consolidated financial statements of Temasek have been prepared in accordance with FRS. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. See “Investment considerations — Considerations related to the Issuer and Temasek — The Temasek Group’s accounting and corporate disclosure standards may differ from those in other countries”.

Certain reclassifications have been made to prior years’ financial information to conform to classifications used in the year ended March 31, 2009. These reclassifications are described in Note 42 “Comparative figures” of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

Solely for the convenience of the reader, the Singapore dollar amounts as at and for the year ended March 31, 2009 have been translated to U.S. dollars using the Noon Buying Rate of S\$1.52 per US\$1.00 on March 31, 2009, giving effect to rounding where applicable. For additional information regarding convenience translations in this Offering Circular, see “Presentation of financial and other information”.

### Summary income statement data

The following table sets forth selected income statement data for the Temasek Group for the years indicated:

	Year ended March 31,			
	2007	2008	2009	2009
		(S\$ million)		(US\$ million)
Revenue .....	74,562.7	83,284.2	79,614.6	52,378.0
Net operating expenses <sup>(1)</sup> .....	(60,958.0)	(63,124.7)	(72,448.3)	(47,663.3)
Share of profit, net of tax of associated companies, partnerships and joint ventures .....	736.2	5,369.6	3,202.2	2,106.7
Profit before income tax .....	14,340.9	25,529.1	10,368.5	6,821.4
Income tax expense .....	(1,380.9)	(3,055.5)	(1,279.7)	(841.9)
Profit from discontinued operations, net of tax .....	15.5	—	—	—
Profit for the year .....	<u>12,975.5</u>	<u>22,473.6</u>	<u>9,088.8</u>	<u>5,979.5</u>
<b>Attributable to:</b>				
Equity holder of Temasek .....	9,111.9	18,240.1	6,183.0	4,067.8
Minority interests .....	<u>3,863.6</u>	<u>4,233.5</u>	<u>2,905.8</u>	<u>1,911.7</u>
Profit for the year .....	<u>12,975.5</u>	<u>22,473.6</u>	<u>9,088.8</u>	<u>5,979.5</u>

Note:

(1) Comprises cost of sales, selling and distribution expenses, administrative expenses, other operating expenses and finance expenses, net of other income of Temasek and its subsidiary companies.



## Summary balance sheet data

	As at March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million)
<b>Assets</b>				
Current assets.....	58,979.0	68,568.3	60,958.3	40,104.1
Investments <sup>(1)</sup> .....	34,965.3	39,512.7	41,105.3	27,043.0
Non-current financial assets and derivative financial instruments ...	52,340.9	73,850.4	40,233.7	26,469.5
Property, plant and equipment.....	65,486.3	75,301.9	68,205.9	44,872.3
Other assets <sup>(2)</sup> .....	30,668.4	38,284.6	37,445.3	24,635.1
Total assets .....	<u>242,439.9</u>	<u>295,517.9</u>	<u>247,948.5</u>	<u>163,124.0</u>
<b>Liabilities and Total Equity</b>				
Current liabilities .....	45,349.6	66,454.0	42,558.0	27,998.7
Non-current liabilities .....	58,684.8	59,220.1	64,438.1	42,393.4
Equity attributable to equity holder of Temasek .....	113,958.2	144,058.0	118,397.6	77,893.2
Minority interests.....	<u>24,447.3</u>	<u>25,785.8</u>	<u>22,554.8</u>	<u>14,838.7</u>
Total equity and liabilities .....	<u>242,439.9</u>	<u>295,517.9</u>	<u>247,948.5</u>	<u>163,124.0</u>

### Notes:

(1) Comprises the aggregate of investments in associated companies, partnerships and joint ventures.

(2) Comprises the aggregate of intangible assets, investment properties, properties under development, other non-current assets and deferred tax assets.

## Summary cash flow data

	Year ended March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million)
Profit before income tax <sup>(1)</sup> .....	14,356.5	25,529.1	10,368.5	6,821.4
Operating cash flow before working capital changes .....	17,557.1	21,212.7	14,071.7	9,257.7
Cash inflow from operating activities .....	18,472.6	18,984.0	13,730.1	9,033.0
Cash flows (used in)/from investing activities .....	(23,344.1)	(30,430.6)	94.7	62.3
Cash flows from/(used in) financing activities .....	<u>2,258.6</u>	<u>13,276.9</u>	<u>(6,397.5)</u>	<u>(4,208.9)</u>
Net (decrease)/increase in cash and cash equivalents .....	(2,612.9)	1,830.3	7,427.3	4,886.4
Cash and cash equivalents at the beginning of the year .....	<u>27,327.3</u>	<u>24,714.4</u>	<u>26,544.7</u>	<u>17,463.6</u>
Cash and cash equivalents at the end of the year .....	<u>24,714.4</u>	<u>26,544.7</u>	<u>33,972.0</u>	<u>22,350.0</u>

### Note:

(1) Includes profit before tax from discontinued operations.

## Other financial data

	As at and for the year ended March 31,			
	2007	2008	2009	2009
EBITDA <sup>(1)</sup> (million) .....	S\$24,500.9	S\$36,975.3	S\$21,088.5	US\$13,874.0
EBITDA interest coverage <sup>(2)</sup> .....	9.4	11.5	7.7	7.7
Net debt <sup>(3)</sup> (million) .....	S\$23,648.0	S\$33,846.0	S\$22,090.5	US\$14,533.2
Net debt/EBITDA <sup>(4)</sup> .....	1.0	0.9	1.0	1.0
Net debt/capital (%) <sup>(5)</sup> .....	14.6	16.6	13.5	13.5

### Notes:

- (1) EBITDA of the Temasek Group is defined as profit before income tax, finance expenses, depreciation, amortization and impairment loss on property, plant and equipment and intangible assets. EBITDA of the Temasek Group is presented because management believes that some investors find it to be a useful tool for measuring the Temasek Group's ability to fund capital expenditures or to service debt obligations. EBITDA of the Temasek Group is not determined in accordance with FRS and should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity. EBITDA of the Temasek Group is not comparable to that of other companies that may determine EBITDA differently.

### Reconciliation of profit before income tax to EBITDA:

	Year ended March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million)
Profit before income tax .....	14,340.9	25,529.1	10,368.5	6,821.4
Add: Depreciation/impairment loss on property, plant and equipment .....	7,065.0	7,779.9	7,368.7	4,847.8
Add: Amortization/impairment loss on intangible assets .....	484.2	458.8	624.0	410.5
Add: Finance expenses .....	2,610.8	3,207.5	2,727.3	1,794.3
EBITDA .....	<u>24,500.9</u>	<u>36,975.3</u>	<u>21,088.5</u>	<u>13,874.0</u>

- (2) EBITDA interest coverage is calculated by dividing EBITDA by finance expenses.

- (3) Net debt is computed by subtracting cash and cash equivalents from total debt as follows:

	As at March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million)
Total debt* .....	48,397.9	60,403.0	56,163.8	36,949.8
Less: Cash and cash equivalents (excluding bank overdrafts) ...	<u>(24,749.9)</u>	<u>(26,557.0)</u>	<u>(34,073.3)</u>	<u>(22,416.6)</u>
Net debt .....	<u>23,648.0</u>	<u>33,846.0</u>	<u>22,090.5</u>	<u>14,533.2</u>

\* See Note 30 of Temasek's consolidated financial statements which are included elsewhere in this Offering Circular. This figure includes bank overdrafts.

- (4) Net debt/EBITDA is calculated by dividing net debt by EBITDA.

- (5) Net debt/capital is calculated by dividing net debt by the sum of net debt and total equity expressed as a percentage.

## Investment considerations

*This Offering Circular contains forward-looking statements that involve risks and uncertainties. The following section does not describe all of the investment considerations relating to an investment in the Notes. Prospective investors in the Notes should read carefully the Offering Circular in its entirety, including the following investment considerations.*

### Considerations related to the Issuer and Temasek

#### ***Temasek and its portfolio companies are subject to strategic, financial, operational and political risks***

Temasek and its portfolio companies are subject to strategic, financial, operational and political risks. See “Business of Temasek — Risk management”. In particular, its investment portfolio is subject to investment and market risks as well as concentration risks. Temasek’s investment portfolio may be concentrated in certain sectors and geographic regions or in certain of its individual investments which may or may not be listed. Temasek’s investment portfolio profile may change from period to period depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by Temasek.

As at March 31, 2009, Temasek’s top three sectors based on contribution to Temasek’s Net Portfolio Value were financial services, telecommunications and media, and transportation and logistics, representing 33%, 26% and 13%, respectively, of its Net Portfolio Value. In terms of geographic exposure, as at March 31, 2009, approximately 31% of Temasek’s Net Portfolio Value was in Singapore, 43% in the rest of Asia (excluding Japan), 22% in the OECD countries (excluding South Korea and Mexico) and 4% in Latin America and other markets. Of the 43% of Net Portfolio Value invested in the rest of Asia (excluding Japan) as at March 31, 2009, approximately 27% of Net Portfolio Value was in North Asia (including China, Taiwan and Korea), 9% in ASEAN countries (excluding Singapore), and 7% in South Asia (including India and Pakistan).

As described in “Management’s discussion and analysis of financial condition and results of operations — Significant factors affecting the Temasek Group’s financial condition and results of operations — Global market and economic conditions”, global market and economic conditions have been, and continue to be, disrupted and volatile, and in September and October 2008, the volatility reached unprecedented levels. The adverse global economic conditions and capital markets volatility have, and may continue to have, an adverse impact on the value of Temasek’s portfolio, the value and profitability of Temasek’s portfolio companies’ businesses and, in turn, Temasek Group’s revenue and profitability. In addition, these conditions have, and may continue to have, an adverse impact on the ability of Temasek’s portfolio companies to pay dividends or make other distributions or payments to Temasek, or may result in its investment selections not generating the expected returns. Temasek’s Net Portfolio Value decreased 30% from S\$185 billion as at March 31, 2008 to S\$130 billion as at March 31, 2009, reflecting the stress in the global economy. Temasek’s Net Portfolio Value increased 32% from S\$130 billion as at March 31, 2009 to S\$172 billion as at July 31, 2009. As at March 31, 2009, Temasek’s Value-at-Risk (“VaR”), based on a statistical model which Temasek uses to assess its market risk, was about S\$28 billion. This implies a 16% probability of incurring marked-to-market losses in excess of S\$28 billion, on a Net Portfolio Value of S\$130 billion, for a 12-month holding period following that date, as compared to a VaR of about S\$40 billion, on a portfolio of S\$185 billion as at March 31, 2008. VaR as a proportion of Net Portfolio Value at March 31, 2009 compared to that of March 31, 2008 remains comparable at about 22%. See “Business of Temasek — Risk Management — Strategic and Financial Risk Management”. Given the ongoing weakness in the global economy and volatile market conditions, there is continuing risk that further declines in Temasek’s Net Portfolio Value may occur.

If Temasek determines that the value of the investment securities is impaired, Temasek would record an impairment loss in its consolidated income statement, which could materially adversely impact Temasek’s consolidated results of operations. Temasek’s consolidated shareholder’s equity would also be adversely impacted due to the decline in the value of its investment securities. Furthermore, because Temasek has investments in different geographic regions that are denominated in different foreign currencies, Temasek’s returns on these investments, including any dividends received from these investments, are subject to foreign exchange rates risks. Fluctuations between these currencies and the Singapore dollar, Temasek’s reporting currency, also expose Temasek to translation risk when accounting for these investments in its financial statements. While Temasek adopts a portfolio risk management approach

and regularly monitors its portfolio in respect of such risks, these risks are inherent in Temasek's business and cannot be entirely eliminated. Any such risks, if they materialize, may adversely affect Temasek's financial condition or results of operations. Furthermore, any political instability, terrorism or military conflict in countries in the region or globally could materially and adversely affect the Temasek Group's results of operations, financial position and cash flows.

### ***Credit ratings assigned to Temasek***

Temasek has been assigned an overall corporate credit rating of "Aaa" by Moody's and "AAA" by Standard & Poor's. A credit rating is not a recommendation to buy, sell or hold the Notes. Each series of Notes issued under the Program may be rated or unrated. Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. Temasek has been assigned an overall corporate credit rating, and may additionally be issued a stand-alone credit rating. No assurance can be given that if Temasek were issued such a stand-alone credit rating, it would be the same as or would not be lower than its overall corporate credit rating. Moreover, no assurances can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to derive such credit ratings. Neither the Issuer nor Temasek has an obligation to inform Noteholders of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the credit rating assigned to Temasek, the Program or the Notes may adversely affect the market price of the Notes. Moreover, Temasek's credit ratings do not reflect the potential impact related to market or other considerations discussed above relating to the Notes.

### ***Temasek, its Investment Holding Companies and its portfolio companies are exposed to various regulatory and litigation risks***

Temasek and its Investment Holding Companies hold investments in many countries, which means Temasek and such entities are confronted with complex legal and regulatory requirements and judiciary systems in many jurisdictions. Regulatory matters or litigation actions involving Temasek and its Investment Holding Companies or restrictions on Temasek or such entities in any jurisdiction may have a material adverse effect on Temasek's financial condition and results of operations. The following are examples of regulatory and litigation actions which Temasek or its Investment Holding Companies are exposed to and which we are unable to determine the potential impact on Temasek's financial condition and operations at this time. One of Temasek's co-investors in Shin Corporation Public Company Limited ("Shin Corporation") is under investigation and the Thai police had stated in the Thai media that they intended to refer the case to the Thai Public Prosecutor for further action. Temasek is unable to determine the potential impact of this investigation on his investment in Shin Corporation. In November 2007, Indonesia's Business Competition Supervisory Commission ruled that Temasek and two of its telecommunications subsidiary companies had carried on anti-competitive practices in Indonesia's telecommunications industry. In November 2008, after rejecting their appeals, Indonesia's Supreme Court ordered Temasek and the two telecommunications subsidiary companies to pay a fine of Indonesian Rupiah 15 billion (approximately US\$1.3 million based on the middle exchange rate of Rp. 11,575 per US\$1.00 as of March 31, 2009) each. Temasek and the two telecommunications subsidiary companies have requested a civil review of the Supreme Court's decision, which is currently pending. Separately, in December 2007 and April 2008, separate classes of mobile phone pre-paid card users commenced class action law suits against, among others, Temasek and these two telecommunications subsidiary companies for consumer loss suffered by such card users arising from alleged price-fixing. The plaintiffs in these law suits seek substantial damages. Temasek has been advised by its legal advisers that the plaintiffs' claims are without merit and will continue to defend these actions vigorously.

Temasek and its portfolio companies operate around the globe and provide worldwide services with facilities in many countries, which means Temasek and such entities are confronted with complex legal and regulatory requirements and judiciary systems in many jurisdictions. These include tariffs, trade barriers and requirements relating to withholding taxes on remittances and other payments, as well as the risk of regulatory or litigation action by regulators or private parties. These regulatory and litigation actions against Temasek and its portfolio companies or restrictions on Temasek or such entities in any jurisdiction may have a material adverse effect on Temasek's financial condition and results of operations.

### ***Company structure of the Issuer and Temasek***

The Issuer is a wholly-owned subsidiary of Temasek and has been incorporated for the purpose of issuing the Notes to finance the activities of Temasek and its subsidiary companies. The Issuer will provide the proceeds to Temasek and its subsidiary companies to fund their ordinary course of business, unless otherwise disclosed in the relevant Pricing Supplement.

As Temasek is an investment holding company incorporated for the purpose of holding and managing its investments both in Singapore and other countries, its operating cash flow and its ability to meet its obligations, including under the Guarantee and funding the Issuer's payments on the Notes, are substantially dependent upon the payment of funds by its portfolio companies to it in the form of dividends, distributions or otherwise, cash receipts from disposals or divestitures of its investments and its ability to borrow. Temasek's portfolio companies are legally distinct from Temasek and have no obligation to pay any amounts due with respect to Temasek's obligations or to make funds available for such payments. The ability of Temasek's portfolio companies to pay dividends or make other distributions or payments to Temasek is subject to, among others, availability of profits or funds, restrictions on the payment of dividends contained in each portfolio company's indebtedness, and applicable laws and regulations. The Notes contain no covenants that prevent Temasek's portfolio companies from entering into agreements which may restrict their ability to pay dividends or make distributions to Temasek.

### ***Liabilities relating to investments and divestments***

In connection with an investment in, or divestment of, an interest in a company, Temasek may be exposed to certain claims or liabilities relating to the subject company (or its ownership interest therein), including without limitation tax or environmental claims or liabilities. There can be no assurance that any such claim or liability would not have a material adverse effect on Temasek's financial condition or results of operations.

### ***Government ownership of Temasek***

Temasek is wholly-owned by the Government through MOF (Inc). However, as the Government is not obligated to provide financial support to Temasek, Temasek's obligations under the Guarantee are not guaranteed by the Government and the Government has no obligation to Noteholders. There can be no assurance that the Government will provide financial support to Temasek in the event that Temasek is unable to meet its obligations under the Guarantee. In addition, the Government is not obligated to, and there can be no assurance that it will, maintain its current level of ownership in Temasek.

As with any 100% shareholder of a Singapore incorporated company, the Government, as a 100% shareholder of Temasek, through MOF (Inc), can exercise control over Temasek's corporate objectives, strategies and actions, subject to safeguards under the Fifth Schedule to the Constitution. See "Annex D — Constitutional safeguards". While the Government has not taken any actions in the past to influence the corporate objectives, strategies or actions of Temasek, there can be no assurance that the Government will not, subject to applicable laws, take any actions in the future to influence the corporate objectives, strategies and actions of Temasek in a way that is inconsistent with the interests of Noteholders.

### ***Dependence on the Singapore economy***

The Temasek Group derives a substantial portion of its revenue from activities in Singapore. Any economic recession or other deterioration in Singapore's economy, changes in taxation or any decline in business, industrial, manufacturing or financial activity in Singapore could materially and adversely affect the Temasek Group's results of operations, financial position and cash flows. See "Management's discussion and analysis of financial condition and results of operations — Significant factors affecting the Temasek Group's financial condition and results of operations — The Singapore economy". For general information relating to Singapore, see "Annex C — Republic of Singapore".

### ***Enforceability of civil liabilities under securities laws of jurisdictions outside Singapore, including U.S. federal securities laws***

Each of the Issuer and Temasek is incorporated under the laws of Singapore, and all or a significant portion of their assets are located in Singapore and certain other jurisdictions outside the United States. In addition, a majority of their Directors and executive officers, and certain of the parties named in this



Offering Circular reside in Singapore, and all or a significant portion of the assets of such persons may be located in Singapore and certain other jurisdictions outside the United States. As a result, it may not be possible for investors to enforce against them or the Issuer or Temasek in courts outside Singapore and outside such other jurisdictions, including U.S. courts judgments predicated upon the civil liability provisions of the U.S. federal securities laws. In particular, investors should be aware that judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

***The Temasek Group's accounting and corporate disclosure standards may differ from those in other countries***

Temasek's consolidated financial statements are prepared in accordance with FRS, which differ in certain respects from IFRS and U.S. GAAP. As a result, Temasek's consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or U.S. GAAP. Such differences may be material. This Offering Circular does not contain a reconciliation of Temasek's consolidated financial statements to IFRS or U.S. GAAP, nor does it include any information in relation to the differences between FRS and IFRS or U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. Because differences exist between FRS and IFRS or U.S. GAAP, the financial information in respect of the Temasek Group contained in this Offering Circular may not be an effective means to compare Temasek with other companies that prepare their financial information in accordance with IFRS or U.S. GAAP.

In making an investment decision, investors must rely upon their own examination of the Issuer, Temasek and the Temasek Group, the terms of the offering and the financial information relating to the Temasek Group. Potential investors should consult their own professional advisors for an understanding of these differences between FRS and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Temasek is an exempt private company under the Singapore Companies Act, and therefore it is not required to file its financial statements with the relevant public registry in Singapore. The financial statements included in this Offering Circular from pages FS1 to FS152 are presented on a consolidated basis for the Temasek Group and are included only for the purpose of the offering of the Notes under the Program. Financial statements for Temasek on a non-consolidated basis are not presented in this Offering Circular and are not publicly available.

***Neither Temasek nor the Issuer will be registered under the Investment Company Act***

Neither Temasek nor the Issuer will be registered as an investment company under the Investment Company Act and U.S. investors will not be entitled to the benefits of that Act. The Investment Company Act provides certain protection to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to either Temasek or the Issuer or investors in either Temasek or the Issuer.

**Considerations related to the Notes**

***Effects of redemption***

If any series of Notes is redeemable at the option of the Issuer or is otherwise subject to mandatory redemption, the Notes may be redeemed at a time when prevailing interest rates are relatively low. If this happens, a Noteholder, generally, will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the redeemed Notes. For this reason, an optional or mandatory redemption feature can affect the market value of the Notes. Whether or not any series of Notes may be redeemed at the option of the Issuer will be specified in the relevant Pricing Supplement.

***Transfer restrictions relating to the Notes***

The Notes have not been and will not be registered under the Securities Act or the securities or blue sky laws of any state of the United States. Noteholders may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the



Securities Act and applicable state securities laws, or pursuant to an effective registration statement. In addition, the Notes have not been registered under the securities laws of any other country. It is the Noteholder's obligation to ensure that its offers and sales of the Notes in the United States and other countries comply with applicable securities laws. See "Notice to purchasers and Holders of Registered Notes and transfer restrictions" and any additional transfer restrictions set out in the relevant Pricing Supplement.

Furthermore, if the U.S. investors of any series of Notes are restricted to QIBs that are also QPs, and Notes are acquired by persons that are not qualified to hold the Notes, such Notes may be subject to provisions requiring forfeiture and/or compulsory transfer. Whether or not such restrictions or forfeiture and/or compulsory transfer provisions apply to any series of Notes will be specified in the relevant Pricing Supplement.

### ***No existing trading market for the Notes***

Each new series of Notes will constitute a new class of securities with no established market or prior trading history. While certain of the Notes issued under the Program may be listed on the SGX-ST, there can be no assurance that a market for such Notes will be available or, if it is available, that it will provide investors with an avenue for liquidity for their investment, nor is there any assurance as to how long such Notes will be listed on the relevant stock exchange or the prices at which they may trade. In particular, the Notes could trade at prices that may be higher or lower than the initial offering price due to many factors, including prevailing interest rates, the Temasek Group's operating results, the market for similar securities and general macroeconomic and market conditions in Singapore and elsewhere.

Following an issuance of the Notes, a Dealer may make a market in such Notes. However, such Dealer is not obligated to do so, and any market-making activities by such Dealer with respect to such Notes may be discontinued at any time without notice.

### ***Structural subordination of the Notes***

The Notes and the Guarantee are structurally subordinated to all and any existing and future liabilities and obligations of each of Temasek's portfolio companies (other than the Issuer). Generally, claims of creditors, including trade creditors, and claims of preferred shareholders, if any, of such companies will have priority with respect to the assets and earnings of such companies over the claims of Temasek and its creditors, including Noteholders seeking to enforce the Guarantee. The Indenture (or, where relevant, the Trust Deed) pursuant to which the Notes will be issued does not contain any restrictions on the ability of Temasek or its portfolio companies to incur indebtedness.

### ***Risks relating to Singapore Taxation***

The Notes to be issued from time to time under the Program during the period from the date of this Offering Circular to 31 December 2013 are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("ITA"), subject to the fulfillment of certain conditions more particularly described in the section "Certain Tax Considerations — Singapore Taxation". However, there can be no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked prior to maturity of each tranche of Notes.

## Exchange rates

The Singapore dollar is Temasek's functional currency. The following table sets forth, for the periods indicated, certain information with respect to the average, high, low and period end Noon Buying Rate for Singapore dollars (expressed in Singapore dollars per U.S. dollar). The Noon Buying Rate as at November 6, 2009 was S\$1.39 per US\$1.00. No representation is made that the Singapore dollar amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at the rate indicated, at any particular rate or at all.

Year Ended March 31,	Singapore Dollar/U.S. Dollar Noon Buying Rates			
	Average <sup>(1)</sup>	Period End	High	Low
2004 .....	1.73	1.68	1.78	1.67
2005 .....	1.67	1.65	1.73	1.62
2006 .....	1.66	1.62	1.71	1.61
2007 .....	1.56	1.52	1.62	1.52
2008 .....	1.47	1.38	1.54	1.38
2009 (through November 6, 2009) <sup>(2)</sup> .....	1.44	1.39	1.52	1.39
<b>Month:</b>			<b>High</b>	<b>Low</b>
May 2009 .....			1.48	1.44
June 2009 .....			1.46	1.44
July 2009 .....			1.46	1.44
August 2009 .....			1.45	1.43
September 2009 .....			1.44	1.41
October 2009 .....			1.41	1.39

### Notes:

(1) The average rate is the average of the daily Noon Buying Rates on the last business day of each month during the applicable period.

(2) The average rate for 2009 (through November 6, 2009) was based on the average of the daily Noon Buying Rates during the period from April 1, 2009 to November 6, 2009.

Fluctuations in the exchange rate between the Singapore dollar and the U.S. dollar will affect the price of Singapore dollar denominated Notes on the SGX-ST.

There are currently no exchange control restrictions in Singapore.

## **Use of proceeds**

The net proceeds arising from the issuances of Notes under the Program (after deduction of underwriting fees, discounts and commissions and other expenses incurred by the Issuer associated with the Program) will be provided by the Issuer to Temasek and its subsidiary companies to fund their ordinary course of business, unless otherwise disclosed in the relevant Pricing Supplement.

## Capitalization

The following table sets forth the Temasek Group's indebtedness and capitalization as at March 31, 2009. The information presented in Singapore dollars has been extracted from the consolidated financial statements of Temasek as at March 31, 2009.

	<b>As at March 31, 2009</b>	
	<b>(S\$ million)</b>	<b>(US\$ million)<sup>(1)</sup></b>
<b>Short-term debt</b>		
Short-term bank loans and bank overdrafts .....	6,427.0	4,228.3
Current portion of long-term debt .....	<u>4,586.5</u>	<u>3,017.4</u>
Total short-term debt .....	<u>11,013.5</u>	<u>7,245.7</u>
<b>Long-term debt</b>		
Total long-term debt .....	<u>45,150.3</u>	<u>29,704.1</u>
<b>Equity attributable to equity holder of Temasek</b>		
Equity attributable to equity holder of Temasek .....	<u>118,397.6</u>	<u>77,893.2</u>
<b>Total indebtedness and capitalization .....</b>	<u><u>174,561.4</u></u>	<u><u>114,843.0</u></u>

Note:

(1) Translated using the Noon Buying Rate of S\$1.52 per US\$1.00 on March 31, 2009, giving effect to rounding where applicable.

## Selected financial information and other information

The following tables set forth selected financial information for the Temasek Group as at and for the years ended March 31, 2007, 2008 and 2009. The selected financial information as at and for the years ended March 31, 2007, 2008 and 2009 should be read in conjunction with the consolidated financial statements of Temasek and the related notes thereto, which are included elsewhere in this Offering Circular.

The consolidated financial statements of Temasek have been prepared in accordance with FRS. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. See “Investment considerations — Considerations related to the Issuer and Temasek — The Temasek Group’s accounting and corporate disclosure standards may differ from those in other countries”.

Certain reclassifications have been made to prior years’ financial information to conform to classifications used in the year ended March 31, 2009. These reclassifications are described in Note 42 “Comparative figures” of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

Solely for the convenience of the reader, the Singapore dollar amounts as at and for the year ended March 31, 2009 have been translated to U.S. dollars using the Noon Buying Rate of S\$1.52 per US\$1.00 on March 31, 2009, giving effect to rounding where applicable. For additional information regarding convenience translations in this Offering Circular, see “Presentation of financial and other information”.

### Selected income statement data

	Year ended March 31,			
	2007	2008	2009	2009
		(S\$ million)		(US\$ million)
Revenue .....	74,562.7	83,284.2	79,614.6	52,378.0
Cost of sales .....	(49,281.8)	(53,290.5)	(57,477.1)	(37,813.9)
Gross profit .....	25,280.9	29,993.7	22,137.5	14,564.1
Other income .....	8,370.4	15,869.7	16,197.8	10,656.4
Selling and distribution expenses .....	(4,278.1)	(5,196.6)	(5,041.6)	(3,316.8)
Administrative expenses .....	(8,104.6)	(8,618.7)	(8,067.5)	(5,307.6)
Other operating expenses .....	(5,053.1)	(8,681.1)	(15,332.6)	(10,087.1)
Finance expenses .....	(2,610.8)	(3,207.5)	(2,727.3)	(1,794.3)
Share of (loss)/profit, net of tax of associated companies and partnerships .....	(830.1)	3,187.4	1,332.8	876.8
Share of profit, net of tax of joint ventures .....	1,566.3	2,182.2	1,869.4	1,229.9
Profit before income tax .....	14,340.9	25,529.1	10,368.5	6,821.4
Income tax expense .....	(1,380.9)	(3,055.5)	(1,279.7)	(841.9)
Profit from continuing operations .....	12,960.0	22,473.6	9,088.8	5,979.5
Profit from discontinued operations, net of tax .....	15.5	—	—	—
Profit for the year .....	<u>12,975.5</u>	<u>22,473.6</u>	<u>9,088.8</u>	<u>5,979.5</u>
<b>Attributable to:</b>				
Equity holder of Temasek .....	9,111.9	18,240.1	6,183.0	4,067.8
Minority interests .....	3,863.6	4,233.5	2,905.8	1,911.7
Profit for the year .....	<u>12,975.5</u>	<u>22,473.6</u>	<u>9,088.8</u>	<u>5,979.5</u>

## Selected balance sheet data

	As at March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million)
<b>Non-current assets</b>				
Property, plant and equipment.....	65,486.3	75,301.9	68,205.9	44,872.3
Intangible assets.....	14,804.9	21,381.8	19,890.6	13,085.9
Associated companies and partnerships.....	27,643.4	30,736.9	32,129.9	21,138.1
Joint ventures.....	7,321.9	8,775.8	8,975.4	5,904.9
Financial assets.....	51,999.5	73,478.5	39,597.8	26,051.2
Derivative financial instruments.....	341.4	371.9	635.9	418.3
Investment properties.....	3,631.5	5,035.3	5,331.1	3,507.4
Properties under development.....	157.7	625.7	758.5	499.0
Other non-current assets.....	10,446.3	9,392.5	9,505.5	6,253.6
Deferred tax assets.....	1,628.0	1,849.3	1,959.6	1,289.2
	<u>183,460.9</u>	<u>226,949.6</u>	<u>186,990.2</u>	<u>123,019.9</u>
Current assets.....	58,979.0	68,568.3	60,958.3	40,104.1
<b>Total assets</b> .....	<u>242,439.9</u>	<u>295,517.9</u>	<u>247,948.5</u>	<u>163,124.0</u>
<b>Equity attributable to equity holder of Temasek</b>				
Share capital.....	18,305.6	30,276.2	34,344.3	22,594.9
Other reserves.....	17,453.1	16,104.8	13,332.5	8,771.4
Share option reserve.....	462.8	572.0	669.7	440.6
Fair value and hedging reserves.....	20,858.2	23,963.8	(2,568.4)	(1,689.7)
Currency translation reserve.....	(504.1)	(1,497.0)	(4,342.3)	(2,856.8)
Accumulated profits.....	57,382.6	74,638.2	76,961.8	50,632.8
	<u>113,958.2</u>	<u>144,058.0</u>	<u>118,397.6</u>	<u>77,893.2</u>
Minority interests.....	24,447.3	25,785.8	22,554.8	14,838.7
<b>Total equity</b> .....	<u>138,405.5</u>	<u>169,843.8</u>	<u>140,952.4</u>	<u>92,731.9</u>
<b>Non-current liabilities</b>				
Borrowings.....	41,370.2	39,947.8	45,150.3	29,704.1
Derivative financial instruments.....	1,024.3	1,354.9	681.2	448.2
Provisions.....	329.1	303.5	465.9	306.5
Other non-current liabilities.....	8,139.6	8,123.0	9,599.0	6,315.1
Deferred income and liabilities.....	2,463.8	2,638.6	2,742.3	1,804.1
Deferred tax liabilities.....	5,357.8	6,852.3	5,799.4	3,815.4
	<u>58,684.8</u>	<u>59,220.1</u>	<u>64,438.1</u>	<u>42,393.4</u>
Current liabilities.....	45,349.6	66,454.0	42,558.0	27,998.7
<b>Total liabilities</b> .....	<u>104,034.4</u>	<u>125,674.1</u>	<u>106,996.1</u>	<u>70,392.1</u>
<b>Total equity and liabilities</b> .....	<u>242,439.9</u>	<u>295,517.9</u>	<u>247,948.5</u>	<u>163,124.0</u>

## Selected cash flow data

	Year ended March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million)
Profit before income tax <sup>(1)</sup> .....	14,356.5	25,529.1	10,368.5	6,821.4
Operating cash flow before working capital changes.....	17,557.1	21,212.7	14,071.7	9,257.7
Cash inflow from operating activities.....	18,472.6	18,984.0	13,730.1	9,033.0
Cash flows (used in)/from investing activities.....	(23,344.1)	(30,430.6)	94.7	62.3
Cash flows from/(used in) financing activities.....	2,258.6	13,276.9	(6,397.5)	(4,208.9)
Net (decrease)/increase in cash and cash equivalents.....	(2,612.9)	1,830.3	7,427.3	4,886.4
Cash and cash equivalents at the beginning of the year.....	27,327.3	24,714.4	26,544.7	17,463.6
Cash and cash equivalents at the end of the year.....	<u>24,714.4</u>	<u>26,544.7</u>	<u>33,972.0</u>	<u>22,350.0</u>

Note:

(1) Includes profit before tax from discontinued operations.



## Other financial data

	As at and for the year ended March 31,			
	2007	2008	2009	2009
EBITDA <sup>(1)</sup> (million) .....	S\$24,500.9	S\$36,975.3	S\$21,088.5	US\$13,874.0
EBITDA interest coverage <sup>(2)</sup> .....	9.4	11.5	7.7	7.7
Net debt <sup>(3)</sup> (million) .....	S\$23,648.0	S\$33,846.0	S\$22,090.5	US\$14,533.2
Net debt/EBITDA <sup>(4)</sup> .....	1.0	0.9	1.0	1.0
Net debt/capital (%) <sup>(5)</sup> .....	14.6	16.6	13.5	13.5

### Notes:

- (1) EBITDA of the Temasek Group is defined as profit before income tax, finance expenses, depreciation, amortization and impairment loss on property, plant and equipment and intangible assets. EBITDA of the Temasek Group is presented because management believes that some investors find it to be a useful tool for measuring the Temasek Group's ability to fund capital expenditures or to service debt obligations. EBITDA of the Temasek Group is not determined in accordance with FRS and should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity. EBITDA of the Temasek Group is not comparable to that of other companies that may determine EBITDA differently.

### Reconciliation of profit before income tax to EBITDA:

	Year ended March 31,			
	2007	2008	2009	2009
		(S\$ million)		(US\$ million)
Profit before income tax .....	14,340.9	25,529.1	10,368.5	6,821.4
Add: Depreciation/impairment loss on property, plant and equipment .....	7,065.0	7,779.9	7,368.7	4,847.8
Add: Amortization/impairment loss on intangible assets .....	484.2	458.8	624.0	410.5
Add: Finance expenses .....	2,610.8	3,207.5	2,727.3	1,794.3
EBITDA .....	<u>24,500.9</u>	<u>36,975.3</u>	<u>21,088.5</u>	<u>13,874.0</u>

- (2) EBITDA interest coverage is calculated by dividing EBITDA by finance expenses.
- (3) Net debt is computed by subtracting cash and cash equivalents from total debt as follows:

	As at March 31,			
	2007	2008	2009	2009
		(S\$ million)		(US\$ million)
Total debt* .....	48,397.9	60,403.0	56,163.8	36,949.8
Less: Cash and cash equivalents (excluding bank overdrafts) ....	(24,749.9)	(26,557.0)	(34,073.3)	(22,416.6)
Net debt .....	<u>23,648.0</u>	<u>33,846.0</u>	<u>22,090.5</u>	<u>14,533.2</u>

\* See Note 30 of Temasek's consolidated financial statements which are included elsewhere in this Offering Circular. This figure includes bank overdrafts.

- (4) Net debt/EBITDA is calculated by dividing net debt by EBITDA.
- (5) Net debt/capital is calculated by dividing net debt by the sum of net debt and total equity expressed as a percentage.

# Management's discussion and analysis of financial condition and results of operations

*The following discussion and analysis should be read in conjunction with the consolidated financial statements of Temasek and the related notes thereto for the years ended March 31, 2007, 2008 and 2009 which are included elsewhere in this Offering Circular.*

*The consolidated financial statements of Temasek have been prepared in accordance with FRS, which differ in certain respects from IFRS and U.S. GAAP. Such differences may be material. See "Investment considerations — Considerations related to the Issuer and Temasek — The Temasek Group's accounting and corporate disclosure standards may differ from those in other countries". Temasek is an exempt private company under the Singapore Companies Act and therefore it is not required to file its financial statements with the relevant public registry in Singapore. Temasek's consolidated financial statements are presented only for the purpose of the issue of the Notes.*

## Overview

The Temasek Group had total assets of S\$247.9 billion (US\$163.1 billion) as at March 31, 2009. The Temasek Group generated revenue of S\$79.6 billion (US\$52.4 billion) and profit attributable to equity holder of Temasek of S\$6.2 billion (US\$4.1 billion) in the year ended March 31, 2009.

## Recent issuance of notes under the Program

In October 2009, the Issuer issued US\$1.5 billion aggregate principal amount of 4.3% Guaranteed Notes due 2019. The Issuer issued these senior unsecured notes as part of the Program. They are guaranteed by Temasek and listed on the SGX-ST. The notes will mature on October 25, 2019 and have an interest rate of 4.3% per annum payable semi-annually on April 25 and October 25 of each year. On maturity, these notes will be redeemed at par. The Issuer may, at its option at any time, redeem these notes prior to maturity (a) in whole at an amount equal to the greater of the par value of the notes and the makewhole amount (which is the amount determined by discounting the principal amount of the notes plus all required remaining scheduled interest payments due thereon at the yield of U.S. treasury notes of the same maturity) or (b) in part, on a selective and non pro-rata basis, at the par value of the notes, to allow Temasek to avail itself of the exemption available under Section 3(c)(7) of the Investment Company Act, in each case together with accrued but unpaid interest to (but excluding) the date of redemption. The Issuer may also redeem these notes as described in "Description of the Notes issued under the Indenture — Optional tax redemption".

## Significant factors affecting the Temasek Group's financial condition and results of operations

### **Global Market and Economic Conditions**

The Temasek Group's results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. The global economy has experienced stress since the second half of 2007. Since then, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, declining business and consumer confidence, and increased unemployment have slowed global economic growth and have resulted in recessions in numerous countries, including the U.S. and many countries in Asia. Global capital markets have also been experiencing heightened volatility and turmoil, and in the second half of 2008, the volatility reached unprecedented levels. The weak global economic conditions have continued in 2009. These events and the continuing market upheavals may have an adverse effect on the Temasek Group in many ways.

It is difficult to predict how long the current economic conditions will continue, whether they will continue to deteriorate and which of Temasek's portfolio companies' businesses will continue to be adversely affected. Temasek's investment portfolio has some concentrated exposure to a few industry sectors and geographic regions.

Temasek's investments are typically denominated in the respective local currency of the countries in which the investments are made. Accordingly, Temasek's returns on these investments, including any dividends received from these investments, are subject to foreign exchange rate risks. Furthermore, fluctuations

between these currencies and the Singapore dollar, Temasek's reporting currency, expose Temasek to translation risk when accounting for these investments in its financial statements.

Temasek annually reviews its investment portfolio to determine if any impairments in the value of its investments is required. If Temasek determines that the value of the investment securities is impaired, Temasek would record an impairment loss in its consolidated income statement, which could materially adversely impact Temasek's consolidated results of operations. Temasek's consolidated shareholder's equity would also be adversely impacted due to the decline in the value of its investment securities.

Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets, and inflation all affect the business and economic environment and, ultimately, the value and profitability of Temasek's portfolio companies' businesses. Negative trends in these factors could lead to declines in Temasek Group's revenue and profit. In the event of extreme prolonged market events, such as the global credit crisis, the Temasek Group could incur significant losses.

### ***The Singapore economy***

The Temasek Group derives a significant portion of its revenue from activities in Singapore. Singapore has an export-oriented economy and is a regional business and financial center with gross domestic product ("GDP") of S\$233.5 billion based on 2000 market price for the 12 months ended December 31, 2008, which is equivalent to GDP per capita of S\$53,192 at current market prices. The following table shows the annual rates of growth in Singapore's GDP from 1998 to 2008 based on 2000 market prices. The Singapore economy weakened over the course of 2008, alongside an escalation in the turmoil in the global financial markets and a more severe deceleration in global economic activity (as discussed above). According to the MAS, amidst the global downturn and continuing stresses in world financial markets, external and domestic inflationary pressures are dissipating. The Singapore economy is likely to remain below potential until a decisive recovery is seen in Singapore's export markets. The Trade and Industry Ministry of Singapore has estimated that GDP will contract between 2.0% to 2.5% in 2009 compared with a growth of 1.1% in 2008.

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Singapore GDP growth.....	(1.4)%	7.2%	10.1%	(2.4)%	4.1%	3.8%	9.3%	7.3%	8.4%	7.8%	1.1%

Source: Singapore Department of Statistics

### ***Investments and divestments by Temasek***

Temasek and/or its subsidiary companies may invest and/or divest their interests in a range of companies from time to time. Temasek may invest directly or co-invest with partners. These investments may take the form of majority or minority stakes or joint ventures. Investments and divestments by Temasek and/or its subsidiary companies may affect the comparability of the Temasek Group's historical results of operations between periods, and future investments or divestments by Temasek and/or its subsidiary companies may affect the Temasek Group's financial condition and results of operations, and/or the comparability of historical results of operations with future periods.

## **Summary of significant accounting policies**

### ***Basis of preparation***

Temasek's consolidated financial statements for the years ended March 31, 2007, 2008 and 2009 have been prepared in accordance with FRS.

Temasek's consolidated financial statements include the financial data of Temasek and its subsidiary companies as at and for the years ended March 31, 2007, 2008 and 2009, except for the companies set forth in Note 2.1 of the consolidated financial statements, which have been consolidated on the basis of their audited financial statements for the years ended December 31, 2006, 2007 and 2008 (except for Neptune Orient Lines Limited ("NOL"), which has adopted the last Friday of every calendar year to be their financial year end). The approximate effect of consolidating such companies set forth in Note 2.1 of the consolidated financial statements on the basis of their unaudited financial statements as at and for the financial years ended March 31 in each of 2007, 2008 and 2009 has been included in Note 2.1 of the consolidated financial statements.

Certain reclassifications have been made to prior years' financial information to conform to classifications used in the year ended March 31, 2009. These reclassifications are described in Note 42 "Comparative

figures” of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

For a further discussion of the individual accounting policies of Temasek and its subsidiary companies, see Note 2 “Summary of significant accounting policies” of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

In the consolidated financial statements of Temasek for years ended March 31, 2007, 2008 and 2009, Temasek Group adopted the new or revised FRS and related interpretations to FRS that are applicable to the Temasek Group. Consequently, the financial statements for the year ended March 31, 2009 have been prepared in accordance with the relevant transitional provisions in the new FRS and the related interpretations to FRS.

For a more detailed description of the effects of adoption of FRS and its interpretations and changes, see Note 2.1 of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

### **Critical accounting estimates and judgements**

Preparation of financial statements requires the Temasek Group to make estimates and judgements. These estimates and judgements are more fully described in Note 3 “Critical accounting estimates and judgements” of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

### **Overview of results of operations**

Both for internal management review and for the purposes of this discussion, the Temasek Group aggregates certain income statement line items under net operating expenses and share of profit, net of tax of associated companies, partnerships and joint ventures, as described below. Management believes this classification enables a more meaningful analysis of the Temasek Group’s expenses, equity-accounted interests and overall results of operations.

The following table sets forth selected income statement data for the Temasek Group for the years indicated:

	Year ended March 31,		
	2007	2008	2009
	(S\$ million)		
Revenue .....	74,562.7	83,284.2	79,614.6
Net operating expenses .....	(60,958.0)	(63,124.7)	(72,448.3)
Share of profit, net of tax of associated companies, partnerships and joint ventures .....	736.2	5,369.6	3,202.2
Profit before income tax .....	14,340.9	25,529.1	10,368.5
Income tax expense .....	(1,380.9)	(3,055.5)	(1,279.7)
Profit from discontinued operations, net of tax .....	15.5	—	—
Profit for the year .....	<u>12,975.5</u>	<u>22,473.6</u>	<u>9,088.8</u>
<b>Attributable to:</b>			
Equity holder of Temasek .....	9,111.9	18,240.1	6,183.0
Minority interests .....	<u>3,863.6</u>	<u>4,233.5</u>	<u>2,905.8</u>
Profit for the year .....	<u>12,975.5</u>	<u>22,473.6</u>	<u>9,088.8</u>

*Certain information in the following sections with respect to Temasek’s key portfolio companies is based on such companies’ audited financial statements. At the Temasek Group level, in connection with the preparation of Temasek’s consolidated financial statements, Temasek may make certain consolidation adjustments, including elimination of inter-company transactions to reflect consistent application of accounting policies. As a result, some of the figures presented below may differ from the amounts accounted for in the consolidated financial statements of Temasek.*

## Revenue

Revenue consists of revenue of Temasek and its subsidiary companies. The following table sets forth the revenue of Temasek's key subsidiary companies from continuing operations as set forth in their respective financial statements for the years indicated:

	Year ended March 31,		
	2007	2008	2009
	(S\$ million)		
Singapore Airlines Limited .....	14,494.4	15,972.5	15,996.3
Singapore Telecommunications Limited .....	13,151.1 <sup>(1)</sup>	14,844.4	14,934.4
Neptune Orient Lines Limited <sup>(2)</sup> .....	11,505.4	12,264.4	13,092.0
Singapore Power Limited .....	5,243.2	5,446.8	6,618.3
Singapore Technologies Telemedia Pte Ltd .....	7,468.0	8,363.0 <sup>(1)</sup>	5,965.0
Singapore Technologies Engineering Ltd .....	4,485.8	5,051.0	5,344.5
PSA International Pte Ltd .....	3,736.4	4,150.9	4,391.7
Fullerton Financial Holdings Pte. Ltd. <sup>(3)</sup> .....	3,524.1 <sup>(1)</sup>	3,567.5 <sup>(1)</sup>	3,550.3

### Notes:

- (1) Revenue has been restated by the respective subsidiary companies since they released their audited financial statements for the years ended March 31, 2007 and 2008. Temasek has not reflected the restated amounts in its consolidated financial statements as the restated amounts did not have any significant financial impact on Temasek's consolidated financial statements. The unrestated amounts are presented above.
- (2) The amounts presented for the years ended March 31, 2007, 2008 and 2009 have been converted into Singapore dollars using average rates of S\$1.584, S\$1.503 and S\$1.410 per US\$1.00, respectively.
- (3) Revenue comprises gross interest income, net fee and commission income.

## Net operating expenses

Net operating expenses consist of cost of sales, selling and distribution expenses, administrative expenses, other operating expenses and finance expenses, net of other income of Temasek and its subsidiary companies.

## Profit before income tax

Profit before income tax is derived primarily from gains from divestments and profit contributions from subsidiary and associated companies.

The following table sets forth the profit before income tax of Temasek's key subsidiary companies from continuing operations as set forth in their respective financial statements for the years indicated. In cases where classification of expenses differs from the Temasek Group, adjustments have been made to conform to the Temasek Group's classification.

	Year ended March 31,		
	2007	2008	2009
	(S\$ million)		
Singapore Telecommunications Limited .....	4,152.7	4,483.0	3,946.7
Fullerton Financial Holdings Pte. Ltd. ....	754.8 <sup>(1)</sup>	1,779.6 <sup>(1)</sup>	1,497.2
PSA International Pte Ltd .....	1,480.9	2,188.2	1,308.6
Singapore Technologies Telemedia Pte Ltd .....	324.0	845.0 <sup>(1)</sup>	1,233.0 <sup>(2)</sup>
Singapore Airlines Limited .....	2,284.6	2,547.2	1,198.6
Singapore Power Limited .....	987.3	1,331.4	917.6
Singapore Technologies Engineering Ltd .....	564.3	638.1	540.7
Mapletree Investments Pte Ltd .....	228.6 <sup>(3)</sup>	1,285.0	207.1
Neptune Orient Lines Limited <sup>(4)</sup> .....	432.2	880.6	193.4

### Notes:

- (1) Profit before income tax has been restated by the respective subsidiary companies since they released their audited financial statements for the years ended March 31, 2007 and 2008. Temasek has not reflected the restated amounts in its consolidated financial statements as the restated amounts did not have any significant financial impact on Temasek's consolidated financial statements. The unrestated amounts are presented above.
- (2) Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") presented the effects of the disposal of its indirect interest in PT Indosat Tbk in Profit from discontinued operations, net of tax in its financial statements, as it was a disposal of all of ST

Telemedia's interests in Indonesia as geographical segment of its portfolio. As the disposal of PT Indosat Tbk is not considered to be a discontinued operation of the Temasek Group, the profit from its divestment has been classified as Other Income in Temasek's consolidated financial statements.

- (3) Mapletree Investments Pte Ltd ("Mapletree") elected to early adopt FRS 40 — Investment Property for the year ended March 31, 2007 whereas Temasek did not elect for early adoption of FRS 40. The profit before income tax amount presented above for Mapletree has been adjusted to reverse the impact of the early adoption of FRS 40 by Mapletree.
- (4) The amounts presented for the years ended March 31, 2007, 2008 and 2009 have been converted into Singapore dollars using average rates of S\$1.584, S\$1.503 and S\$1.410 per US\$1.00, respectively.

### ***Share of profit, net of tax of associated companies, partnerships and joint ventures***

Share of profit, net of tax of associated companies, partnerships and joint ventures includes Temasek's share of profit, net of tax of associated companies, including CapitaLand Limited ("CapitaLand"), DBS Group Holdings Ltd ("DBS Group"), Keppel Corporation Limited ("Keppel Corp") and Sembcorp Industries Ltd ("Sembcorp Industries"). Share of profit, net of tax of associated companies, partnerships and joint ventures also includes share of profit, net of tax of associated companies, partnerships and joint ventures of Temasek's subsidiary companies.

### ***Income tax expense***

Income tax expense consists of current taxation, deferred taxation and adjustments for prior periods. The Singapore corporate tax rate was 18% for each of the years ended March 31, 2007 and 2008 and 17% for the year ended March 31, 2009.

### ***Profit from discontinued operations, net of tax***

Profit from discontinued operations, net of tax consists of the net results of a component of the Temasek Group's business that represent a separate business segment that has been disposed. The discontinued operations, net of tax consist of education publishing business for the year ended March 31, 2007.

### ***Profit attributable to minority interests***

Profit attributable to minority interests consist of third party minority shareholders' proportionate share of the results of operations of Temasek's subsidiary companies that are not wholly-owned.

## **Comparison of results of operations for the year ended March 31, 2009 with the year ended March 31, 2008**

### ***Revenue***

Revenue decreased by S\$3,669.6 million, or 4.4%, from S\$83,284.2 million for the year ended March 31, 2008 to S\$79,614.6 million for the year ended March 31, 2009. The decrease in revenue was principally due to:

- a reduction in unrealized marked-to-market fair value of Temasek's trading portfolio investments;
- a reduction in revenue from Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") due to its divestment of PT Indosat Tbk in June 2008; and
- a reduction in revenue as Temasek ceased to consolidate Tuas Power Limited ("Tuas Power") from April 2008 and Senoko Power Limited ("Senoko Power") from October 2008, as subsidiary companies upon their divestments in March 2008 and September 2008, respectively.

The decrease in revenue was partially offset by:

- an increase in revenue from Singapore Power, arising from higher electricity prices and full year contribution from SPI (Australia) Assets;
- an increase in revenue from NOL, primarily as a result of growth in container shipping volume and greater bunker recovery; and
- an increase in revenue from PowerSeraya Limited ("PowerSeraya"), primarily as a result of higher electricity prices, increased revenue from the sale of oil and full year operation of PetroSeraya Pte Ltd.



***Profit before income tax***

Profit before income tax decreased by S\$15,160.6 million, or 59.4%, from S\$25,529.1 million for the year ended March 31, 2008 to S\$10,368.5 million for the year ended March 31, 2009. This decrease principally reflected:

- a reduction in unrealized marked-to-market fair value and realized gains and losses from divestment of Temasek's portfolio investments;
- a reduction in profit from Singapore Airlines Limited ("SIA"), due to high fuel prices in the first half of the year and a sharp decline in cargo and passenger traffic in the second half of the year; and
- a reduction in profit from Mapletree Investments Pte Ltd ("Mapletree") due to lower revaluation gains from investment properties.

***Income tax expense***

Income tax expense decreased by S\$1,775.8 million from S\$3,055.5 million for the year ended March 31, 2008 to S\$1,279.7 million for the year ended March 31, 2009, primarily reflecting the decrease in profit before tax for the year ended March 31, 2009.

***Profit from discontinued operations, net of tax***

There was no profit from discontinued operations, net of tax for the years ended March 31, 2008 and 2009.

***Profit attributable to minority interests***

Profit attributable to minority interests decreased by S\$1,327.7 million, or 31.4%, from S\$4,233.5 million for the year ended March 31, 2008 to S\$2,905.8 million for the year ended March 31, 2009, consistent with decreased profits of Temasek's non wholly-owned subsidiary companies.

***Profit attributable to the equity holder of Temasek***

As a result of the foregoing factors, profit attributable to equity holder of Temasek decreased by S\$12,057.1 million from S\$18,240.1 million for the year ended March 31, 2008 to S\$6,183.0 million for the year ended March 31, 2009.

**Comparison of results of operations for the year ended March 31, 2008 with the year ended March 31, 2007*****Revenue***

Revenue increased by S\$8,721.5 million, or 11.7%, from S\$74,562.7 million for the year ended March 31, 2007 to S\$83,284.2 million for the year ended March 31, 2008. The increase in revenue was principally due to:

- an increase in revenue as a result of consolidation of STATS ChipPAC Ltd ("STATS ChipPAC") by Singapore Technologies Semiconductors Pte Ltd ("ST Semiconductors") since it became a subsidiary company in May 2007;
- an increase in revenue from SIA, primarily as a result of higher passenger loads and improved passenger yields;
- an increase in revenue from Singapore Telecommunications Limited ("SingTel"), primarily as a result of strong revenue growth from its Singapore business and its Australian operations as a result of a strong Australian dollar;
- an increase in revenue from ST Telemedia due to an increase in revenue contribution from its subsidiary companies such as Global Crossing Limited, StarHub Ltd and PT Indosat Tbk;
- an increase in revenue from NOL, primarily contributed by volume growth in liner freight, especially in its Intra-Asia and Transpacific trade;
- an increase in revenue from Singapore Technologies Engineering Ltd ("ST Engineering") due to revenue growth from all sectors of its business; and
- an increase in revenue from PSA primarily due to strong volume growth of its port business.

### ***Profit before income tax***

Profit before income tax increased by S\$11,188.2 million, or 78.0%, from S\$14,340.9 million for the year ended March 31, 2007 to S\$25,529.1 million for the year ended March 31, 2008. The increase in profit before income tax principally reflected:

- an increase in profit from Temasek primarily due to higher gains from disposal of certain of Temasek's portfolio investments, including Tuas Power and China COSCO Holdings Co.;
- an increase in profit from PSA, mainly due to divestment gains of its non-core businesses and in line with higher volume growth of its port business; and
- an increase in share of profit, net of tax of associated companies, partnerships and joint ventures, mainly comprising:
  - (i) an impairment of goodwill arising from an investment in an associated company for the year ended March 31, 2007; and
  - (ii) higher profit from CapitaLand largely attributable to higher profits from its development properties, revaluation gains from its investment properties portfolio, higher divestment gains and improved operating performance from its core businesses.

### ***Income tax expense***

Income tax expense increased by S\$1,674.6 million from S\$1,380.9 million for the year ended March 31, 2007 to S\$3,055.5 million for the year ended March 31, 2008, primarily reflecting the increase in profit before tax for the year ended March 31, 2008.

### ***Profit from discontinued operations, net of tax***

There was no profit from discontinued operations, net of tax for the year ended March 31, 2008. Profit from discontinued operations, net of tax amounted to S\$15.5 million for the year ended March 31, 2007 which primarily reflected SNP Corporation Ltd's divestment gain from the disposal of its education publishing business.

### ***Profit attributable to minority interests***

Profit attributable to minority interests increased by S\$369.9 million, or 9.6%, from S\$3,863.6 million for the year ended March 31, 2007 to S\$4,233.5 million for the year ended March 31, 2008, consistent with increased profits of Temasek's non wholly-owned subsidiary companies.

### ***Profit attributable to the equity holder of Temasek***

As a result of the foregoing factors, profit attributable to equity holder of Temasek increased by S\$9,128.2 million from S\$9,111.9 million for the year ended March 31, 2007 to S\$18,240.1 million for the year ended March 31, 2008.

## **Liquidity and capital resources**

### ***Overview***

The Temasek Group's primary sources of liquidity and capital resources have been cash from operations, supplemented by capital market issuances including debt and equity issuances by Temasek and its subsidiary companies. Temasek has occasionally received capital injections from its shareholder. The ability of Temasek's portfolio companies to pay dividends and other distributions and, to the extent that Temasek relies on dividends and distributions to meet its obligations, the ability of Temasek to make payments, are subject to applicable laws and regulations in various countries and to restrictions (contractual or otherwise) on the payment of dividends and distributions contained in relevant financing or other agreements of such companies. See "Investment considerations — Considerations related to the Issuer and Temasek — Company structure of the Issuer and Temasek" and "— Temasek and its portfolio companies are subject to strategic, financial, operational and political risks".

Temasek believes that it currently maintains sufficient liquidity to meet its existing requirements.

## Liquidity

The following table sets forth certain information about the Temasek Group's cash flows for the years indicated:

### Consolidated cash flow data

	Year ended March 31,			
	2007	2008 (S\$ million)	2009	2009 (US\$ million) <sup>(2)</sup>
Profit before income tax <sup>(1)</sup>	14,356.5	25,529.1	10,368.5	6,821.4
Cash inflow from operating activities	18,472.6	18,984.0	13,730.1	9,033.0
Cash flows (used in)/from investing activities	(23,344.1)	(30,430.6)	94.7	62.3
Cash flows from/(used in) financing activities	2,258.6	13,276.9	(6,397.5)	(4,208.9)
Net (decrease)/increase in cash and cash equivalents	(2,612.9)	1,830.3	7,427.3	4,886.4
Cash and cash equivalents at the beginning of the year	27,327.3	24,714.4	26,544.7	17,463.6
Cash and cash equivalents at the end of the year	24,714.4	26,544.7	33,972.0	22,350.0

Note:

(1) Includes profit before tax from discontinued operations.

(2) Translated using the Noon Buying Rate of S\$1.52 per US\$1.00 on March 31, 2009, giving effect to rounding where applicable.

### Year ended March 31, 2009

Cash inflow from operating activities for the year ended March 31, 2009 totaled S\$13,730.1 million, a decrease of S\$5,253.9 million compared to the year ended March 31, 2008. Income tax paid for the year ended March 31, 2009 reduced cash inflow generated from operations by S\$1,825.4 million.

Cash inflow from investing activities for the year ended March 31, 2009 totaled S\$94.7 million, of which the principal inflows were proceeds from the disposal of subsidiary companies and businesses of S\$7,837.3 million, primarily in relation to the disposal of Senoko and PowerSeraya by Temasek and the disposal of PT Indosat by ST Telemedia. These cash inflows were partially offset by payments for property, plant and equipment of S\$11,722.9 million, primarily by SIA, SingTel, Singapore Power, PSA, NOL and ST Telemedia, purchases of additional investments in associated companies and joint ventures of S\$3,402.7 million, mainly due to subscription to rights issues of associated companies by Temasek.

Cash outflow from financing activities for the year ended March 31, 2009 totaled S\$6,397.5 million, of which the principal outflows resulted from payment of dividends totaling S\$6,373.3 million and interest payments totaling S\$3,027.9 million. These cash outflows were partially offset by proceeds from issuance of new shares of S\$4,068.1 million.

Cash and cash equivalents increased by S\$7,427.3 million from S\$26,544.7 million as at March 31, 2008 to S\$33,972.0 million as at March 31, 2009.

### Year ended March 31, 2008

Cash inflow from operating activities for the year ended March 31, 2008 totaled S\$18,984.0 million, an increase of S\$511.4 million compared to the year ended March 31, 2007. Income tax paid for the year ended March 31, 2008 reduced cash inflow generated from operations by S\$1,941.7 million.

Cash outflow from investing activities for the year ended March 31, 2008 totaled S\$30,430.6 million, of which the principal outflows were payments for property, plant and equipment of S\$11,908.2 million, primarily by SIA, SingTel, NOL, ST Telemedia, Singapore Power, PSA and Chartered Semiconductor Manufacturing Ltd. ("Chartered Semiconductor"), and payment for purchases of financial assets and derivative financial instruments of S\$16,419.0 million, mainly by Fullerton Management Pte Ltd ("FMPL") and Temasek Capital (Private) Limited. There was also a net payment for acquisition of subsidiary companies and businesses of S\$11,702.6 million mainly from investments by Singapore Power and ST Semiconductors. These cash outflows were partially offset by net proceeds of S\$5,019.9 million from disposal of subsidiary companies and businesses, primarily in relation to the disposal of Tuas Power Ltd by Temasek.

Cash inflow from financing activities for the year ended March 31, 2008 totaled S\$13,276.9 million, of which the principal inflows resulted from S\$9,672.4 million net proceeds from borrowings and proceeds

from issuance of new shares of S\$11,970.6 million. These cash inflows were partially offset by payment of dividends totaling S\$4,991.5 million and interest payments totaling S\$3,298.1 million.

Cash and cash equivalents increased by S\$1,830.3 million from S\$24,714.4 million as at March 31, 2007 to S\$26,544.7 million as at March 31, 2008.

#### *Year ended March 31, 2007*

Cash inflow from operating activities for the year ended March 31, 2007 totaled S\$18,472.6 million, a decrease of S\$1,207.7 million compared to the year ended March 31, 2006. Income tax paid for the year ended March 31, 2007 reduced cash inflow generated from operations by S\$1,592.3 million.

Cash outflow from investing activities for the year ended March 31, 2007 totaled S\$23,344.1 million, of which the principal outflows were payments for property, plant and equipment of S\$9,912.2 million, primarily by SIA, SingTel, ST Telemedia, Singapore Power, Chartered Semiconductor and PSA, payment for purchases of financial assets and derivative financial instruments of S\$8,392.0 million, mainly by FMPL, and payment for purchase of interests in associated companies and joint ventures of S\$9,287.3 million, mainly through PSA's investment in its associated companies. These cash outflows were partially offset by proceeds of S\$2,346.6 million from disposal of property, plant and equipment, mainly through SIA, Singapore Power and SingTel.

Cash inflow from financing activities for the year ended March 31, 2007 totaled S\$2,258.6 million, of which the principal inflows resulted from net proceeds from bank borrowings of S\$7,906.7 million and proceeds from issuance of new shares of S\$2,202.6 million. These cash inflows were partially offset by the payment of dividends totaling S\$4,072.1 million, interest payments totaling S\$2,439.0 million and payment for cancellation of shares on capital reduction of subsidiary companies of S\$1,727.3 million.

Cash and cash equivalents decreased by S\$2,612.9 million from S\$27,327.3 million as at March 31, 2006 to S\$24,714.4 million as at March 31, 2007.

#### **Group indebtedness**

The following table sets forth the Temasek Group's indebtedness by category and maturity profile as at March 31, 2009:

	<b>Total</b>	<b>Payment due by period</b>		
		<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
		<b>(S\$ million)</b>		
Bank loans and bank overdrafts.....	28,463.0	8,448.2	18,669.7	1,345.1
Fixed rate notes.....	24,026.1	1,727.6	13,303.3	8,995.2
Floating rate notes .....	565.0	50.0	515.0	—
Guaranteed exchangeable notes <sup>(1)</sup> .....	33.5	—	33.5	—
Finance lease and hire purchase obligations .....	1,255.0	170.8	495.1	589.1
Others <sup>(2)</sup> .....	1,821.2	616.9	1,141.0	63.3
<b>Total debt.....</b>	<b>56,163.8</b>	<b>11,013.5</b>	<b>34,157.6</b>	<b>10,992.7</b>

#### **Notes:**

(1) Guaranteed exchangeable notes are accounted for as a compound instrument, consisting of a loan liability and a derivative liability, on Temasek Group's balance sheets. See Note 30(c) "Borrowings — Guaranteed exchangeable notes" of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

(2) Others include convertible redeemable preference shares, commercial bills and other loans.

As at March 31, 2009, the Temasek Group had cash and cash equivalents of S\$33,972.0 million.

As at March 31, 2009, Temasek Group's indebtedness included US\$1.75 billion aggregate principal amount of 4.5% Guaranteed Notes due 2015. The Issuer issued these senior unsecured notes as part of the Program in September 2005. They are guaranteed by Temasek and listed on the SGX-ST. The notes will mature on September 21, 2015 and have an interest rate of 4.5% per annum payable semi-annually on March 21 and September 21 of each year. On maturity, these notes will be redeemed at par. The Issuer may, at its option at any time, redeem these notes prior to maturity (a) in whole or (b) in part, on a selective and non pro-rata basis, to allow Temasek to avail itself of the exemption available under Section 3(c)(7) of the Investment Company Act, in each case at an amount equal to the greater of the par value of the notes

and the makewhole amount (which is the amount determined by discounting the principal amount of the notes plus all required remaining scheduled interest payments due thereon at the yield of U.S. treasury notes of the same maturity), in each case together with accrued but unpaid interest to (but excluding) the date of redemption. The Issuer may also redeem these notes as described in “Description of the Notes issued under the indenture — Optional tax redemption”.

***Group capital and other commitments and contingent liabilities***

The Temasek Group has certain commitments and contingent liabilities as described in Notes 38 and 39 of the consolidated financial statements of Temasek, which are included elsewhere in this Offering Circular.

# Business of Temasek

## Overview

Temasek is an investment holding company with a portfolio of investments covering a wide range of countries and industry sectors. Temasek has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AAA” by Standard & Poor’s.

Temasek was incorporated in 1974 under the Singapore Companies Act and is wholly-owned by the Government through MOF (Inc). The Constitution sets out a framework relating to the safeguarding of reserves of Temasek. See “Annex D — Constitutional safeguards”.

## History

Temasek was established to create and maximize long-term shareholder value as an active investor and shareholder of successful enterprises. Headquartered in Singapore, Temasek was formed by the Government in 1974 to separately hold and manage its investments in companies and joint ventures. This decision freed the Government to focus on the economy as a whole and provided an opportunity for a commercially disciplined and independent company to achieve sustainable long-term returns. In addition to managing its inherited portfolio, Temasek also began to actively invest in other companies for growth and diversification. As Singapore’s economy evolved and became increasingly globalized, Temasek began to invest actively outside of Singapore. Temasek today has a diversified portfolio of companies covering the following major sectors: financial services; telecommunications and media; transportation and logistics; real estate; infrastructure, industrial and engineering; energy and resources; technology; life sciences; and consumer and lifestyle. These investments span diverse countries and regions, including Singapore, Asia, the OECD economies and emerging markets.

## Strategy

Temasek is an investment company managed on commercial principles to create and deliver sustainable long-term value for its stakeholders. Temasek is an active value-oriented shareholder and investor, which seeks to manage its investments to create and maximize shareholder value, balancing risks and opportunities across industries and geographies. Temasek is also a responsible corporate citizen and is committed to contributing part of its returns to encourage growth and development of the wider community.

### ***Temasek as an active shareholder***

Temasek is an active shareholder and aims to achieve sustainable returns by engaging the boards and management of its portfolio companies to foster a culture of integrity, excellence and meritocracy, maintain a clear focus on core competence, customer fulfillment, innovation, commercial discipline and consistent value creation, and cultivate high calibre board and management leadership as well as committed and responsible employees. In engaging the boards and management of its portfolio companies, Temasek also aims to institutionalize superior business leadership, financial discipline, operational excellence and sound corporate governance and create strategic options to build significant international or regional brands or businesses.

As a shareholder, Temasek does not participate in the day-to-day management of its portfolio companies. Companies in its portfolio are managed by their respective management, and guided by their respective board of directors to deliver sustainable shareholder value.

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

Temasek’s decisions as a professionally managed investment house are guided by business tenets and commercial discipline. As the owner of its portfolio, Temasek has flexible investment horizons and the option of taking concentrated risks or remaining in cash.

As an active value-oriented investor, Temasek may increase, reduce or hold its investments in companies or other assets, based on its value tests and market opportunities.



Temasek may also pioneer innovative products or businesses in order to increase and improve growth and diversification of its portfolio. Temasek continues to centre its investment strategies on these four investment themes:

- *Transforming Economies* — Tapping the potential of transforming economies like China, India, Vietnam, Russia and Latin America, through investments in sectors such as financial services and infrastructure.
- *Growing Middle Income* — Leveraging on growing consumer demands through investments in sectors such as telecommunications and media, real estate, and consumer and lifestyle.
- *Deepening Comparative Advantages* — Seeking out economies, businesses and companies with distinctive intellectual property and other competitive advantages.
- *Emerging Champions* — Investing in companies with a strong home base, as well as companies at inflexion points, with the potential to be regional or global champions.

In terms of its overall portfolio, Temasek is guided by a directional portfolio mix of 40:30:20:10. This means an exposure to Asia of about 40%, keeping Singapore at about 30%, maintaining OECD exposure at about 20%, and adding exposure of up to 10% to other geographies such as Latin America, Eastern Europe, the Middle East and Africa. Temasek believes this portfolio mix provides an approximate 50:50 exposure between stable economies and growth regions.

## **Investment portfolio by sectors**

Temasek's investment portfolio currently spans nine major sectors: financial services; telecommunications and media; transportation and logistics; real estate; infrastructure, industrial and engineering; energy and resources; technology; life sciences; and consumer and lifestyle. The following sets forth Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in each of these sectors, as well as each sector's contribution to Temasek's Net Portfolio Value, in each case as at March 31, 2009 (unless otherwise indicated).

### ***Financial services***

Temasek's top three investments by market value in the financial services sector were its minority interest in each of CCB, Standard Chartered PLC ("Standard Chartered") and DBS Group. Temasek's investments in the financial services sector comprised 33% of Temasek's Net Portfolio Value.

### ***Telecommunications and media***

Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in the telecommunications and media sector were its majority interest in each of SingTel and ST Telemedia and its minority interest in Shin Corporation indirectly held through its subsidiary Aspen Holdings Limited. Temasek's investments in the telecommunications and media sector comprised 26% of Temasek's Net Portfolio Value.

### ***Transportation and logistics***

Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in the transportation and logistics sector were its majority interest in each of SIA, NOL and PSA. Temasek's investments in the transportation and logistics sector comprised 13% of Temasek's Net Portfolio Value.

### ***Real estate***

Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in the real estate sector were its majority interest in each of Mapletree and Surbana Corporation Pte Ltd and its minority interest in CapitaLand. Temasek's investments in the real estate sector comprised 9% of Temasek's Net Portfolio Value.

### ***Infrastructure, industrial and engineering***

Temasek's top three investments by market value in the infrastructure, industrial and engineering sector were its majority interest in ST Engineering and its minority interest in each of Keppel Corp and Sembcorp

Industries. Temasek's investments in the infrastructure, industrial and engineering sector comprised 6% of Temasek's Net Portfolio Value.

### ***Energy and resources***

Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in the energy and resources sector were its majority interest in Singapore Power and its minority interest in each of MEG Energy Corporation, a Canadian oil sands developer, and PT Chandra Asri, an Indonesia-based petrochemical company. Temasek's investments in the energy and resources sector comprised 5% of Temasek's Net Portfolio Value.

### ***Technology***

Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in the technology sector were its majority interest in each of Chartered Semiconductor Manufacturing Ltd and STATS ChipPAC Ltd and its minority interest in Avago Technologies Ltd. Temasek's investments in the technology sector comprised 1% of Temasek's Net Portfolio Value.

### ***Life sciences***

Temasek's top three investments by book value in the life sciences sector are its minority interests in each of Interpharma Investments Limited, Invida Pharmaceutical Holdings and Bumrungrad International Ltd which are all unlisted. Temasek's investments in the life sciences sector comprised less than 1% of its Net Portfolio Value.

### ***Consumer and lifestyle***

Temasek's top three investments by market value (in the case of listed securities) or book value (in the case of unlisted securities) in the consumer and lifestyle sector were its minority interests in each of Fraser and Neave Limited ("Fraser and Neave") and Li & Fung Limited and its majority interest in Wildlife Reserves Singapore Pte Ltd. Temasek's investments in the consumer and lifestyle sector comprised less than 1% of Temasek's Net Portfolio Value.

## Major investments

Certain information under this section with respect to Temasek's portfolio companies has been extracted from publicly available documents and information, including annual reports, information available on corporate websites and documents filed by such companies with their respective regulators and, if applicable, the relevant stock exchanges on which their securities are listed. Potential investors in the Notes may obtain information regarding these companies from such public sources. None of those documents or publicly available information is incorporated by reference in this Offering Circular. Each of the Issuer and Temasek makes no representation, express or implied, and does not accept any responsibility with respect to the accuracy or completeness of any information made publicly available by its portfolio companies, whether or not included in this Offering Circular.

The following table sets forth the market value (in the case of listed securities) or book value (in the case of unlisted securities) of Temasek's major portfolio companies based on such company's market or book value, as well as Temasek Group's effective interest in those portfolio companies, as of March 31, 2009. The Net Portfolio Value of these companies accounted for approximately 65% of Temasek's Net Portfolio Value as at March 31, 2009<sup>(1)</sup>.

	As at March 31, 2009		
	Major Portfolio Companies Market or Book Value <sup>(2)</sup>		Effective Interest of the Temasek Group <sup>(3)</sup>
	(S\$ million)	(US\$ million)	%
<b>Listed subsidiary companies</b>			
Singapore Telecommunications Limited .....	40,294.8	26,509.7	54
Singapore Airlines Limited .....	11,826.4	7,780.5	55
Singapore Technologies Engineering Ltd .....	7,385.0	4,858.6	50
<b>Unlisted subsidiary companies</b>			
Fullerton Financial Holdings Pte. Ltd. <sup>(4)</sup> .....			100
– China Construction Bank.....	202,507.7	133,228.8 <sup>(5)</sup>	6
– Bank of China .....	175,171.9	115,244.6 <sup>(5)</sup>	4
PSA International Pte Ltd .....	7,390.4 <sup>(6)</sup>	4,862.1 <sup>(6)</sup>	100
Singapore Power Limited .....	4,051.5	2,665.5	100
Mapletree Investments Pte Ltd.....	4,670.7	3,072.8	100
<b>Associated companies</b>			
DBS Group Holdings Ltd .....	19,278.2	12,683.0	28
CapitaLand Limited.....	9,889.0	6,505.9	40
Shin Corporation Public Company Limited .....	2,604.1	1,713.2 <sup>(7)</sup>	42
<b>Other investments</b>			
Standard Chartered PLC .....	35,793.6	23,548.4 <sup>(8)</sup>	19

Notes:

- (1) "Net Portfolio Value" as of a specified date refers to: a) the sum of (i) the market value of investments in publicly-listed securities as of such specified date and (ii) the fair value of investments in unlisted securities held directly by Temasek and indirectly through its Investment Holding Companies; and b) takes into account the net debt position of Temasek, its Investment Holding Companies and Temasek's subsidiaries principally engaged in financing activities (which are held directly by Temasek or its Investment Holding Companies). In respect of (ii), fair value of unlisted available-for-sale investments is based on valuation methods in accordance with FRS, and fair value of investments in unlisted subsidiary and associated companies is based on the shareholders' equity as set out in the financial statements of the relevant portfolio companies as at their respective financial year ends. For investments held through its Investment Holding Companies, valuation is based on the market value of publicly-listed securities and fair value of unlisted securities held by such companies.
- (2) Market value is presented in the case of publicly-listed companies and book value is presented in the case of private companies. For the publicly-listed companies, other than China Construction Bank and Bank of China which are listed on both the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, Shin Corporation which is listed on the Stock Exchange of Thailand and Standard Chartered which is listed on the London Stock Exchange and the Stock Exchange of Hong Kong, SingTel which is listed on the SGX-ST and the Australian Securities Exchange, the rest of the companies are listed on the SGX-ST. For private companies, book value represents the shareholders' equity as set out in the financial statements of the relevant companies.

- (3) "Effective interest", when used with respect to a portfolio company, refers to the aggregate of (i) the percentage interest in a portfolio company held directly by Temasek, if any, and (ii) Temasek's proportionate percentage interest in such portfolio company held indirectly through one or more of its subsidiary companies computed based on Temasek's percentage interest in any such subsidiary company multiplied by such subsidiary company's percentage interest in such portfolio company. It does not include (i) Temasek's proportionate percentage interest in such portfolio company held indirectly through one or more of its associated companies, and (ii) the trading portfolios of Temasek and/or its portfolio companies and investments managed by portfolio companies which are discretionary fund managers. The Temasek Group's effective interest in its portfolio companies and their corresponding market or book values, as the case may be, as presented in the table above and in Temasek's consolidated financial statements, differ from the method of computation of Temasek's Net Portfolio Value as described in note (2) above. The presentation adopted in the table above is consistent with the method of consolidation adopted in Temasek's consolidated financial statements. On the other hand, Temasek's Net Portfolio Value presents the fair value of investments held by Temasek as an investment company, either directly or indirectly through its Investment Holding Companies.
- (4) The market value of all of Fullerton Financial Holdings Pte. Ltd.'s investments as at March 31, 2009 were used for the purposes of calculating Temasek's Net Portfolio Value. Fullerton Financial Holdings Pte. Ltd.'s major investments are China Construction Bank and Bank of China. See "— FFH" in this section for a description of these major investments.
- (5) The amounts presented have been converted from Hong Kong dollar to U.S. dollars using HKD7.75 per US\$1.00.
- (6) Book value presented as at December 31, 2008.
- (7) The amounts presented have been converted from Thai Baht to U.S. dollars using THB35.50 per US\$1.00.
- (8) The amounts presented have been converted from Pound Sterling to U.S. dollars using GBP1.00 per US\$1.43.

The following is a brief description of each of the companies listed in the table above.

### ***SingTel***

SingTel is Asia's leading communications group. With significant operations in Singapore and Australia (through wholly-owned subsidiary SingTel Optus), the SingTel group provides a portfolio of services that includes voice and data services over fixed, wireless and Internet platforms, as well as pay TV services.

The SingTel group has major investments in six leading mobile operators in the region and is the second largest satellite operator in the Asia Pacific. Together with Optus and the regional mobile associates, SingTel is Asia's largest multi-market mobile operator, serving more than 260 million customers in eight markets.

### ***SIA***

When SIA was formed in 1972, it operated a modest fleet of 10 aircraft to just 22 cities in 18 countries. With a commitment to fleet modernization, product and service innovation and market leadership, the Airline quickly distinguished itself as a world-class carrier.

Today, SIA operates a modern passenger fleet of more than 100 aircraft and its network, including Singapore Airlines Cargo and SilkAir destinations, currently covers a total of 99 destinations in 40 countries. SIA also provides engineering services to more than 85 international air carriers through its subsidiary, SIA Engineering Company. In October 2007, Singapore Airlines made aviation history again as the first to fly the world's largest passenger aircraft, the Airbus A380.

### ***ST Engineering***

ST Engineering is an integrated engineering group specializing in innovative solutions and services in the aerospace, electronics, land systems and marine sectors.

It leverages its multi-sector capabilities to develop advanced solutions for customers across industries. ST Engineering serves customers in more than 70 countries, through a global network of over 100 subsidiaries and associated companies in 24 countries and 42 cities spanning the US, Europe, Asia and Australasia.

### ***FFH***

FFH invests in financial institutions in emerging markets, bringing an operational perspective to all investment decisions.

It is a wholly-owned subsidiary of Temasek Holdings whose major investments include:

- CCB is a leading commercial bank in China, providing a comprehensive range of commercial banking products and services.

Its business consists of three principal business segments: corporate banking, personal banking, and treasury operations. CCB is among the market leaders in China in a number of products and services including infrastructure loans, residential mortgage, and bank cards. CCB maintains overseas branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul and New York; a subsidiary bank in London and a representative office in Sydney. It was listed on the Main Board of the Stock Exchange of Hong Kong and the Shanghai Stock Exchange in 2005 and 2007, respectively.

- Bank of China is among China's top four commercial banks, providing a comprehensive range of high-quality financial services to individual and corporate customers as well as financial institutions worldwide.

Its businesses cover commercial banking, investment banking and insurance. Members of the Bank of China group include BOC Hong Kong, BOC International and BOCG Insurance. The bank has more than 600 overseas branches and subsidiaries in 28 countries and regions, in addition to over 10,000 domestic branches. Bank of China was dual-listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange in 2006.

### **PSA**

PSA International is one of the leading global port groups. With its flagship operations in PSA Singapore Terminals and PSA HNN, PSA participates in 28 port projects in 16 countries across Asia, Europe and the Americas, with a global capacity of 111 million TEUs over 66 km of quay length. PSA Singapore Terminals is the world's busiest transshipment hub, handling about one-fifth of the world's total container transshipment throughput, and 6% of global container throughput.

As the port operator of choice in the world's gateway hubs, PSA is "The World's Port of Call". For four consecutive years since 2005, PSA International has been voted "Best Global Container Terminal Operating Company" at the Asian Freight & Supply Chain Awards. In 2008, PSA handled 63.2 million TEU of containers worldwide.

### **Singapore Power**

Singapore Power (SP) Group is a leading energy utility company in Asia Pacific.

With assets of S\$26.3 billion at end March 2009, it is one of the largest corporations in Singapore. SP owns and operates electricity and gas transmission and distribution businesses and provides energy market support services in Singapore and Australia.

### **Mapletree**

Mapletree is a leading real estate company headquartered in Singapore with a strong focus in Asia. Its total real estate assets, both owned and managed. These comprise office, logistics, industrial, business park and retail/lifestyle properties across Asia.

Mapletree's pan-Asia business network spans Singapore, China, Hong Kong, India, Japan, Malaysia and Vietnam. It has 10 offices in key cities in Asia, including Beijing, Chennai, Ho Chi Minh City and Tokyo.

### **DBS Group**

DBS is one of the largest financial services groups in Asia with operations in 16 markets. Headquartered in Singapore, DBS is a well-capitalized bank with "AA-" and "Aa1" credit ratings that are among the highest in the Asia-Pacific region.

As a bank that specializes in Asia, DBS leverages its deep understanding of the region, local culture and insights to serve and build lasting relationships with its clients. DBS provides the full range of services in corporate, SME, consumer and wholesale banking activities across Asia and the Middle East. The bank is committed to expanding its pan-Asia franchise by leveraging its growing presence in mainland China, Hong Kong and Taiwan to intermediate the increasing trade and investment flows between these markets. Likewise, DBS is focused on extending its end-to-end services to facilitate capital within fast-growing countries in Indonesia and India.

### **CapitaLand**

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, CapitaLand's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific, Europe and the Gulf Cooperation Council countries.

CapitaLand's real estate and hospitality portfolio spans more than 110 cities in over 20 countries. CapitaLand also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand include Australand, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust and CapitaRetail China Trust.

### **Shin Corporation**

Shin Corporation is a Thailand-incorporated holding company in the telecommunications, and media and advertising businesses.

Its main business segments are local wireless telecommunications, managed through Advanced Info Service PLC, the satellite and international businesses, managed through Thaicom Public Company Limited and a jointly-controlled entity that has interests in telecommunications in Cambodia and Laos.

### **Standard Chartered**

Standard Chartered, listed on both London and Hong Kong stock exchanges, ranks among the top 25 companies in the FTSE-100 by market capitalization. The London-headquartered Standard Chartered group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. Its income and profits have more than doubled over the last five years primarily as a result of organic growth.

The Standard Chartered group earns around 90% of its income and profits in Asia, Africa and the Middle East, from its wholesale and consumer banking businesses. The Standard Chartered group has over 1600 branches and outlets located in over 70 countries.

## **Portfolio Performance**

Temasek's Net Portfolio Value amounted to S\$130 billion (US\$86 billion) as at March 31, 2009, compared to S\$185 billion as at March 31, 2008. Temasek's Net Portfolio Value increased 32% from S\$130 billion as at March 31, 2009 to S\$172 billion (US\$119 billion based on the exchange rate on July 31, 2009 of S\$1.44 per US\$1.00) as at July 31, 2009.

As at March 31, 2009, approximately 31% of Net Portfolio Value was in Singapore, 43% in the rest of Asia (excluding Japan), 22% in the OECD countries (excluding South Korea and Mexico) and 4% in Latin America and other markets. Of the 43% of Net Portfolio Value invested in the rest of Asia (excluding Japan) as at March 31, 2009, approximately 27% of Net Portfolio Value was in North Asia (including China, Taiwan and Korea), 9% in ASEAN countries (excluding Singapore), and 7% in South Asia (including India and Pakistan).

The top three sectors (based on contribution of each sector to Temasek's Net Portfolio Value) were financial services, telecommunications and media, and transportation and logistics which comprised 33%, 26% and 13%, respectively, of Temasek's Net Portfolio Value.

As at March 31, 2009, about 72% of the portfolio comprised listed and liquid assets.



## **Total shareholder return**

Temasek reports its portfolio performance according to the total shareholder return by market value and by shareholder funds.

- Total shareholder return by market value is the compounded annual return to its shareholder over a specified period, taking into account changes in the market value of its investment portfolio, plus dividends paid to its shareholder, less any new capital received from its shareholder. For unlisted investments in its portfolio, Temasek measures the change in shareholder funds in lieu of market price changes.
- Total shareholder return by shareholder funds measures the compounded annual return to its shareholder over a specified period, taking into account the change in shareholder funds of its investment portfolio, plus dividends paid to its shareholder, less any new capital received from its shareholder.

One-year total shareholder return for the year ended March 31, 2009 was negative 30% by market value and negative 18% by shareholder funds. For the four-month period from March 31, 2009 to July 31, 2009, the return by market value was 32%.

Over the medium term, five-year total shareholder return for the year ended March 31, 2009 was 6% by market value and 11% by shareholder funds. Since inception, 35-year total shareholder return for the year ended March 31, 2009 was 16% by market value and 16% by shareholder funds.

## **Investments and divestments by Temasek**

In the year ended March 31, 2009, Temasek made approximately S\$9 billion (US\$5.9 billion) of new investments and S\$16 billion (US\$10.5 billion) of divestments, compared to S\$32 billion and S\$17 billion respectively in the year ended March 31, 2008.

Subsequent to March 31, 2009, there have been no significant investments or divestments involving Temasek and its Investment Holding Companies.

## **Recent issuance of notes under the Program**

In October 2009, the Issuer issued US\$1.5 billion aggregate principal amount of 4.3% Guaranteed Notes due 2019. The Issuer issued these senior unsecured notes as part of the Program. They are guaranteed by Temasek and listed on the SGX-ST. The notes will mature on October 25, 2019 and have an interest rate of 4.3% per annum payable semi-annually on April 25 and October 25 of each year. On maturity, these notes will be redeemed at par. The Issuer may, at its option at any time, redeem these notes prior to maturity (a) in whole at an amount equal to the greater of the par value of the notes and the makewhole amount (which is the amount determined by discounting the principal amount of the notes plus all required remaining scheduled interest payments due thereon at the yield of U.S. treasury notes of the same maturity) or (b) in part, on a selective and non pro-rata basis, at the par value of the notes, to allow Temasek to avail itself of the exemption available under Section 3(c)(7) of the Investment Company Act, in each case together with accrued but unpaid interest to (but excluding) the date of redemption. The Issuer may also redeem these notes as described in “Description of the Notes issued under the Indenture — Optional tax redemption”.

## **Risk management**

Enterprise risks, including the management of financial and operational risks, are factored into the day-to-day operations of Temasek, including decisions on investments, divestments, company policies and processes. These decisions are taken under the supervision of the chief executive officer (“CEO”) and Temasek’s senior management team, with the Board of Directors providing overall guidance and strategic directions on risk management priorities and framework.

Temasek’s culture of balanced risk-taking is reinforced through a risk-sharing compensation framework, where Temasek staff share the upside and downside over the medium and long term.

The risk policies established serve to identify approval authorities, reporting requirements and procedures for referring risk-related issues to its Board, Board committees and senior management.

Temasek monitors its enterprise risk on a regular basis, utilizing resources from different departments across the company.

### ***Strategic and Financial Risk Management***

Temasek's portfolio is exposed to asset allocation and concentration risks. As at March 31, 2009, Temasek's underlying exposure to Singapore constituted 31% of its Net Portfolio Value. Its underlying exposure to the rest of Asia (excluding Japan) was 43%, with exposure to the OECD countries (excluding South Korea and Mexico) making up 22% and Latin America and other markets making up 4%. Of the 43% of Net Portfolio Value invested in the rest of Asia (excluding Japan) as at March 31, 2009, approximately 27% of Net Portfolio Value was in North Asia (including China, Taiwan and Korea), 9% in ASEAN countries (excluding Singapore), and 7% in South Asia (including India and Pakistan). The 10 largest Singapore-listed companies and non-Singapore listed investments in Temasek's portfolio accounted for S\$30 billion and S\$18 billion, respectively, of the total value decline in its Net Portfolio Value as at March 31, 2009.

About 72% of Temasek's portfolio comprised listed or liquid assets as at March 31, 2009, compared to 79% of Temasek's Net Portfolio Value as at March 31, 2008.

Around 59% of the Net Portfolio Value is in the financial services and telecommunications and media sectors. The single largest investment, SingTel, accounts for about 17% of Temasek's Net Portfolio Value as at March 31, 2009, down from 30% five years ago.

Temasek seeks to maintain a liquid, diversified portfolio across geographies and sectors that can perform well under different stages of economic cycles.

Financial risks include market risk due to changes in equity prices, foreign exchange rates and interest rates. To assess its market risk, Temasek uses a VaR statistical model that estimates the potential loss on a portfolio at a given confidence level. Temasek uses an 84% confidence interval and Monte Carlo simulation based on three years of price data to compute its VaR for a 12-month holding period.

As at March 31, 2009, Temasek's VaR was about S\$28 billion. This implies a 16% probability of incurring marked-to-market losses in excess of S\$28 billion, on a Net Portfolio Value of S\$130 billion for a 12-month holding period following that date. As at March 31, 2008, Temasek's VaR was about S\$40 billion on a portfolio of S\$185 billion. VaR as a proportion of Net Portfolio Value at March 31, 2009 compared to that of March 31, 2008 remains comparable at about 22%.

As at March 31, 2009, the financial services and telecommunications and media sectors contributed to approximately 59% of the total diversified VaR. Overall, the diversified VaR of the top 10 companies contributed over 70% of the total diversified VaR. These include SingTel, CCB, CapitaLand, DBS Group and SIA.

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

Temasek also conducts periodic review of its credit risk exposures relating to counterparty and custodian, issuers as well as countries.

### ***Investment risk management***

Temasek has continued to strengthen its processes on due diligence, investments and divestments with respect to managing its investment risks. Internal training programs are conducted to inculcate a proactive approach and owner-mentality to risk management. This is to meet the needs of a growing team and expanding geographical footprints.

***Operational risks management***

Operational risks include risks relating to people, processes, systems, legal and regulatory compliance, reputation and business disruption.

Temasek periodically upgrades its workflows and processes to maintain their effectiveness, such as controls over derivative trades. The company has also sharpened the execution of investments and divestments, and strengthened its business continuity plan.

Alongside Temasek's increased direct investment in regional and global markets, the company has expanded the scope of its processes for legal and regulatory compliance in Singapore and other jurisdictions where Temasek holds investments. Temasek has also significantly upgraded its system to provide security and communication support to staff on overseas assignments.

# Management

## Board of Directors of Temasek

The following table sets forth the name, age (as of September 30, 2009) and position of each member of the Board of Directors of Temasek:

Name	Age	Position
Suppiah Dhanabalan .....	72	Chairman
Kwa Chong Seng .....	62	Deputy Chairman
Koh Boon Hwee .....	58	Director
Kua Hong Pak .....	65	Director
Goh Yew Lin .....	50	Director
Teo Ming Kian .....	57	Director
Marcus Wallenberg .....	53	Director
Simon Claude Israel .....	56	Executive Director
Ho Ching .....	56	Executive Director and Chief Executive Officer

Directors are appointed for terms not exceeding three years and are eligible for re-appointment on the expiry of their term. See “Annex D — Constitutional safeguards — Appointment of Directors and Chief Executive Officer”.

**Mr. Suppiah Dhanabalan** has been the Chairman of Temasek since September 1996, and was Chairman of DBS Group Holdings Ltd from 1999 to 2005. Mr. Dhanabalan began his career in the Singapore Civil Service in 1960. He was at the Singapore Economic Development Board from 1961 to 1968, during which he helped establish the Development Bank of Singapore, where he served from 1968 to 1978. He entered politics in 1976 and, while a Member of Parliament, held a number of cabinet positions from 1978 to 1994: Minister for Foreign Affairs, Minister for Culture, Minister for Community Development, Minister for National Development and Minister for Trade and Industry. From 1996 to 1998, Mr. Dhanabalan was the Chairman of Singapore Airlines Limited. Mr. Dhanabalan holds a B.A. (Honours) in Economics from the former University of Malaya, Singapore.

**Mr. Kwa Chong Seng** has been the Deputy Chairman and Director of Temasek since September 1997. He is the Chairman and Managing Director of ExxonMobil Asia Pacific Pte Ltd., a Board Director of DBS Group Holdings Ltd and also serves on the Public Service Commission. He was previously the Chairman of Media Corporation of Singapore. Mr. Kwa joined Esso Singapore in 1969 and worked abroad for about nine years in various assignments, most of which were with Exxon Company, International (New Jersey), in marketing and investment planning positions. He also worked with Exxon in Houston, New York and Hong Kong. He was conferred Honorary Ningbo Citizenship in 1999 and received the National University of Singapore’s Distinguished Engineering Alumni Award in 1994 and the Public Service Star in 2005. Mr. Kwa graduated as a Mechanical Engineer from the then University of Singapore.

**Mr. Koh Boon Hwee** has been a Director of Temasek since November 1996. He is the Chairman of DBS Group Holdings Ltd and Sunningdale Tech Ltd and a Director of MediaRing Limited. He previously served as the Chairman of Singapore Airlines Limited, SIA Engineering Co. Ltd and Singapore Telecommunications Limited, Executive Chairman of the Wuthelam Group, Executive Chairman and CEO of Sunningdale Tech Ltd., and Managing Director of Hewlett Packard Singapore. Mr. Koh was conferred The Distinguished Service Order in 2008, The Meritorious Service Medal in 1995 and The Public Service Star in 1991. He holds a B.Eng. (First Class Honours) in Mechanical Engineering from the Imperial College of Science and Technology, University of London, and a Master of Business Administration (Distinction) from the Harvard Business School.

**Mr. Kua Hong Pak** has been a Director of Temasek since November 1996. He is the Managing Director and Group CEO of ComfortDelGro Corporation Ltd and the Deputy Chairman of SBS Transit Ltd and VICOM Ltd. He also sits on the boards of PSA International Pte Ltd., PSA Corporation Ltd., StarHub Ltd., Ringier Print (HK) Ltd and Cabcharge Australia Limited. He was previously the President and CEO of Times Publishing Group. Mr. Kua was conferred the Public Service Star in 1996 and re-appointed a Justice of the Peace by the President of Singapore in 2005. He was also conferred Honorary Citizenship by the Shenyang City People’s Government in 1997. He holds a Bachelor of Accountancy from the then University of Singapore and participated in the Advance Management Program of the Harvard Business School in USA.

**Mr. Goh Yew Lin** has been a Director of Temasek since August 2005. He is the Managing Director of GK Goh Holdings Ltd (“GK Goh”), an investment holding company listed on the SGX-ST. He was actively involved in the securities industry in Southeast Asia for 25 years until the sale of GK Goh’s stockbroking business in 2005. Mr. Goh is an independent Director of CIMB-GK Pte Ltd., Trailblazer Foundation Ltd., Boyer Allan Management Ltd (“Boyer Allan”) and various funds managed by Boyer Allan. Among his public sector appointments, he is Chairman of the Yong Siew Toh Conservatory of Music, Deputy Chairman of the Singapore Symphonia Company Limited, a trustee of the National University of Singapore and Chairman of the National University of Singapore Investment Committee. Mr. Goh holds a B.S. (Economics) degree from the University of Pennsylvania.

**Mr. Teo Ming Kian** joined Temasek as a Director on October 1, 2006. Mr. Teo is Advisor (Special Projects) of the Ministry of Finance after serving as its Permanent Secretary for three years. He is concurrently the Permanent Secretary of National Research and Development in the Prime Minister’s Office. He is also a Board Member of the National Research Foundation and the Monetary Authority of Singapore. He had served as the Executive Chairman of the Singapore Economic Development Board and also the Chairman of MND Holdings Pte Ltd., Accounting and Corporate Regulatory Authority and Inland Revenue Authority of Singapore. Mr. Teo was conferred the Public Administration Medal (Gold) in 1993, the Commander First Class — Royal Order of the Polar Star (Sweden) in 1994 and The Meritorious Service Medal in 2008. He holds a B.Eng. (First Class Honours) in Mechanical Engineering from Monash University in Australia, and Master of Science in Management Studies from Massachusetts Institute of Technology in USA.

**Mr. Marcus Wallenberg** joined Temasek as a Director on July 8, 2008. Mr. Wallenberg is the Chairman of several major companies belonging to the network of the Swedish investment company, Investor AB, including Skandinaviska Enskilda Banken, SAAB AB and AB Electrolux. He is also Deputy Chairman of L. M. Ericsson. In addition, Mr Wallenberg most recently served as Chairman of the International Chamber of Commerce, a world business organization with representation from global businesses, aimed at promoting cross border trade and investments. He also served as President and CEO of Investor AB for six years. Mr. Wallenberg is also a Board member of AstraZeneca, Stora Enso, and the Knut and Alice Wallenberg Foundation. He holds a Bachelor of Science in Foreign Service from Georgetown University, Washington D.C.

**Mr. Simon Claude Israel** joined Temasek in July 2006 as an Executive Director after spending 10 years with the Danone Group, as Chairman Asia Pacific and as a member of the Danone Group’s Executive Committee. Prior to the Danone Group, Mr. Israel enjoyed a 22-year career with Sara Lee Corporation across the Asia Pacific region progressing to Head (Household & Personal Care) of Asia Pacific. Mr. Israel chairs the Singapore Tourism Board, sits on the Business Advisory Board of the Lee Kong Chian School of Business at Singapore Management University, and is Chairman of Asia Pacific Breweries Limited and Asia Pacific Breweries Foundation. He is also a Member of the Board of Singapore Telecommunications Limited, Neptune Orient Lines Limited, and Fraser and Neave Limited. He holds a Diploma of Business Studies from The University of the South Pacific. Mr. Israel was conferred Knight in the Legion of Honour by the French Government in 2007.

**Ms. Ho Ching** joined Temasek as a Director in January 2002 and became its Executive Director in May 2002. From January 1, 2004, she assumed the position of Executive Director and CEO. She started her career in 1976 with the Ministry of Defence where she held various positions in the Defence Science Organisation and the Defence Materiel Organisation, and was conferred the Public Administration Medal (Silver, 1985). She joined the Singapore Technologies group in 1987 and was appointed President and CEO from April 1997 to December 2001. Awarded the Public Service Star (1996), Ms. Ho is a Distinguished Engineering Alumnus of the National University of Singapore and an Honorary Fellow of the Institute of Engineering, Singapore. She holds a BEngg (Hons) from the then University of Singapore and a MSc (Electrical Engineering) from Stanford University, USA.

## **Committees of the Board of Directors of Temasek**

### ***Executive Committee***

The members of the Executive Committee are Mr. Suppiah Dhanabalan (Committee Chairman), Mr. Kwa Chong Seng (Committee Deputy Chairman), Mr. Koh Boon Hwee, Mr. Teo Ming Kian, Mr. Simon Claude Israel and Ms. Ho Ching. The Executive Committee reviews, considers and approves matters relating to:

- supervision and control;
- financing and funding proposals;
- mergers and acquisitions;
- changes in shareholding structure;
- dividend policy; and
- any other major operating decisions as may be delegated by the Board of Directors from time to time.

### ***Audit Committee***

The members of the Audit Committee are Mr. Kua Hong Pak (Committee Chairman) and Mr. Goh Yew Lin. The Audit Committee is responsible for reviewing Temasek's:

- financial reporting;
- internal and external audit;
- internal controls;
- compliance with applicable laws and regulations;
- code of ethics and standards of practice; and
- valuation policy and procedures.

The Audit Committee has full access to all Temasek employees and has authority to engage external legal and professional advisors, where appropriate.

### ***Leadership Development and Compensation Committee***

The members of the Leadership Development and Compensation Committee are Mr. Suppiah Dhanabalan (Committee Chairman), Mr. Kwa Chong Seng, Mr. Goh Yew Lin and Ms. Ho Ching. The Leadership Development and Compensation Committee's objective is to establish policies on the following:

- leadership identification, development, renewal and succession plans for key positions at Temasek and its portfolio companies;
- appointment of board members of Temasek's portfolio companies, renewals of board appointments, and directors' compensation for Temasek's portfolio companies;
- management compensation and performance;
- approval of remuneration and other payments to any members of the Board of Directors; and
- establishment and administration of any incentive plans.



## Senior management of Temasek

The following table sets forth the name, age (as of September 30, 2009) and position of each member of senior management of Temasek:

Name	Age	Position
Ho Ching .....	56	Executive Director and Chief Executive Officer
Simon Claude Israel.....	56	Executive Director
Charles Ong .....	40	Senior Managing Director, Chief Strategist
Cheo Hock Kuan .....	54	Senior Managing Director, Corporate Development & Special Projects
Tow Heng Tan.....	53	Senior Managing Director, Chief Investment Officer
Gan Chee Yen .....	50	Senior Managing Director, Co-Chief Investment Officer
Manish Kejriwal .....	40	Senior Managing Director, Investment, International & India
Leong Wai Leng .....	53	Senior Managing Director, Corporate Development & Chief Financial Officer
Hiew Yoon Khong .....	47	Senior Managing Director, Special Projects
Michael Edward Dee .....	53	Senior Managing Director, International
Goh Yong Siang .....	57	Senior Managing Director, International & Strategic Relations
Ng Yat Chung .....	47	Senior Managing Director, Corporate Development Portfolio Management & Systems
Jimmy Phoon.....	46	Senior Managing Director, Strategy

**Ms. Ho Ching.** See “— Board of Directors of Temasek”.

**Mr. Simon Claude Israel.** See “— Board of Directors of Temasek”.

**Mr. Charles Ong** joined Temasek in August 2002 and is currently a Senior Managing Director and the Chief Strategist. He was previously the Chief Investment Officer. Prior to joining Temasek, Mr. Ong was associated with Deutsche Bank AG, where he oversaw their investment banking business in Southeast Asia. He started his career with Lazard Freres & Co. in New York in 1989 as a mergers and acquisition banker. Mr. Ong is a graduate of Massachusetts Institute of Technology and Harvard Business School.

**Ms. Cheo Hock Kuan** joined Temasek in August 2002 and is currently a Senior Managing Director for Corporate Development and Special Projects. Her focus areas include corporate governance, leadership dynamics and partnership, organization development and relationship building. Ms. Cheo was with Singapore Technologies Pte Ltd., where she was responsible for the executive resource management of the Singapore Technologies group of companies. Ms. Cheo holds a Bachelor of Business Administration from the National University of Singapore.

**Mr. Tow Heng Tan** joined Temasek in September 2002 and is currently a Senior Managing Director and the Chief Investment Officer. He started his career with Coopers & Lybrand. He was later an investment banker with Schroders Singapore and Managing Director of Lum Chang Securities Pte Ltd. Mr. Tow was also previously Senior Director of DBS Vickers Securities. Mr. Tow is a director on the boards of Keppel Corporation Limited and ComfortDelgro Corporation Ltd. He is a Fellow of the Association of Chartered Certified Accountants (U.K.), a Fellow of the Chartered Institute of Management Accountants (U.K.) and a member of the Institute of Certified Public Accountants of Singapore.

**Mr. Gan Chee Yen** joined Temasek in May 2003 and is currently a Senior Managing Director and the Co-Chief Investment Officer. Prior to joining Temasek, he was the Director for Finance of Singapore Technologies Pte Ltd. He is currently a member of the Board of Commissioners of PT Bank Danamon Indonesia Tbk. Mr. Gan is a member of the Institute of Certified Public Accountants of Singapore. He received his Bachelor of Accountancy from the National University of Singapore and attended Harvard’s Program for Management Development in September 2001.

**Mr. Manish Kejriwal** joined Temasek in March 2004 and is currently a Senior Managing Director who has oversight of India, Investment and International. Prior to joining Temasek, Mr. Kejriwal was a Partner at McKinsey & Company, Inc. where he was a part of their New York, Cleveland and Mumbai offices. He had previously worked with Goldman Sachs and the World Bank. Mr. Kejriwal received a Bachelor of Arts from

Dartmouth College, where he graduated Magna Cum Laude with a major in Economics and Engineering Sciences. He holds a Master of Business Administration from Harvard University where he graduated with high distinction as a Baker Scholar. He currently sits on the board of Fullerton Financial Holdings Pte. Ltd.

**Ms. Leong Wai Leng** joined Temasek in March 2006 and is currently a Senior Managing Director for Corporate Development and the Chief Financial Officer. Prior to joining Temasek, she was the Deputy CEO of Raffles Holdings Ltd and concurrently, the CEO of Raffles International Ltd., its hotel operating and management subsidiary. Prior to joining Raffles, Ms. Leong had 23 years of experience holding senior management positions in two publicly-listed companies and the public sector. Ms. Leong holds a Bachelor of Arts (Honours) in Engineering Tripos and a Master of Arts from Cambridge University, United Kingdom. She also holds a Master of Applied Finance degree from Macquarie University, Australia.

**Mr. Hiew Yoon Khong** joined Temasek in June 2003 and is currently Senior Managing Director for Special Projects. He is also Executive Director and CEO of Mapletree Investments before which he was Managing Director for Temasek's Private Equity Funds Investment portfolio. He previously held the positions of Chief Financial Officer of the CapitaLand Limited group and CEO of CapitaLand Commercial as well as CEO of CapitaLand Financial. Before joining CapitaLand Limited, Mr. Hiew held various positions in the areas of corporate finance, management consultancy and project financing over a 10 year period. He holds a Master of Arts in Economics from the University of Warwick as well as a Bachelor of Arts in Economics from the University of Portsmouth.

**Mr. Michael Edward Dee** joined Temasek in August 2008 and is currently a Senior Managing Director for International. Prior to joining Temasek, Mr Dee was an investment banker at Morgan Stanley for over 25 years in a variety of positions in Capital Markets, M&A and firm management. He has worked in New York, London, Hong Kong, Singapore and Houston over a 15 year period. Whilst in Singapore, Mr Dee was the Regional CEO for Southeast Asia from 2001 to 2004. He was also appointed Singapore's Honorary Counsel General in Houston. Mr Dee holds a degree in Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania.

**Mr. Goh Yong Siang** joined Temasek in August 2006 and is currently a Senior Managing Director for International & Strategic Relations. Prior to joining Temasek, Mr. Goh spent 7 years in the United States, initially as President, ST Engineering (USA) and concurrently Chairman, Dalfort and MAE between 1999 and 2000, and subsequently for the next 5 years, in private equity with Texas-based companies. Mr. Goh is a fighter pilot by training and served in the Singapore Armed Forces, retiring as Chief of Air Force in 1998. He holds a degree in Bachelor of Arts from National University of Singapore and attended the Advanced Management Program at Harvard Business School.

**Mr. Ng Yat Chung** joined Temasek Holdings in July 2007 and is currently Senior Managing Director for Corporate Development, Portfolio Management and Systems. Prior to joining Temasek Holdings, he was the Chief of Defence Force of the Singapore Armed Forces (SAF). During his career in the Singapore Armed Forces, Mr. Ng served in senior command and staff positions in planning, operations and logistics. His major assignments included Chief of Staff (Joint Staff) and Chief of Army. He is a member of the Board of Trustees of the National University of Singapore. Mr. Ng holds a Master of Arts in Mathematics from Cambridge University and a Master of Business Administration from Stanford University.

**Mr. Jimmy Phoon** rejoined Temasek in November 2008 and is currently a Senior Managing Director for Strategy. He was with Temasek from October 1999 to September 2007, with his last held position as Chief Investment Officer, before he left to pursue his own interest. Prior to joining Temasek, Mr. Phoon was with Standard Chartered Merchant Bank Asia Limited ("SCMBA"). In his eight years with SCMBA, he managed several initial public offerings, public takeovers, mergers and acquisitions, and corporate restructurings. Mr. Phoon was a Deputy Director in the Ministry of Finance of Singapore from 1988 to 1992 and was responsible for the formulation of corporate and international tax policies. Mr. Phoon holds a Bachelor of Economics (Honors) from Monash University, Australia.

## The Issuer

The Issuer, a wholly-owned subsidiary of Temasek, is a public company limited by shares incorporated under the laws of Singapore on July 12, 2004 and was incorporated for the purpose of issuing the Notes to finance the activities of Temasek. The Issuer intends to provide the net proceeds to Temasek and its subsidiary companies to fund their ordinary course of business, unless otherwise disclosed in the relevant Pricing Supplement. The Issuer's principal executive offices are located at 60B Orchard Road, #06-18 Tower 2, The Atrium@Orchard, Singapore 238891. The issued share capital of the Issuer is S\$2.00 comprising two ordinary shares issued and held by Temasek. As at the date of this Offering Circular, the Issuer has outstanding debt of US\$3.25 billion in the form of US\$1.75 billion 4.5% Guaranteed Notes due 2015 and US\$1.5 billion 4.3% Guaranteed Notes due 2019 that were issued as part of the Program in September 2005 and October 2009, respectively. These Notes are guaranteed by Temasek.

No financial statements for the Issuer are included in this Offering Circular, and the Issuer will not publish financial statements on an interim basis or otherwise (except for such statements, if any, which the Issuer is required by Singapore law to publish). The Issuer intends to furnish to the Trustee within 180 days after the end of each fiscal year an annual report (in English), including a balance sheet and statements of income, shareholders' equity and cash flows of the Issuer and its subsidiary companies (if any) certified by independent public accountants and prepared on a consistent basis with past accounting practices and policies (save to the extent otherwise disclosed in its audited accounts) in conformity with Singapore financial reporting standards, and copies of periodic financial reports (if any) that it files with SGX-ST within 15 days after such filing is required or occurs. Any such information or reports, if published, will be made available for inspection during normal business hours at the specified office of the relevant Paying Agent.

The following table sets forth the name, age (as of September 30, 2009) and position of each member of the Board of Directors of the Issuer:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Gan Chee Yen .....	50	Director
Leong Wai Leng .....	53	Director
Wong Heng Tew .....	57	Director

The establishment of the Program was approved by the Board of Directors of the Issuer on September 12, 2005.

## Description of the Notes issued under the Indenture

The particular terms of any Notes issued under the Program will be described in an accompanying supplement to this Offering Circular (a “Pricing Supplement”). The terms and conditions set forth below in this “Description of the Notes Issued under the Indenture” will apply to each Note governed by the laws of the State of New York, unless otherwise specified in the applicable Pricing Supplement and in such Notes.

Notes denominated in Singapore dollars will be governed by, and construed in accordance with, the laws of the Republic of Singapore. All other Notes will be governed by, and construed in accordance with, the laws of England, the State of New York or such other law as specified in the applicable Pricing Supplement and in such Notes.

Notes governed by the laws of the State of New York shall be issued under an indenture dated as of September 16, 2005, as supplemented by a supplemental indenture dated as of April 10, 2007 (as amended, supplemented or otherwise modified and in effect from time to time, the “Indenture”) among the Issuer, the Guarantor and Deutsche Bank Trust Company Americas as Trustee. Notes governed by the laws of the Republic of Singapore or England shall be issued under the relevant trust deed to be entered into among the Issuer, the Guarantor and a trustee selected by the Issuer and the Guarantor (as amended, supplemented or otherwise modified and in effect from time to time, the “Trust Deed”). Notes issued under other laws shall be issued under such instrument(s) as may be appropriate as set out in the applicable Pricing Supplement and in such Note.

The establishment of the Program was authorized by a resolution passed by the Board of Directors of the Issuer on September 12, 2005 and of Temasek on September 7, 2005. All Notes offered under the Program are limited to an aggregate principal amount (which in the case of Notes issued at a premium, shall be the aggregate initial offering price, in the case of Notes issued at a discount from their principal amount, shall be their principal amount, the case of partly paid Notes, shall be the amount of subscription monies paid up at such time, or, in the case of Notes denominated in a currency other than U.S. dollars, the approximate equivalent thereof determined on the basis of the spot rate for the sale of the U.S. dollar against the purchase of the relevant currency in the London foreign exchange market quoted by any leading bank selected by the Issuer at any time selected by the Issuer during the five-day period before the date the Issuer agreed to issue such Notes) at any time outstanding of up to US\$5,000,000,000. The maximum amount that may be issued under the Program may be increased pursuant to the terms of the Program. As of the date hereof, US\$1,750,000,000 aggregate principal amount of 4.5% Guaranteed Notes due 2015 and US\$1,500,000,000 aggregate principal amount of 4.3% Guaranteed Notes due 2019 have been issued under the Program and remain outstanding.

The following summary of certain provisions of the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Wherever particular sections or defined terms of the Indenture are referred to, such sections or defined terms shall be deemed to be incorporated herein by reference. Capitalized terms used in this “Description of Notes issued under the Indenture” that are not otherwise defined shall have the same meaning given to such terms as in the Indenture, and references in this “Description of Notes issued under the Indenture” to “Notes” are only to Notes governed by the laws of the State of New York and issued under the Indenture.

### General

Unless otherwise stated in the applicable Pricing Supplement, the Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer. The Notes of each series will rank *pari passu* among themselves and, unless otherwise stated in the applicable Pricing Supplement, at least *pari passu* with all other existing and future unsecured and unsubordinated obligations of the Issuer, other than with respect to obligations which may be preferred by law or rank senior by operation of law.

The Indenture provides that the Notes may be issued from time to time in one or more series thereunder (Indenture § 301). All Notes of one series need not be issued at the same time and, unless otherwise provided in the applicable Pricing Supplement, a series may be reopened under the Indenture, without the consent of any Noteholder, for issuances of additional Notes which will be consolidated and form one series with the previously issued Notes (Indenture § 301). Any such further issuances could have adverse tax consequences to U.S. Noteholders as discussed below under “Certain tax considerations — United States federal income taxation — Original issue discount — Fungible issue”. All Notes within a series will have the same maturity date and terms otherwise identical (except in relation to issue dates, interest paid

or payable on or prior to the first interest payment date after issuance thereof, issue prices and related matters). The Notes of each series will be interchangeable with all other Notes of that series. Each series of Notes shall mature on such dates, bear interest at such rates and have such other terms and provisions not inconsistent with the Indenture as the Issuer may determine.

The Notes will be issued only in fully registered form and in minimum denominations and integral multiples as specified in the applicable Pricing Supplement. Notes in bearer form may be issued pursuant to a supplemental indenture that provides for the issuance of Bearer Notes. Such supplemental indenture shall be in a form agreed between the Issuer, the Guarantor and the Trustee and in compliance with U.S. tax and other laws. Notes will be issued in minimum denominations of US\$150,000 and integral multiples of US\$1,000 in excess thereof and Definitive IAI Registered Notes sold in the United States to Institutional Accredited Investors pursuant to Section 4(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act will be in denominations of US\$250,000 and integral multiples of US\$1,000 in excess thereof.

The Notes may be issued as Original Issue Discount Notes. An Original Issue Discount Note is a Note, including any Note that does not provide for the payment of interest prior to Maturity, which is issued at a price lower than the principal amount thereof and which provides that upon redemption or acceleration of the Stated Maturity thereof an amount less than the principal amount thereof shall become due and payable. In the event of redemption or acceleration of the Stated Maturity of an Original Issue Discount Note, the amount payable to the holder of such Note upon such redemption or acceleration will be determined in accordance with the terms of the Note, but will be an amount less than the amount payable at the Stated Maturity of such Note. Original Issue Discount Notes (and certain other Notes) may be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes.

The Notes will be redeemable, at the option of the Issuer, prior to their Stated Maturity in the event that the Issuer is obligated to pay any Additional Amounts described in "— Payments of Additional Amounts". See "— Optional tax redemption". Unless otherwise specified in the applicable Pricing Supplement, the Issuer may at its option at any time redeem the Notes as described in "— Optional redemption". In addition, the applicable Pricing Supplement will indicate whether a Note will be otherwise redeemable at the option of the Issuer on or after a specified date prior to its Stated Maturity at a specified Redemption Amount. The applicable Pricing Supplement will also indicate whether the Issuer will be obligated to redeem a Note at the option of the holder thereof. If the Issuer will be so obligated, the applicable Pricing Supplement will indicate the period or periods within which (or, if applicable, the event or events upon the occurrence of which) and the price or prices at which the applicable Notes will be redeemed, in whole or in part, pursuant to such obligation and the other detailed terms and provisions of such obligation.

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Guarantor, the Trustee and any agent of the Issuer, the Guarantor or the Trustee may (a) for the purpose of making payment thereon or on account thereof deem and treat the registered holder of any Global Note or Definitive Note as the absolute owner thereof and of all rights thereunder free from all encumbrances, and shall not be required to obtain proof of such ownership or as to the identity of the registered holder of any Global Note or Definitive Note, and (b) for all other purposes deem and treat:

- (i) the registered holder of any Definitive Note; and
- (ii) each person for the time being shown in the records of any of the Clearing Systems, or such other additional or alternative clearing system approved by the Issuer or the Guarantor (as applicable) and the Trustee, as having a particular principal amount of Notes credited to his or her securities account,

as the absolute owner thereof free from all encumbrances and shall not be required to obtain proof of such ownership (other than, in the case of any Person for the time being so shown in such records, a certificate or letter of confirmation signed on behalf of the relevant Clearing System or any other form of record made by any of them) or as to the identity of the registered holder of any Global Note or Definitive Note (Indenture § 308).

Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be subject to any sinking fund or analogous provisions.



## Guarantee

The Guarantor will fully, unconditionally and irrevocably guarantee to each Noteholder the due payment of all amounts owing from time to time under the Notes, including, without limitation, the Redemption Amount, interest and Additional Amounts.

Unless otherwise stated in the applicable Pricing Supplement, the Guarantee of the Notes will constitute a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor and will rank at least *pari passu* with all existing and future unsecured and unsubordinated obligations of the Guarantor (other than with respect to obligations which may be preferred by law or rank senior by operation of law) and senior to all existing and future subordinated obligations of the Guarantor.

The Guarantor has (i) agreed that its obligations under the Guarantee will be as if it were principal obligor and not merely surety and will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (ii) waived its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Guarantee.

The Guarantor is an investment holding company, and its obligations under the Guarantee will be structurally subordinated to all liabilities of its portfolio companies.

## Procedures for payment

Payment of the principal of or premium or interest on Notes will be made to the registered holders thereof at the specified office of the relevant Paying Agents in U.S. dollars; *provided, however*, that if the Note is a Global Note, payments shall be made to the account designated by the depository. Notwithstanding the foregoing, a registered holder of US\$10,000,000 or more in aggregate principal amount of such Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York or such other financial center set out in the applicable Pricing Supplement if appropriate wire transfer instructions have been received by the Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date (Indenture § 310).

Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note (or one or more predecessor Notes) is registered at the close of business on the Regular Record Date for such interest immediately preceding the applicable Interest Payment Date; *provided, however*, that any interest on any Note of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (“Defaulted Interest”) shall promptly cease to be payable to the Noteholder on the relevant Regular Record Date, and such Defaulted Interest will be paid to the persons in whose names the Notes of such series are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Notes may be listed; and *provided* further that interest payable at Maturity or redemption will be payable to the Person to whom principal shall be payable. The first payment of interest on any interest-bearing Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the second Interest Payment Date following the Original Issue Date of such Note to the registered owner on the Regular Record Date immediately preceding such second Interest Payment Date (Indenture § 307).

## Transfer and exchange

Subject to the restrictions on resale set forth in “Notice to purchasers and Holders of Registered Notes and transfer restrictions” of this Offering Circular and the applicable Pricing Supplement, the Notes may be presented for registration of transfer or exchange at the office of the relevant Paying Agent. No service charge will be made for any transfer or exchange of such Notes, but the Issuer or the Guarantor (as applicable) may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (Indenture § 305).

## Events of Default

The Indenture provides that, if any Event of Default (other than an Event of Default specified in paragraphs (d) and (e) below) with respect to Notes of any series at the time Outstanding occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the Noteholders of not less than 25.0% in principal amount of the Outstanding Notes of that series shall, by notice as provided in the Indenture,



declare the Redemption Amount of all of the Notes of that series to be due and payable immediately and upon such declaration such Redemption Amount shall become immediately due and payable together with accrued but unpaid interest to (but excluding) the date of redemption; *provided* that in the event that the Trustee shall have resigned or been removed and a successor Trustee shall not have been appointed, such notice may be given directly by the Noteholders of not less than 25.0% in principal amount of the outstanding Notes of that series. If an Event of Default specified in paragraphs (d) and (e) below with respect to Notes of any series at the time Outstanding occurs, then the Redemption Amount of all of the Notes of that series together with accrued but unpaid interest to (but excluding) the date of redemption shall, without any act by the Trustee or the holders of such Notes, become immediately due and payable without presentment, demand, protest or other notice of any kind. Upon certain conditions at any time after such acceleration or declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee under the Indenture, the act of holders of a majority in aggregate principal amount of the outstanding Notes of that series, by written notice to the Issuer or the Guarantor (as applicable), and the Trustee, may rescind and annul such acceleration or declaration of acceleration and its consequences on behalf of the holders of all Notes of that series (Indenture § 502).

Each of the following shall be an Event of Default with respect to the Notes of any series (Indenture § 501):

- (a) failure to pay any interest on any Note when due and payable, and continuance of such default for a period of 14 days;
- (b) failure to pay the Redemption Amount of any Note when due and payable, and continuance of such default for a period of 14 days;
- (c) failure by the Issuer or the Guarantor to perform any other covenant of the Issuer or the Guarantor (other than a covenant expressly included in the Indenture solely for the benefit of one or more series of Notes other than such series of Notes), and continuance of such failure for 60 days after written notice by the Trustee;
- (d) (i) the entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Issuer or the Guarantor in any voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganization, winding up (other than a reorganization or winding up under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency), sequestration or other similar law or (ii) the entry by a court having jurisdiction in the premises of a decree or order adjudging the Issuer or the Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer or the Guarantor under any applicable law (other than any reorganization, arrangement, adjustment or composition for the purposes of, or in connection with, a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or the Guarantor or ordering the winding up or liquidation of the affairs of the Issuer or the Guarantor (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency), and any such decree or order for relief or any such other decree or order shall not have been discharged or stayed within 60 days;
- (e) commencement by the Issuer or the Guarantor of a voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganization (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar law or any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Issuer or the Guarantor to the entry of a decree or order for relief in respect of the Issuer or the Guarantor in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or the Guarantor or the filing by the Issuer or the Guarantor of a petition or answer or consent seeking reorganization (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or relief under any such applicable law, or the consent by the Issuer or the Guarantor to the filing of such petition or to the appointment or the taking possession by a custodian, receiver, liquidator, assignee,

trustee, sequestrator or other similar official of the Issuer or the Guarantor, or the making by the Issuer or the Guarantor of an assignment for the benefit of creditors, or the taking of action by the Issuer or the Guarantor in furtherance of any such action;

- (f) the failure by the Issuer or the Guarantor to pay when due and payable, after the expiration of any applicable grace period, any portion of the principal of, or involuntary acceleration of the maturity of, indebtedness for borrowed money of or guaranteed by the Issuer or the Guarantor having an aggregate principal amount outstanding in excess of US\$100,000,000 (or its equivalent in another currency); or
- (g) the Guarantee shall cease to be in full force or effect or the Guarantor shall deny or disaffirm in writing its obligations under the Guarantee.

The applicable Pricing Supplement may specify additional Events of Default.

The holders of not less than a majority in aggregate principal amount of Outstanding Notes of any series may waive any past default with respect to such Notes, except a default in the payment of principal, premium or interest or in respect of other covenants or provisions of the Indenture which cannot be amended without the consent of the holder of each Note of such series affected (Indenture § 513).

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case of an Event of Default, the Trustee will be under no obligation to exercise, at the request or direction of any of the holders of Notes of such series, any of the rights or powers vested in it pursuant to the Indenture unless such Noteholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction (Indenture § 603). Subject to such provisions for the indemnification of the Trustee and certain other limitations, the holders of a majority in aggregate principal amount of the Outstanding Notes of such series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee (Indenture § 512).

A Noteholder may not pursue any remedy with respect to the Indenture or the Notes unless: (1) the Noteholder gives written notice to the Trustee of a continuing Event of Default with respect to the Notes of that series; (2) the holders of at least 25.0% in principal amount of the Outstanding Notes of that series shall have made a written request to the Trustee to institute proceedings in respect of such Event of Default; (3) such Noteholder or Noteholders offers to the Trustee indemnity or security reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee does not comply with the request within 60 days after receipt of the request and offer of indemnity or security; and (5) during such 60-day period, the holders of 75.0% in principal amount of the Outstanding Notes of that series do not give the Trustee a direction that is inconsistent with the request (Indenture § 507). However, such limitations do not apply to the right of any holder of a Note to receive payment of the principal of and premium, if any, and (subject to the second paragraph under “— Procedures for payment” above) interest, if any, on such Note and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Noteholder (Indenture § 508).

The Indenture provides that the Trustee will, within 90 days after the occurrence of any default with respect to the Notes of any series, give to the holders of Notes of such series notice of such default known to it, unless such default shall have been cured or waived; *provided* that, except in the case of a default in the payment of principal of or premium, if any, or interest, if any, on the Notes of such series, the Trustee shall be protected in withholding such notice if it determines in good faith that the withholding of such notice is in the interest of such Noteholders (Indenture § 602).

## **Payments of Additional Amounts**

Pursuant to the Indenture, the Issuer and the Guarantor will agree duly and punctually to pay the principal of and premium and interest, if any, on the Notes and any payments under the Guarantee when and as the same shall become due and payable, whether at Stated Maturity, upon acceleration, or by call for redemption. The Issuer and the Guarantor will agree that any amounts to be paid by them under the Indenture, the Notes and the Guarantee will be paid without deduction or withholding for any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of the Republic of Singapore and, if different, the jurisdiction of organization, tax residency or formation of the Issuer or the Guarantor (as applicable), and any other jurisdiction through which payment is made (if applicable) or any political subdivision or taxing authority

thereof or therein (as such jurisdiction may be changed from time to time pursuant to the terms of the Indenture) (the “Relevant Taxing Jurisdiction”) unless required by law. In the case of payments in respect of Notes not denominated in Singapore dollars, if deduction or withholding of any such taxes, levies, imposts or other governmental charges shall at any time be required by the Relevant Taxing Jurisdiction, the Issuer and the Guarantor (as applicable) shall pay such additional amounts (“Additional Amounts”) in respect of any such principal, premium and interest (as applicable) or any payment under the Guarantee as may be necessary in order that the net amounts paid to the holders of such Notes or to the Trustee or any Paying Agent, as the case may be, pursuant to the Indenture and such Notes and the Guarantee after such deduction or withholding shall equal the respective amounts of principal, premium and interest as specified in such Notes, to which the holders thereof or the Trustee would be entitled if no such deduction or withholding had been made; *provided* that no Additional Amounts shall be payable in relation to or to the extent of any tax, levy, impost or other governmental charge:

- (1) which would not be payable or due but for the fact that the beneficial owner or the holder of such Notes is a domiciliary, national or resident of, or engaging in business (whether through a branch, agency or otherwise) or maintaining a permanent establishment or being physically present in, the Relevant Taxing Jurisdiction or otherwise having some connection with the Relevant Taxing Jurisdiction other than the holding or ownership of a Note, or receiving income therefrom, or the enforcement of a Note;
- (2) which would not be payable or due but for the fact that, where presentation is required, such Note was presented more than 30 days after the date such payment became due or was provided for, whichever is later, except to the extent that the holder thereof would have been entitled to Additional Amounts on presenting the same for payment on or before the expiration of 30 days;
- (3) which would not be payable or due but for the Noteholder’s or beneficial owner’s failure to comply with any certification, identification or other reporting requirements of the Relevant Taxing Jurisdiction concerning the nationality, residence, identity or other attributes of the Noteholder or beneficial owner of such Note required in connection with a claim of eligibility for avoidance or reduction of withholding or deduction of tax under the laws of the Relevant Taxing Jurisdiction, if requested in writing addressed to the beneficial owner or Noteholder by the Issuer to comply with such requirement;
- (4) imposed on a payment to an individual that is required to be made pursuant to the European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such directive; or
- (5) which would not be payable or due but for the fact that the Note was presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

No Additional Amounts shall be payable in relation to Notes denominated in Singapore dollars. Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture.

## **Interest and Interest Rates**

Unless otherwise indicated in the applicable Pricing Supplement, interest-bearing Notes will bear interest at either (a) a fixed rate (a “Fixed Rate Note”) or (b) a floating rate determined by reference to an interest rate formula, which may be adjusted by adding or subtracting the Spread and/or multiplying by the Spread Multiplier (a “Floating Rate Note”). Each interest-bearing Note will bear interest from and including the Original Issue Date of the series or from and including the most recent Interest Payment Date (or, in the case of a Floating Rate Note with daily or weekly Interest Reset Dates (as defined below), the day following the Regular Record Date immediately preceding such Interest Payment Date) with respect to which interest on such Note (or any predecessor Note) has been paid or duly provided for at the fixed rate per annum, or at the rate per annum determined pursuant to the interest rate formula, stated therein and in the applicable Pricing Supplement, as applicable, until the principal thereof is paid or made available for payment.

Interest rates, or interest rate formulae, are subject to change by the Issuer or the Guarantor (as applicable) from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Issuer or the Guarantor (as applicable).

### **Fixed Rate Notes**

The applicable Pricing Supplement relating to a Fixed Rate Note will designate a fixed rate of interest per annum payable on such Note. Unless otherwise indicated in the applicable Pricing Supplement, (1) the Interest Payment Date(s) with respect to Fixed Rate Notes shall be either annually or semi-annually and (2) the Regular Record Date(s) for Fixed Rate Notes shall be the date that is 15 calendar days prior to each Interest Payment Date, whether or not such date is a Business Day. Unless otherwise indicated in the applicable Pricing Supplement, interest payments for Fixed Rate Notes shall be the amount of interest accrued from and including (1) the Original Issue Date of the series or (2) the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date. Unless otherwise indicated in the applicable Pricing Supplement, interest on such Notes will be computed on the basis of a 360-day year of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed. In any case where any Interest Payment Date, redemption date or Stated Maturity of any Fixed Rate Note is not a Business Day at any place of payment, then payment of principal of or any premium or interest on such Note need not be made at such place of payment on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the Interest Payment Date, redemption date or at the Stated Maturity, *provided* that no interest shall accrue on the amount payable for the period from and after such Interest Payment Date, redemption date or Stated Maturity, as the case may be.

### **Floating Rate Notes**

The applicable Pricing Supplement relating to a Floating Rate Note will designate an interest rate formula for such Floating Rate Note. Such formula may be: (a) the Commercial Paper Rate, in which case such Note will be a Commercial Paper Rate Note, (b) the Prime Rate, in which case such Note will be a Prime Rate Note, (c) the CD Rate, in which case such Note will be a CD Rate Note, (d) the Federal Funds Rate, in which case such Note will be a Federal Funds Rate Note, (e) the Treasury Rate, in which case such Note will be a Treasury Rate Note, (f) the CMT Rate, in which case such Note will be a CMT Rate Note or (g) such other interest rate formula as is set forth in such Pricing Supplement. The applicable Pricing Supplement for a Floating Rate Note also will specify the Spread and/or Spread Multiplier, if any, and the maximum or minimum interest rate limitation, if any, applicable to each Note. In addition, such Pricing Supplement will define or specify for each Floating Rate Note the following terms, if applicable: Calculation Dates, Initial Interest Rate, Interest Payment Dates, Regular Record Dates, Index Maturity, Interest Determination Dates and Interest Reset Dates with respect to such Notes. Unless otherwise specified in the applicable Pricing Supplement, the relevant Paying Agent will act as Calculation Agent with respect to the Floating Rate Notes.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semi-annually, annually, or at such other time or date as specified in the applicable Pricing Supplement. Each date on which the rate of interest on Floating Rate Notes is reset as set forth below is hereinafter referred to as an "Interest Reset Date". Except as otherwise provided in the next sentence, and unless otherwise specified in the applicable Pricing Supplement, the date on which the rate of interest on Floating Rate Notes is reset will be, in the case of Floating Rate Notes which reset daily, each Market Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) which reset weekly, the Wednesday of each week; in the case of Treasury Rate Notes which reset weekly, the Tuesday of each week, except as provided below; in the case of Floating Rate Notes which reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes which reset quarterly, the third Wednesday of March, June, September and December; in the case of Floating Rate Notes which reset semi-annually, the third Wednesday of two months of each year, as indicated in the applicable Pricing Supplement; and in the case of Floating Rate Notes which reset annually, the third Wednesday of one month of each year, as indicated in the applicable Pricing Supplement; *provided, however*, that (a) the interest rate in effect for the period from the Original Issue Date of a Floating Rate Note (or that of a predecessor Note) to but excluding the first Interest Reset Date with respect to such Floating Rate Note will be the Initial Interest Rate (as set forth in the applicable Pricing Supplement) and (b) unless otherwise specified in the applicable Pricing Supplement, the interest rate for the 10 calendar days immediately prior to Maturity will be that in effect on the tenth calendar day preceding such Maturity. If any Interest Reset Date for any Floating Rate Note would



otherwise be a day that is not a Market Day with respect to such Note, such Interest Reset Date shall be the next succeeding Market Day with respect to such Notes.

The Interest Determination Date pertaining to an Interest Reset Date for a Commercial Paper Rate Note (the "Commercial Paper Interest Determination Date"), a Prime Rate Note (the "Prime Rate Interest Determination Date"), a CD Rate Note (the "CD Rate Interest Determination Date"), a Federal Funds Rate Note (the "Federal Funds Interest Determination Date") or a CMT Rate Note (the "CMT Rate Interest Determination Date") will be the second Market Day preceding such Interest Reset Date for the relevant Note. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (the "Treasury Interest Determination Date") will be the day on which Treasury bills are normally auctioned for the week in which such Interest Reset Date falls. Treasury bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as a result of a legal holiday, an auction is so held on the preceding Friday, such Friday shall be the Treasury Interest Determination Date for the Interest Reset Date occurring in the next succeeding week. If the auction for such week falls on a day that is an Interest Reset Date, the Interest Reset Date for such week shall be the next succeeding Market Day.

Unless otherwise specified in the applicable Pricing Supplement, the "Calculation Date", where applicable, pertaining to any Interest Determination Date will be the first to occur of (a)(i) in the case of any CD Rate Interest Determination Date, Commercial Paper Interest Determination Date, Treasury Interest Determination Date, Federal Funds Interest Determination Date or CMT Rate Interest Determination Date, the 10th day after such interest determination date or, if any such day is not a Market Day, the next succeeding Market Day or (ii) in the case of any Prime Rate Interest Determination Date, such interest determination date, and (b) the Market Day preceding the applicable Interest Payment Date or the Stated Maturity (or the date of redemption or repayment, if any), as the case may be.

A Floating Rate Note may have either or both of the following: (a) a maximum interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period; and (b) a minimum interest rate limitation, or floor, on the rate of interest which may accrue during any interest period. In addition to any maximum interest rate which may be applicable to any Floating Rate Note, the interest rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States federal law of general application. Under present New York law, the maximum rate is 25.0% per annum on a simple interest basis. This limit does not apply to Notes in which US\$2,500,000 or more has been invested.

The Interest Payment Date with respect to a Floating Rate Note will be the third Wednesday of the month or months specified in the applicable Pricing Supplement. If, pursuant to the preceding sentence, an Interest Payment Date with respect to any Floating Rate Note would otherwise be a day that is not a Market Day with respect to such Note, such Interest Payment Date shall be the next succeeding Market Day with respect to such Note. If the date for payment of the principal of or any premium or interest on any Floating Rate Note at Maturity is not a Business Day at any place of payment, then such payment of principal, premium or interest need not be made on such date at such place of payment, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the date for such payment of the principal, premium or interest and no interest shall accrue on the payment from and after any such date for payment.

Unless otherwise indicated in the applicable Pricing Supplement, the Regular Record Date with respect to Floating Rate Notes shall be the date 15 calendar days prior to each Interest Payment Date, whether or not such date shall be a Market Day. Unless otherwise specified in the applicable Pricing Supplement, interest payments for Floating Rate Notes shall be in the amount of interest accrued from and including (a) the Original Issue Date of the series or (b) the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding the Interest Payment Date; *provided, however*, that if the Interest Reset Dates with respect to any Floating Rate Note are daily or weekly, unless otherwise specified in the applicable Pricing Supplement, interest payable on any Interest Payment Date will include interest accrued from and including (a) the Original Issue Date of the series or (b) the day following the most recent Regular Record Date in respect of which interest has been paid or duly provided for, as the case may be, to but excluding the day following the Regular Record Date immediately preceding such Interest Payment Date. Notwithstanding the foregoing, interest payable at Maturity will include interest accrued to but excluding the date of Maturity. Unless otherwise specified in the applicable Pricing Supplement, the interest accrued on a Floating Rate Note for any period will be calculated by multiplying

the face amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in such period. The interest factor (expressed as a decimal rounded upwards, if necessary, as described below) for each such day is computed by dividing the interest rate (expressed as a decimal rounded upwards, if necessary, as described below) applicable to such day by, unless otherwise specified in the applicable Pricing Supplement, 360, in the case of Commercial Paper Rate Notes, Prime Rate Notes, CD Rate Notes, or Federal Funds Rate Notes, or by the actual number of days in the year, in the case of Treasury Rate Notes and CMT Rate Notes. All percentages resulting from any calculation of the interest rate on Floating Rate Notes will be rounded, if necessary, to the nearest one-hundredth thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (for example, 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all U.S. dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upwards). Unless otherwise indicated in the applicable Pricing Supplement, the interest rate in effect with respect to a Floating Rate Note on any day that is not an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to the immediately preceding Interest Reset Date (or if there is none, the Initial Interest Rate), and the interest rate in effect on any day that is an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to such Interest Reset Date, subject in either case to any maximum or minimum interest rate limitation referred to above; *provided, however*, that the interest rate in effect for the 10 calendar days prior to Maturity shall be the interest rate in effect on the tenth calendar day prior to Maturity.

Upon the request of the holder of any Floating Rate Note, or the Issuer or the Guarantor, the Calculation Agent (which shall be the relevant Paying Agent unless otherwise specified in the applicable Pricing Supplement) will provide the interest rate then in effect, and, if determined, the interest rate which will become effective on the next Interest Reset Date as a result of a determination made on the most recent Interest Determination Date with respect to such Floating Rate Note.

Interest rates on Floating Rate Notes will be determined by the Calculation Agent as follows:

#### *Commercial Paper Rate Notes*

Each Commercial Paper Rate Note will bear interest at the interest rate (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Commercial Paper Rate Notes and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “Commercial Paper Rate” means, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (calculated as described below) of the rate on such date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading “Commercial Paper Non-financial”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Commercial Paper Interest Determination Date, then the Commercial Paper Rate will be the Money Market Yield of the rate on such Commercial Paper Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Commercial Paper Non-financial”. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not published in either H.15(519) or H.15 Daily Update, the Commercial Paper Rate for that Commercial Paper Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates, as of 11:00 A.M., New York City time, on that Commercial Paper Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for an industrial issuer whose bond rating is “AAA”, or the equivalent, from a nationally recognized rating agency; *provided, however*, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date. “Money Market Yield” shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$



where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and “M” refers to the actual number of days in the interest period for which interest is being calculated.

#### *Prime Rate Notes*

Each Prime Rate Note will bear interest at the interest rate (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Prime Rate Notes and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “Prime Rate” means, with respect to any Prime Rate Interest Determination Date, the rate on such date as published in H.15(519) under the heading “Bank Prime Loan”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Prime Rate Interest Determination Date, then the Prime Rate for that Prime Rate Interest Determination Date will be the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Bank Prime Loan”. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not published in either H.15(519) or H.15 Daily Update, the Prime Rate for that Prime Rate Interest Determination Date will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page as such bank’s prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than four such rates but more than one such rate appear on the Reuters Screen USPRIME1 Page for the Prime Rate Interest Determination Date, the Prime Rate for that Prime Rate Interest Determination Date will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on such Prime Rate Interest Determination Date by at least two of the three major money center banks in The City of New York selected by the Calculation Agent from which quotations are requested. If fewer than two quotations are provided, the Prime Rate for that Prime Rate Interest Determination Date will be determined on the basis of the rates furnished in The City of New York by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States or any State thereof, in each case having total equity capital of at least US\$500,000,000 and being subject to supervision or examination by federal or State authority, selected by the Calculation Agent to provide such rate or rates, *provided, however*, that if the banks or trust companies selected as aforesaid by the Calculation Agent are not quoting rates as set forth above, the “Prime Rate” in effect for such Interest Reset Period will be the same as the Prime Rate for the immediately preceding Interest Reset Period (or, if there was no such Interest Reset Period, the rate of interest payable on the Prime Rate Notes for which such Prime Rate is being determined will be the Initial Interest Rate).

#### *CD Rate Notes*

Each CD Rate Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable CD Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “CD Rate” means, with respect to any CD Rate Interest Determination Date, the rate on such date for negotiable certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading “CDs (Secondary Market)”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date, then the CD Rate will be the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “CDs (Secondary Market)”. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not published in either H.15(519) or H.15 Daily Update, the CD Rate for that CD Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates, as of 10:00 A.M., New York City time, on that CD Rate Interest Determination Date, of three leading non-bank dealers in negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable U.S. dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Supplement in a denomination of US\$5,000,000; *provided, however*, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate will be the CD Rate in effect on such CD Rate Interest Determination Date.

### *Federal Funds Rate Notes*

Each Federal Funds Rate Note will bear interest at the interest rate (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Federal Funds Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “Federal Funds Rate” means, with respect to any Federal Funds Interest Determination Date, the rate on such date for Federal Funds having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading “Federal Funds (Effective)” as displayed on the Moneyline Telerate Service (“Moneyline Telerate”) (or any successor service) on page 120 (or any other page as may replace the applicable page on that service). In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Federal Funds Interest Determination Date, then the Federal Funds Rate will be the rate on such Federal Funds Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Federal Funds/Effective Rate”. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not published in either H.15(519) or H.15 Daily Update, the Federal Funds Rate for that Federal Funds Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates, as of 9:00 A.M., New York City time, on that Federal Funds Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York selected by the Calculation Agent; *provided, however,* that if the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on such Federal Funds Interest Determination Date.

### *Treasury Rate Notes*

Each Treasury Rate Note will bear interest at the interest rate (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Treasury Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “Treasury Rate” means, with respect to any Treasury Interest Determination Date, the rate for the most recent auction of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the applicable Pricing Supplement on the display on Moneyline Telerate (or any successor service) on page 56 or page 57 (or any other pages as may replace such pages on such services) under the caption “Investment Rate”. If such rate is not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, then the Treasury Rate for that Treasury Interest Determination Date will be the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement are not published or reported as provided above by 3:00 P.M., New York City time, on such Calculation Date or if no auction is held, then the Treasury Rate will be the rate as published in H.15(519) under the heading “U.S. Government Securities/Treasury Bills/Secondary Market” or any successor publication or heading for Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement. If such rate is not published by 3:00 P.M., New York City time, on such Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Treasury Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the specified Index Maturity; *provided, however,* that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Treasury Interest Determination Date.

### *CMT Rate Notes*

Each CMT Rate Note will bear interest at the interest rate (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable CMT Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in an applicable Pricing Supplement, “CMT Rate” means, with respect to any CMT Interest Determination Date, the rate displayed for the Index Maturity specified in the applicable Pricing Supplement on the Designated CMT Telerate Page (as defined below) under the caption, “Treasury Constant Maturities, Federal Reserve Board Release H.15”, “Mondays Approximately 3:45 P.M.” under the column for the Designated CMT Maturity Index (as defined below) for (i) if the Designated CMT Telerate Page is FRBCMT, the rate on such CMT Interest Determination Date and (ii) if the Designated CMT Telerate Page is FEDCMT, the weekly or monthly average, as specified in the applicable Pricing Supplement, for the week or the month, as applicable, ended immediately preceding the week or the month, as applicable, in which the related CMT Interest Determination Date occurs. If such rate is no longer displayed on the relevant page, or if not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be such Treasury Constant Maturity rate for the Designated CMT Maturity Index as published in H.15(519). If such rate is no longer published or is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be such Treasury Constant Maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the CMT Interest Determination Date with respect to the related CMT Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519). If such information is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on the CMT Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each a “Reference Dealer”) in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Issuer, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for the most recently issued direct non-callable fixed rate obligations of the United States (“Treasury Notes”) with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent cannot obtain three such Treasury Notes quotations, the CMT Rate for such CMT Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on the CMT Interest Determination Date of three Reference Dealers in The City of New York (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Issuer, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the market at that time. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate for such CMT Interest Determination Date will be based on the arithmetic mean of the secondary market bid prices obtained and neither the highest nor the lowest of such quotes will be eliminated: *provided, however*, that if fewer than three Reference Dealers selected by the Calculation Agent are quoting as described herein, the CMT Rate for such Interest Reset Date will be the same as the CMT Rate in effect on such CMT Interest Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury Note with the shorter remaining term to maturity will be used.

“Designated CMT Telerate Page” means the display on the Moneyline Telerate (or any successor service) on the page designated in an applicable Pricing Supplement (or any other page as may replace such page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)), for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no such page is specified in the applicable Pricing Supplement, the Designated CMT Telerate Page shall be FEDCMT for the most recent week.

“Designated CMT Maturity Index” means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in an applicable Pricing Supplement with respect to which

the CMT Rate will be calculated. If no such maturity is specified in the applicable Pricing Supplement, the Designated CMT Maturity Index shall be two years.

## **Redemption on Maturity**

Unless previously redeemed or purchased and cancelled or unless such Note is stated in the applicable Pricing Supplement as having no fixed maturity date, each Note shall be finally redeemed on the Stated Maturity at its Redemption Amount.

## **Optional redemption**

Unless otherwise specified in the applicable Pricing Supplement, the Issuer may, at its option at any time, redeem the Notes of a series prior to its Stated Maturity in whole but not in part at an amount equal to the greater of (i) their Redemption Amount and (ii) the Make Whole Amount (which is the amount determined by discounting the principal amount of the Notes plus all required remaining scheduled interest payments due on such Notes at the yield of United States Treasury Notes of the same maturity), in each case together with accrued but unpaid interest to (but excluding) the date of redemption (Indenture § 1109).

Notice of such redemption will be provided to each holder of such Notes by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the respective address of each such holder as that address appears in the Note Register (Indenture §§ 1109).

## **Open market purchases**

The Issuer or the Guarantor may at any time and from time to time purchase Notes at any price in the open market or otherwise. Notes so purchased by the Issuer or the Guarantor may be held, resold or surrendered to the Trustee for cancellation (Indenture § 1110).

## **Optional tax redemption**

Unless otherwise provided in the applicable Pricing Supplement, if at any time the Issuer shall determine that as a result of a change in or amendment to the laws of a Relevant Taxing Jurisdiction affecting taxation, or any change in the general application or official or general interpretation of such laws, which change, amendment, application or interpretation is proposed and becomes effective on or after the Original Issue Date of such series of Notes (the “Relevant Date”) in making any payment under the Indenture or the Notes, the Issuer would be required to pay Additional Amounts, such Notes may be redeemable as a whole at the option of the Issuer upon not less than 30 nor more than 60 days’ notice given as provided in the Indenture at any time, at their Redemption Amount together with accrued but unpaid interest to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption, the Issuer is required to deliver to the Trustee (a) an opinion of independent tax counsel of recognized standing in the Relevant Taxing Jurisdiction or a copy of any judicial decision or regulatory determination or ruling, in each case to the effect that the Issuer would be required to pay Additional Amounts on the next payment in respect of such Notes and (b) an Officer’s Certificate to the effect that, in the judgment of the Issuer, such obligation cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such opinion or decision, determination or ruling as sufficient evidence of the satisfaction of the conditions precedent for this option to redeem by the Issuer, in which event it shall be conclusive and binding on the Noteholders.

Optional tax redemption will not be applicable to Notes denominated in Singapore dollars.

The ability of a Successor Entity (as defined below) to exercise the rights of the Issuer under this provision is described under “— Consolidation, merger and sale of assets” (Indenture § 1108).

## **Modification and amendment**

Modification and amendments of an Indenture may be made by the Issuer, the Guarantor and the Trustee without the consent of the Noteholders in certain instances or with the Act of Noteholders of not less than a majority in the aggregate principal amount of the Notes of each series outstanding under the Indenture affected by such modification or amendment, *provided* that no such modification or amendment may, without the consent of the holder of each such Note affected thereby, among other things: (a) change the Stated Maturity of principal or Redemption Amount of or due date for any installment of principal or interest, if any, on any such Note; (b) reduce the principal amount or Redemption Amount of, or any interest on, any



such Note or any premium payable upon the redemption thereof or the amount of the principal of an Original Issue Discount Note that would be due and payable upon the acceleration of the maturity thereof; (c) change the currency of payment of principal of, premium, if any, or Redemption Amount or interest, if any, on any such Note; (d) impair the right of any Noteholder to institute suit for the enforcement of any such payment on any such Note; (e) reduce the above-stated percentage of holders of Notes of any series necessary to modify or amend the Indenture; (f) reduce the percentage in principal amount of Outstanding Notes of any series necessary to waive certain defaults or compliance with certain provisions of the Indenture; (g) modify the foregoing requirements; (h) change the obligation of the Issuer or the Guarantor to pay Additional Amounts; (i) change in any manner adverse to the interests of the holders of the Notes the terms and provisions of the Guarantee in respect of the due and punctual payment of the principal of and premium and interest on the Notes; or (j) change, in any manner adverse to the interests of the Noteholders, the terms and provisions of the covenant described under “— Consolidation, merger and sale of assets” (Indenture § 902).

Subject to the foregoing, the Indenture may be amended by the Issuer, the Guarantor and the Trustee, without the consent of the holder of any Note, for the purpose of curing any ambiguity or to correct or supplement any provision contained therein which may be inconsistent with any other provision contained therein, *provided* that such action shall not adversely affect the interests of the holders of any series of Notes in any material respect (Indenture § 901(7)).

## **Consolidation, merger and sale of assets**

Each of the Issuer and the Guarantor may not consolidate with or merge into any other Person or permit any other Person to consolidate with or merge into it or directly or indirectly convey, transfer, sell or lease or otherwise dispose of all or substantially all of its property and assets to any Person unless:

- (a) any Person formed by such consolidation or into which the Issuer or the Guarantor (as applicable) is merged or to whom the Issuer or the Guarantor (as applicable) has conveyed, transferred, sold or leased all or substantially all its properties and assets (the “Successor Entity”) is a corporation, partnership or trust organized and validly existing under the laws of the jurisdiction where it is organized, and such Successor Entity shall expressly assume by a supplemental indenture all of the Issuer’s or the Guarantor’s (as applicable) obligations on the Notes and under the Indenture (including any obligation to pay any Additional Amounts);
- (b) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;
- (c) any such Successor Entity not organized and validly existing under the laws of the United States, any State thereof or the District of Columbia, or the Republic of Singapore shall expressly agree by a supplemental indenture that all payments pursuant to the Notes or the Guarantee (as applicable) in respect of principal of and premium and interest on the Notes shall be made without deduction or withholding for or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organization or tax residency of such Successor Entity or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Successor Entity will pay such additional amounts of, or in respect of the principal of and premium and interest on the Notes (“Successor Additional Amounts”) as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such) in the payment to the holders of the Notes of the amounts which would have been payable in respect of such Notes had no such withholding or deduction been required, subject to the same exceptions as apply with respect to the payment by the Issuer or the Guarantor (as applicable) of Additional Amounts in respect of the Notes (inserting references to the taxing jurisdiction where appropriate), and *provided* that such Successor Entity shall not have the right to redeem the Notes pursuant to the provisions described under “— Optional tax redemption” in respect of such Successor Additional Amounts unless (A) the obligation to pay such Successor Additional Amounts arises as a result of any change in, or amendment to, the laws or regulations of such Successor Entity’s jurisdiction of organization or any political subdivision or taxing authority thereof or therein, or any change in the general application or official or general interpretation of such laws or regulations, which change or amendment is proposed and becomes

effective after the date such Successor Entity assumes the obligations of the Issuer or the Guarantor (as applicable) under the Indenture and the Notes, (B) such obligation to pay Successor Additional Amounts cannot be avoided by such Successor Entity taking reasonable measures available to it and (C) all other requirements contained in the Indenture relating to the redemption of the Notes shall have been satisfied;

- (d) such Successor Entity shall have delivered to the Trustee an opinion of U.S. tax counsel of recognized standing to the effect that the beneficial owners of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such transaction and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would be the case as if the transaction had not occurred; and
- (e) the Issuer or such Successor Entity shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such transaction and such supplemental indenture comply with the Indenture and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with (Indenture § 801).

## **Defeasance and discharge**

The Indenture provides that the Issuer and the Guarantor, at the Issuer's option, (a) will be Discharged from any and all obligations in respect of the Notes issued thereunder (except for certain obligations to register the transfer of or exchange Notes, replace stolen, lost or mutilated Notes, and maintain paying agents and to hold certain moneys in trust for payment) or (b) need not comply with any term, provision or condition set forth in Indenture §§ 801, 1005 or 1007 of the Indenture if, in each case, the Issuer irrevocably deposits with the Trustee under the Indenture, in trust for the purpose of making the following payments for the benefit of holders of Notes: (1) an amount in U.S. dollars or (2) Government Obligations applicable to such Notes (determined on the basis of U.S. dollars), which through the scheduled payment of principal, premium and interest in respect thereof will provide not later than one day before the due date of any payment of principal, premium and interest, if any, on such Notes, money in an amount sufficient, in the opinion of an internationally recognized accounting firm that is independent to the Issuer and the Guarantor, to pay all the principal of and premium and interest on such Notes on the dates such principal, premium and interest is due in accordance with the terms of such Notes. In the case of a discharge described in clause (a) above, the Issuer is required to deliver to the Trustee under the Indenture prior to such discharge either (X) an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that since the date of the Indenture there has been a change in applicable U.S. federal income tax law and, as a result of such change, beneficial owners of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and related defeasance and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and related defeasance had not been exercised or (Y) a ruling to such effect received from or published by the Internal Revenue Service (the "IRS") and in the case of a discharge described in clause (b) above, the Issuer is required to deliver to the Trustee under the Indenture prior to such discharge an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that beneficial owners of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and related defeasance and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and related defeasance had not been exercised (Indenture § 1401).

## **Waiver of immunity**

Each of the Issuer and the Guarantor has irrevocably agreed that, should any suit or proceeding be brought against it arising out of or in connection with the Indenture or the Notes, no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereign immunity or otherwise) from such suit or proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its property, assets or revenues, or from execution or judgment wherever brought or made, shall be claimed by it or on its behalf or with respect to its property, assets or revenues, and each of the Issuer and the Guarantor has irrevocably waived any such immunity to the fullest extent permitted by law (Indenture § 114).



## **Governing law**

The Indenture and Notes issued pursuant to the Indenture will be governed by, and construed in accordance with, the laws of the State of New York (Indenture § 112). The Issuer and the Guarantor have submitted to the non-exclusive jurisdiction of any New York State or United States federal court in The City of New York in any suit or proceeding arising out of or relating to Notes or the Guarantee. The Issuer and the Guarantor have irrevocably waived, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of venue in any such suit, action or proceeding brought in such courts and any claim that any such suit, action or proceeding brought in such courts, has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile (Indenture § 114).

## **Concerning the Trustee**

Deutsche Bank Trust Company Americas is the Trustee under the Indenture. Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise those rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it has received indemnity or security satisfactory to it against any such risk or liability (Indenture § 601). The Issuer and the Guarantor maintain an account and conduct other banking transactions with the Trustee and its affiliates in the ordinary course of their business. The Indenture contains limitations on the rights of the Trustee, should it become a creditor of any obligor on the Notes, to obtain payment of claims in certain cases, or to realize certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions with the Issuer or the Guarantor; *provided* that if it acquires any conflicting interest it must either eliminate the conflict within 90 days or resign.

## **Consent to service of process**

Each of the Issuer and the Guarantor has irrevocably designated and appointed CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011, as its authorized agent for service of process in any suit or proceeding arising out of or relating to the Indenture or Notes governed by the laws of the State of New York issued thereunder brought in any federal or state court in The City of New York in the Borough of Manhattan or brought under federal or state securities laws or brought by the Trustee (whether in its individual capacity or in its capacity as the Trustee) and, in each case, will irrevocably submit to the non-exclusive jurisdiction of any New York State or United States federal court in The City of New York in any such suit or proceeding (Indenture § 114).

# Form of Notes

The Notes of each series will be in bearer or in registered form as specified in the relevant Pricing Supplement.

## **Bearer Notes**

Each series of Bearer Notes may be represented either by a Temporary Global Note or a Permanent Global Note that will be deposited on the issue date thereof with CDP or a common depository on behalf of Euroclear and Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. Beneficial interests in a Temporary Global Note will be exchangeable for interests in a Permanent Global Note from the Exchange Date. Interests in a Permanent Global Note may be exchanged for Definitive Bearer Notes only in the limited circumstances as described therein.

While any Bearer Note is represented by a Temporary Global Note, payments of principal, premium and interest (if any) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owner of an interest in such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by Euroclear, Clearstream and/or CDP and/or any other such depository, as applicable, and such clearing agent or depository, as the case may be, has given a like certification (based on the certifications it has received) to the Trustee.

From the Exchange Date, interests in such Temporary Global Note will be exchangeable (free of charge) upon request as described therein for interests in a Permanent Global Note without receipts, interest coupons or talons against certification of beneficial ownership as described in the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, premium or principal due on or after the Exchange Date.

Each series of Bearer Notes shall comply with the D Rules unless otherwise stated in the relevant Pricing Supplement. The following legend will appear on the face of all Bearer Global Notes, Definitive Bearer Notes, receipts, interest coupons and talons thereon (or in the book or record where the Bearer Notes are held in book-entry form):

“Any United States person (as defined in the U.S. Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code.”

Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code generally provide that U.S. beneficial owners, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons or talons thereon and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts, interest coupons or talons thereon.

## **Registered Notes**

Unless otherwise provided with respect to a particular series of Registered Notes, Registered Notes of each series sold outside the United States in reliance on Regulation S will be represented by interests in a Regulation S Global Note, which may be deposited with CDP or with a common depository for, and registered in the name of a nominee of, Euroclear and Clearstream, or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to expiry of the period that ends 40 days after the later of the date of issue and completion of the distribution of each series of Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue (the “Distribution Compliance Period”), beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person (unless registered pursuant to the Securities Act or exempt from registration thereunder) and may be held only through CDP, Euroclear and Clearstream or DTC for the accounts of Euroclear and Clearstream, as the case may be. Regulation S Global Notes will be exchangeable for Definitive Registered Notes only in limited circumstances as more fully described in “Annex A — Global clearance and settlement”.

Registered Notes of each series sold to QIBs under Rule 144A will be represented by a DTC Restricted Global Note deposited with a custodian for, and registered in the name of a nominee of, DTC. DTC

Restricted Global Notes will be exchangeable for Definitive Registered Notes only in limited circumstances as described in this Offering Circular.

Registered Notes of each series sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (a “Definitive IAI Registered Note”). Definitive IAI Registered Notes will, at the request of the Noteholder (except to the extent otherwise indicated in the relevant Pricing Supplement), be issued in exchange for interests in a Registered Global Note upon compliance with the procedures for exchange as described in the Indenture or relevant trust deed.

No beneficial owner of an interest in a Registered Global Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of DTC, Euroclear, Clearstream and/or CDP, in each case, to the extent applicable.

## **Security Codes**

Bearer Notes shall be assigned (as applicable) a Common Code and an International Securities Identification number (“ISIN”). Registered Notes will be assigned (as applicable) a Common Code, ISIN and Committee on Uniform Securities Identification Procedures (“CUSIP”) number. If a further issuance of Notes of the same series of Notes is issued, the Trustee shall arrange that the Notes of such further issuance shall be assigned (as applicable) a CUSIP number, Common Code and ISIN that are different from the CUSIP number, Common Code and ISIN, as the case may be, assigned to existing Notes of such series or to Notes of any other series until the end of the Distribution Compliance Period. At the end of the Distribution Compliance Period, the CUSIP number, Common Code and ISIN, as the case may be, thereafter applicable to the Notes of the relevant series will be notified by the Trustee to the relevant Dealers.

## Certain tax considerations

*The following summary of certain Singapore and U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary is not to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. You should consult your own tax advisor concerning the application of Singapore and U.S. federal income tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.*

### Singapore taxation

In relation to Singapore taxation, the statements below are general in nature and are based on certain aspects of current tax laws in Singapore, announced budget measures in the Singapore Budget Statement 2009 and administrative guidelines issued by the MAS in force as at the date of this Offering Circular and are subject to the enactment of such budget measures and any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Issuer, the Guarantor nor any other persons involved in the Program accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

### Interest and other payments

Subject to the following paragraphs, under section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "ITA"), the following payments are deemed to be derived from Singapore:

- any interest, commissions, fees or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. Pursuant to the Singapore Budget Statement 2009, the rate at which tax is withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons other than non-resident individuals is 17% for the year of assessment 2010 (that is, in respect of income earned during the calendar year or other basis period ending in 2009). The applicable rate for non-resident individuals is 20%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- interest from debt securities derived on or after January 1, 2004;
- discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the Program as a whole is arranged by the Arrangers, each of which is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), any Notes which are debt securities issued under the Program during the period from the date of this Offering Circular to December 31, 2013 ("Relevant Notes") will be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

- subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "Comptroller") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Relevant Notes, derived by a Noteholder who is not resident in Singapore and (i) who does not have any permanent establishment in Singapore, or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from the operation of the Singapore permanent establishment, are exempt from Singapore tax;
- subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), Qualifying Income from the Relevant Notes derived by any company or a body of persons in Singapore is subject to tax at a concessionary rate of 10% (for this purpose, a "body of persons" is defined in the ITA to include any body politic, corporate or collegiate and any fraternity, fellowship or society of persons whether corporate or not corporate but excluding a company or partnership); and
- subject to:
  - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall declare and include such income in a return of income made under the ITA; and
  - (ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

Qualifying Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- if during the primary launch of any tranche of Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or

funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and

- even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or the concessionary rate of tax of 10% described in the immediately preceding paragraphs.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have their same meaning as in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Sections 45 and 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required to declare and include such income in a return of income made under the ITA.

### **Capital gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting FRS 39 — *Financial Instruments: Recognition and Measurement* (“FRS 39”) for Singapore income tax purposes may be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “— Adoption of FRS 39 treatment for Singapore income tax purposes”.

### **Adoption of FRS 39 treatment for Singapore income tax purposes**

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 — *Financial Instruments: Recognition and Measurement*” (the “FRS 39 Circular”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.



Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### ***Estate duty***

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

### **United States federal income taxation**

**TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON PROSPECTIVE PURCHASERS UNDER THE UNITED STATES INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE NOTES; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition by a U.S. Holder (as defined below) of certain types of Notes that may be issued under the Program. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Program, and the relevant Pricing Supplement will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as partnerships or other pass-through entities, financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a fixed term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the relevant Pricing Supplement.

This summary pertains only to Registered Notes. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax law, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code.

The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the relevant Pricing Supplement will describe the material U.S. federal income tax consequences thereof.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organized under the laws of the United States or any State thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has properly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership (including other entities treated as a partnership for U.S. federal income tax purposes) that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisors concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States including the U.S. Internal Revenue Code, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date of this Offering Circular and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### ***Characterization of the Notes***

Whether a note is treated as debt (and not equity) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. Except as set forth in the applicable Pricing Supplement, we believe that the Notes will be treated as indebtedness for U.S. federal income tax purposes, although no opinions have been sought, and no assurances can be given, with respect to such treatment. The following discussion assumes that such treatment will be respected.

### ***Payments of Interest***

#### *General*

Interest on a Note, whether payable in U.S. dollars or a currency other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “— Original issue discount — General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder’s method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes and original issue discount (“OID”), if any, accrued with respect to the Notes (as described below under “— Original issue discount”) generally will constitute income from sources outside the United States.

#### *Effect of Singapore withholding taxes*

As discussed in “— Singapore taxation”, under current law Qualifying Income derived from the Relevant Notes is not subject to withholding tax by the Issuer, provided certain conditions are satisfied. However, in other cases payments of interest in respect of the Notes may be subject to Singapore withholding taxes. As discussed under “Description of the Notes issued under the Indenture — Payments of Additional Amounts”, the Issuer may become liable for the payment of Additional Amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no Singapore withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having actually received the amount of any Singapore taxes withheld by the Issuer with respect to a Note, includable in such U.S. Holder’s income at the time such amount is received or accrued in accordance with such U.S. Holder’s method of U.S. federal income tax accounting, and as then having actually paid over the withheld taxes to the Singapore taxing authorities. As a result of this rule, the amount of interest income (including Additional Amounts, if any) included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Singapore income taxes withheld by the Issuer (paid at the rate applicable to a U.S. Holder). Interest and OID generally will constitute foreign source income, which is either passive category income or, in the case of certain U.S. Holders, general category income. For purposes of the foreign tax credit limitation, foreign source income is classified as belonging to one of two “baskets”, and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that basket. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for Singapore taxes imposed on a payment of interest if the U.S. Holder has not met certain holding period requirements. Since a U.S. Holder may be required to include OID on the Notes in its gross income in advance of any withholding of Singapore income taxes from payments attributable to the OID (which would generally occur when the Note is repaid or redeemed), a U.S. Holder may not be entitled to a credit or deduction for these Singapore income taxes in the year the OID is included in the U.S. Holder’s gross income, and may be limited in its ability to credit or deduct in full the Singapore taxes in the year those taxes are actually

withheld by the Issuer. Prospective purchasers should consult their tax advisors concerning the foreign tax credit implications of the payment of any Singapore taxes.

### ***Original issue discount***

#### ***General***

The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes issued with OID.

A Note, other than a Note with a term of one year or less (a “Short-Term Note”), will be treated as issued with OID (a “Discount Note”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “installment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is greater than or equal to 0.25% of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold for money to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate (with certain exceptions for different rates that take into account different compounding periods), or a variable rate (in the circumstances described below under “— Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any unconditional call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any unconditional put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes (regardless of their method of accounting) must include OID in income using a constant-yield method generally before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Discount Note may be of any length and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Discount Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Discount Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Discount Note that were not qualified stated interest payments.

#### ***Acquisition premium***

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Discount Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “— Election to treat all interest as original issue discount”, is permitted to reduce the daily portions of OID which must be included in income by a fraction, the numerator of which

is the excess of the U.S. Holder's adjusted basis in the Discount Note immediately after its purchase over the Discount Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Discount Note after the purchase date, other than payments of qualified stated interest, over the Discount Note's adjusted issue price.

#### *Market discount*

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Discount Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an installment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Discount Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognized on the maturity or disposition of a Market Discount Note (including any payment on a Market Discount Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the market discount that has been accrued on the Note while held by such U.S. Holder. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for certain interest on borrowings incurred to purchase or carry a Market Discount Note, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount generally will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and may not be revoked without the consent of the IRS.

#### *Election to treat all interest as original issue discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "— General", with certain modifications. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium (described below under "— Notes purchased at a premium") or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments with market discount acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and if the election to apply the constant yield method to all interest on a Note is made with respect to a Note purchased at a premium, the electing U.S. Holder will be treated as having made the election discussed below under "— Notes purchased at a premium" to amortize bond premium on all taxable bonds held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisors concerning the consequences of this election.

#### *Variable Interest Rate Notes*

It is expected that Notes that provide for interest at variable rates ("Variable Interest Rate Notes") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury Regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single



fixed rate and a single objective rate that is a qualified inverse floating rate and (c) a qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of any OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case

may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note that qualifies as a "variable rate debt instrument" is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest and any OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the relevant Pricing Supplement.

#### *Short-term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but the U.S. Holder may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain recognized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is recognized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder not otherwise required may elect to accrue OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Fungible issue*

The Issuer may, without the consent of the Noteholders, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes.



### ***Notes purchased at a premium***

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity will generally have “amortizable bond premium” to the extent of such excess. If so, the U.S. Holder will not be required to include any OID. In addition, the U.S. Holder may elect to amortize such premium, in which case the amount required to be included in the U.S. Holder’s income each year with respect to qualified stated interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “— Original issue discount — Election to treat all interest as original issue discount”.

### ***Substitution of Issuer***

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer and the Guarantor under the Notes may be assumed by another entity. Depending on the circumstances, such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder’s tax basis in the Notes. However, under the Indenture, if the Issuer’s obligations relating to the Notes are assumed by a Successor Entity as a result of certain consolidation, merger or sale of assets, such Successor Entity must deliver to the Trustee an opinion of U.S. tax counsel of recognized standing to the effect that the beneficial owners of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such transaction and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would be the case as if the transaction had not occurred. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

### ***Purchase, sale and retirement of Notes***

A U.S. Holder’s tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under “— Original issue discount — Market discount” or “— Original issue discount — Short-Term Notes” or attributable to changes in exchange rates (as discussed below), gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the Notes exceeds one year.

Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. The deductibility of capital losses is subject to limitations.

### ***Foreign currency notes***

#### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average

exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the U.S. dollar amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *OID*

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Market discount*

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognize U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognize a market loss when the Note matures.

#### *Sale or retirement*

As discussed above under “— Purchase, sale and retirement of Notes”, a U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market,

as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the principal amount of the Note (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange gain or loss will be realized only to the extent of total gain or loss realized on the sale or retirement.

#### *Disposition of foreign currency*

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

#### ***Backup withholding and information reporting***

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder to the extent required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or if the U.S. Holder had been notified that it is subject to backup withholding because of a failure to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

#### ***Reportable transactions***

U.S. Treasury Regulations require a U.S. taxpayer that participates in a “reportable transaction” to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat any foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds US\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of US\$10,000 in the case of a natural person and US\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisors regarding the application of these rules to the acquisition, holding or disposition of Notes.

#### **European Union taxation**

The European Union has adopted a Directive on taxation of savings income (Council Directive 2003/48/EC). The Directive requires Member States of the European Union to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that Austria, Belgium and Luxembourg will instead impose a system of withholding taxes on such interest or similar income for a transitional period unless during such period they elect otherwise.

## **United Kingdom taxation**

**The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs practice and are not intended to be exhaustive. Any Noteholders who are in doubt as to their own tax position should consult their professional advisors.**

Persons in the United Kingdom (i) paying interest to, or receiving interest on behalf of, another person who is an individual or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to, or receiving such amounts on behalf of, another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

## Benefit plan investor considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes fiduciary standards and certain other requirements on employee benefit plans subject thereto, including collective investment funds, separate accounts, and other entities or accounts whose underlying assets are treated as assets of such plans pursuant to the U.S. Department of Labor “plan assets” regulation 29 C.F.R. Section 2510.3-101 and the U.S. Pension Protection Act of 2006 (the “Plan Assets Regulation”), (collectively, “ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Before authorizing an investment in the Notes, fiduciaries of ERISA Plans should consider, among other matters, (i) ERISA’s fiduciary standards, (ii) whether the investment in the Notes by the ERISA Plan satisfies the prudence and diversification requirements of ERISA, taking into account the overall investment policies of the ERISA Plan, the composition of the ERISA Plan’s portfolio and the limitations on the marketability of the Notes, (iii) whether the fiduciaries have authority to make an investment in the Notes under the applicable ERISA Plan investment policies and governing instruments and (iv) rules under ERISA and the U.S. Internal Revenue Code that prohibit ERISA Plan fiduciaries from causing an ERISA Plan to engage in a “prohibited transaction”.

**Due to the complexity of these rules and the penalties that may be imposed upon persons involved in a non-exempt prohibited transaction, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with “plan assets” of any ERISA Plan consult with their counsel regarding the potential consequences if the assets of the Issuer were deemed to be “plan assets” and the availability of exemptive relief under any applicable prohibited transaction class exemption or statutory exemption.**

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the U.S. Internal Revenue Code (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. In particular, a sale or exchange of property or an extension of credit between a Plan and a “party in interest” or “disqualified person” may constitute a prohibited transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the U.S. Internal Revenue Code.

Because of the foregoing restrictions, the Notes may not be purchased or held by any Plan, or any person investing “plan assets” of any Plan, unless that purchase and holding is covered by an applicable prohibited transaction class exemption or statutory exemption. Any purchaser or holder of the Notes or any interest therein will be deemed to have represented by its purchase or holding thereof that either (a) it is not and is not using the assets of any (i) Plan or (ii) governmental, church or non-U.S. plan that is subject to federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (“Similar Law”) or (iii) entity whose assets are treated as assets of any Plan, or (b) its purchase and holding of a Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, a violation of applicable Similar Law or an unauthorized delegation of fiduciary authority.

In addition to the concern that the purchase or holding of Notes by Plans not result in any prohibited transactions, it is also important that such purchase or holding does not cause the Issuer to be deemed to be holding “plan assets.” Under the terms of the Plan Assets Regulation, if the Issuer were deemed to hold plan assets by reason of a Plan’s investment in the Notes, those plan assets would include an undivided interest in the assets held by the Issuer and Temasek. If the assets and transactions of the Issuer and Temasek were to be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and the U.S. Internal Revenue Code and the Issuer, investing Plan fiduciaries and parties in interest or disqualified persons with respect to Plans could be subject to substantial liabilities, excise taxes and penalties on any non-exempt prohibited transactions and liability as a result of an unauthorized delegation of fiduciary duty. Under the Plan Assets Regulation, the assets of the Issuer would be deemed to be “plan assets” of an ERISA Plan for purposes of ERISA and Section 4975 of the U.S. Internal Revenue Code if “plan assets” were used to acquire an equity interest in the Issuer and no exception were applicable under the Plan Assets Regulation. An “equity interest” is defined under the Plan Assets Regulation as any interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. We believe the Notes are properly characterized as debt and, accordingly, the acquisition and holding of the Notes by Plans should not result in the Issuer being deemed to hold “plan assets.” However, the treatment of the Notes as debt, rather than equity, is not entirely free from doubt and therefore no assurances can be given, either in this regard or that another exception contained in the Plan Assets Regulation will be available.

Any plan fiduciary that proposes to cause a plan to purchase Notes should consult with its counsel regarding the applicability of the “plan asset,” fiduciary responsibility and prohibited transaction provisions under ERISA and Section 4975 of the U.S. Internal Revenue Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the U.S. Internal Revenue Code or applicable Similar Laws.

The sale of Notes to a plan investor is in no respect a representation by the Issuer, Temasek, the Arrangers or the Dealers or any of their affiliates that such an investment meets all relevant legal requirements with respect to investments by plan investors generally or any particular plan investor, or that such an investment is appropriate for plan investors generally or any particular plan investor.



# **Plan of distribution**

## **Summary of the Program Agreement**

Subject to the terms and on the conditions contained in a program agreement, dated September 14, 2005 (together with all supplements and amendments thereto, the “Program Agreement”), among the Issuer, Temasek, the Arrangers and the Dealers named therein (referred to herein as the “Arrangers” and the “Dealers”), the Notes will be offered from time to time for sale through the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Program Agreement also provides for Notes to be issued in syndicated series that are underwritten by two or more Dealers. The Program Agreement further provides for the resignation of existing Dealers and the appointment of additional Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the establishment of the Program and the Dealers for certain of their activities in connection with the Program.

The Issuer and Temasek have, jointly and severally, agreed to indemnify the Arrangers and the Dealers in connection with the offer and sale of such Notes, including liability under the Securities Act. The Program Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Notes.

Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. In connection with the offer and sale of each series of Notes, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Notes will be listed. No assurances can be given that the Program will qualify for listing on a stock exchange. In addition, no assurances can be given that if the Program qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such series of Notes will be listed on a stock exchange, that such Notes will trade from their date of issuance until maturity (or early redemption).

In connection with the issue of any series of Notes, one or more Dealers named as Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes.

## **Subscription and Sale of the Third Series of Notes**

Deutsche Bank AG, Singapore Branch, Goldman Sachs (Singapore) Pte. and Morgan Stanley Asia (Singapore) Pte. (each a “Joint Lead Manager”) have, pursuant to a subscription agreement dated November 17, 2009, agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe for the third series of Notes to be issued under the Program.

## **Certain Matters relating to the Dealers**

Some of the Dealers and their affiliates have, directly or indirectly, performed investment and/or commercial banking or financial advisory or trustee services for Temasek, the Issuer or their affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to Temasek, the Issuer and their affiliates in the future, for which they may also receive customary fees and commissions.

DBS Bank Ltd., one of the Dealers under the Program, is an affiliate of the Issuer and the Guarantor. Deutsche Bank Trust Company Americas, the Trustee under the Program, is an affiliate of Deutsche Bank AG. Deutsche Bank AG, Singapore Branch is one of the Dealers under the Program.

Following an issuance of the Notes, a Dealer may make a market in such Notes. However, such Dealer is not obligated to do so, and any market-making activities by such Dealer with respect to such Notes may be discontinued at any time without notice.

## **Selling restrictions**

### ***General***

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required other than as provided herein.

Each Dealer has agreed that it will comply to the best of its knowledge and belief and in all material respects with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement.

Each of the Dealers identified on the cover of this Offering Circular has represented, acknowledged and agreed that it has complied with the selling restrictions below in the offering of the third series of Notes to be issued under the Program.

### ***United States***

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act, and have not been registered or qualified under any state securities or “blue sky” laws of any state of the United States, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to QIBs in compliance with Rule 144A and outside the United States in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements. Terms used above have the meaning given to them by Regulation S under the Securities Act.

Each Dealer has acknowledged that the Notes may be offered and sold only (A) to U.S. persons or persons in the United States who (i) are both “qualified institutional buyers” (each a “QIB”) as defined in Rule 144A under the Securities Act (“Rule 144A”) and “qualified purchasers” (each, a “QP”) as defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) have executed a Purchaser’s Letter in the form set forth in Appendix A to Annex B of this Offering Circular, or (B) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). The terms “U.S. person” and “offshore transaction” have the meanings set forth in Regulation S. Neither the Issuer nor the Guarantor will be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. Neither such Dealer, its affiliates (if any) nor any persons acting on its or their behalf (i) have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to any Notes and such Dealer, its affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S, or (ii) have engaged or will engage, in connection with the offer and sale of the Notes, in any form of general solicitation or general advertising within the meaning of Regulation D under the Securities Act.

Each Dealer has agreed that, at or prior to confirmation of a sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it a confirmation or notice to substantially the following effect: “The Notes and the Guarantees have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may only be offered and sold (A) to U.S. persons or persons in the United States who (i) are both “qualified institutional buyers” (each a “QIB”) as defined in Rule 144A under the Securities Act (“Rule 144A”) and “qualified purchasers” (each, a “QP”) as defined in the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) have executed a Purchaser’s Letter in the form set forth in Appendix A to Annex B of this Offering Circular, or

(B) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). The terms "U.S. person" and "offshore transaction" have the meanings set forth in Regulation S. Neither the Issuer nor the Guarantor will be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act."

Each dealer registered or exempt from registration as a broker or dealer under the Exchange Act and nominated as such by the Issuer (a "144A Dealer") may, directly or through its affiliates, arrange for the placing of Notes in registered form in the United States or to U.S. persons in accordance with Rule 144A under the Securities Act, provided that each person to whom Notes were offered or sold is, or such 144A Dealer reasonably believes each such person to be, both a QIB and QP purchasing for its own account or for the account of a person that is both a QIB and QP, that such 144A Dealer notifies the purchaser that it may be relying on the exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A in connection with the offer and sale of such Notes and that the purchaser executes a Purchaser's Letter in the form set forth in Appendix A to Annex B of this Offering Circular. 144A Dealers may sell Notes to any affiliate of any 144A Dealer and any such affiliate may sell Notes purchased by it to any other 144A Dealer. In connection with each such sale of Notes pursuant to Rule 144A under the Securities Act, (a) each 144A Dealer will deliver at or prior to settlement an Offering Circular and the relevant Pricing Supplement to each purchaser who is both a QIB and QP purchasing a Note or Notes from it pursuant to Rule 144A under the Securities Act, and (b) unless otherwise specified in the relevant Pricing Supplement, each 144A Dealer will only sell to such purchaser, for such purchaser's own account or for any separate account for which it is acting, Notes having an aggregate principal amount of not less than US\$250,000 (or its equivalent rounded upwards as specified in the relevant Pricing Supplement).

Each Dealer who has purchased the Notes shall determine and certify to the Trustee or the Issuer on the completion of the distribution of the Notes purchased by or through it.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code.

Each Dealer has acknowledged the transfer restrictions applicable to the Notes, including Notes initially sold in the United States or to U.S. persons, set forth below.

### ***Transfer Restrictions***

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act, and have not been registered or qualified under any state securities laws in the United States or the securities laws of any other jurisdiction and, accordingly, may not be offered, resold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available, and except in accordance with the restrictions described below.

Any purchaser of DTC Restricted Global Notes may only sell, transfer, assign, pledge, or otherwise dispose of such Notes in compliance with the Securities Act and other applicable securities laws (i) the Guarantor or any subsidiary thereof, (ii) to a U.S. person or a person in the United States whom it reasonably believes is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Trustee, the Issuer and the Guarantor the Purchaser's Letter in the form of Appendix A to Annex B of this Offering Circular, or (iii) outside the United States to a non-U.S. person in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), provided that such purchaser delivers to the Trustee, the Issuer and the Guarantor an Offshore Transaction Letter in the form of Annex I to Appendix A to Annex B of this Offering Circular. A purchaser of a DTC Restricted Global Note is deemed to represent that either (a) it is not and is not using the assets of any (i) "employee benefit plan" which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), "plan" which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code ("Similar Law"), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a DTC Restricted Global Note will not constitute or result in a non-exempt prohibited transaction under

Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.

Any purchaser of interests in the Regulation S Global notes may only sell, transfer, assign, pledge, or otherwise dispose of such interests (i) to the Guarantor or any subsidiary thereof, (ii) to a non-U.S. person in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), or (iii) after the expiration of the 40-day distribution compliance period following the issue date of the Notes, to a U.S. person or a person in the United States whom it reasonably believes is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor the Purchaser's Letter in the form of Appendix A hereto, or as otherwise agreed to by the Issuer, and such transferee will then acquire such interests as interests in the DTC Restricted Global Note. Prior to the end of the expiration of the 40-day distribution compliance period, no exchange, sale, assignment, pledge, transfer or other disposal of interests in a Regulation S Global Note for interests in a DTC Restricted Global Note shall be permitted.

### ***Investor Representation Letters***

Each purchaser of Notes that is located within the United States or that is a U.S. person will be required to execute a Purchaser's Letter in the form of Appendix A to Annex B of this Offering Circular. In addition, in the event that any purchaser of Notes that is located within the United States or that is a U.S. person transfers such Notes outside the United States in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), such transferor must execute an Offshore Transaction Letter in the form of Annex I to Appendix A to Annex B of this Offering Circular and cause such letter to be promptly delivered to the Trustee, the Issuer and the Guarantor.

### ***Ability of the Issuer to Compel Sale of or Redeem Rule 144A Notes***

The Issuer may compel any beneficial owner of interests in the DTC Restricted Global Note to sell its interest in such Notes, or may sell such interests on behalf of such holder, or may redeem such holder's Notes at par, being a Redemption Amount (as defined in the Indenture) equal to the principal amount plus any accrued and unpaid interest to (but excluding) the Redemption Date (as defined in the Indenture), if such holder is not a QIB and a QP.

### ***Legend***

Any certificated Note shall bear the legend set out below.

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND THAT NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN "**INVESTMENT COMPANY**" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A "**QUALIFIED PURCHASER**" AS DEFINED IN THE INVESTMENT COMPANY ACT, AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A "**QUALIFIED PURCHASER**" AS DEFINED IN THE INVESTMENT COMPANY ACT (X) IN A



TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER'S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, OR (3) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION TO THAT EFFECT BY THE SELLER IN WRITING IN AN OFFSHORE TRANSACTION LETTER (IN THE FORM OF ANNEX I TO THE FORM OF PURCHASER'S LETTER), OR ANOTHER FORM ACCEPTABLE TO THE ISSUER. THE TERMS "**U.S. PERSON**," "**OFFSHORE TRANSACTION**" AND "**DESIGNATED OFFSHORE SECURITIES MARKET**" HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. NONE OF THE TRUSTEE UNDER THE INDENTURE GOVERNING THIS NOTE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. THE ISSUER AND ITS AGENTS MAY REQUIRE ANY PERSON WHO IS REQUIRED TO BE A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER BUT WHO IS NOT A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AT THE TIME IT ACQUIRES THIS NOTE TO TRANSFER THIS NOTE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S WITHIN 30 DAYS. IF THIS NOTE IS NOT SO TRANSFERRED, THE ISSUER IS ENTITLED TO SELL THIS NOTE TO A PURCHASER SELECTED BY THE ISSUER OR REDEEM THIS NOTE FROM SUCH PERSON AT PAR, BEING A REDEMPTION AMOUNT EQUAL TO THE PRINCIPAL AMOUNT PLUS ANY ACCRUED AND UNPAID INTEREST TO (BUT EXCLUDING) THE REDEMPTION DATE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("SIMILAR LAW") OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.



### **United Kingdom**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (1) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (2) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Singapore**

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

### **Hong Kong**

In relation to each tranche of Notes issued by the Issuer, each Dealer has represented and agreed that (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures, whether as

principal or agent; (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“Securities and Futures Ordinance”) and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside of Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Japan**

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the account or benefit of, any resident for re-offering or re-sale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly in Japan or, to or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

### **Italy**

Each Dealer has represented and agreed that the offer of the Notes has not been registered with the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, the “CONSOB”) pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that no Notes may be offered, sold or distributed, nor may copies of this document or of any other document relating to the Notes be distributed in the Republic of Italy (“Italy”), except:

- (i) to the categories of qualified investors (*investitori qualificati*) set out in paragraphs (i) to (iii) of the Prospectus Directive, as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “Italian Financial Services Act”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Moreover, and subject to the foregoing, each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this document or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended;
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

# Notice to purchasers and Holders of Registered Notes and transfer restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Notes.

Each prospective purchaser of Notes that have a legend regarding restrictions on transferability, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed that this Offering Circular is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer and Temasek, is prohibited.

Additional restrictions regarding the eligible investors and transfer restrictions may apply to any series of Notes, including procedures that restrict purchasers of such Notes in the United States or that are U.S. persons to QIBs that are also QPs as defined in the Investment Company Act. See the relevant Pricing Supplement.

## DTC Restricted Global Notes

Each purchaser of an interest in a DTC Restricted Global Note offered and sold in reliance on Rule 144A will be deemed to have represented, acknowledged and agreed as follows (terms used in this paragraph that are not defined will have the meaning given to them in Rule 144A or in Regulation S, as the case may be):

1. The purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A, and (iii) is acquiring Notes for its own account or for the account of one or more QIBs and that it exercises sole investment discretion with respect to each such account.
2. The purchaser understands that the Notes and the Guarantee are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes and the Guarantee have not been and will not be registered under the Securities Act or any other applicable state securities laws and may not be offered, sold, pledged or otherwise transferred unless registered pursuant to or exempt from registration under the Securities Act and any other applicable state securities laws; and that (i) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such interest in a DTC Restricted Global Note, such interest in a DTC Restricted Global Note may be offered, resold, pledged or otherwise transferred only (A) to Temasek or any subsidiary thereof, (B) to a U.S. person or to a person in the United States whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (C) outside the United States to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (D) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (E) pursuant to an effective registration statement under the Securities Act and in each of such cases in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and that (ii) the purchaser will, and each subsequent holder of the interest in a DTC Restricted Global Note is required to, notify any purchaser of such interest in a DTC Restricted Global Note from it of the resale restrictions referred to in (i) above and that (iii) no representation is being made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of Notes;
3. Either (a) it is not and is not using any (i) "employee benefit plan" which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), "plan" which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code ("Similar Law"), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a DTC Restricted Global Note will not constitute or result in a non-exempt prohibited

transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.

4. The purchaser understands that the Issuer, Temasek and the Dealers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and agreements and agrees that, if any of the acknowledgements, representations, warranties and agreements deemed to have been made upon its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealers. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such investor account, and that it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such account; and
5. Each DTC Restricted Global Note will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

“THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER, THE GUARANTOR AND THE DEALERS THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THAT (C) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE.

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“**DTC**”), A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

## Definitive IAI Registered Notes

Each purchaser of Definitive IAI Registered Notes will be required to deliver to the Issuer, Temasek and the Registrar an IAI Investment Letter substantially in the form attached to the Indenture. The Definitive IAI Registered Notes will be subject to the transfer restrictions set forth in the legend below, such letter and the Indenture. Inquiries concerning transfers of Notes should be made to any Dealer.

1. The IAI Investment Letter will state, among other things, the following:
  - (i) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;
  - (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out below) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with such restrictions and conditions and the Securities Act;
  - (iii) that, in the normal course of its business, the institutional accredited investor invests in or purchases securities similar to the Notes;
  - (iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
  - (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
  - (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least US\$250,000 (or the approximate equivalent in another currency).
2. Each Definitive IAI Registered Note that is offered and sold in the United States to an Institutional Accredited Investor pursuant to Section 4(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

"THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE ACKNOWLEDGES FOR THE BENEFIT OF THE ISSUER, THE GUARANTOR AND THE DEALERS THE RESTRICTIONS ON THE TRANSFER OF THIS NOTE SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER THIS NOTE ONLY AS PROVIDED IN THE INDENTURE ENTERED INTO BY THE ISSUER, THE GUARANTOR AND THE TRUSTEE ON SEPTEMBER 16, 2005. THE PURCHASER REPRESENTS THAT IT IS AN INSTITUTIONAL "**ACCREDITED INVESTOR**" (WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) AND IT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO ANY RESALE OR DISTRIBUTION HEREOF, SUBJECT TO ITS ABILITY TO RESELL THIS NOTE PURSUANT TO RULE 144A OR REGULATION S UNDER THE SECURITIES ACT OR AS OTHERWISE PROVIDED BELOW AND SUBJECT IN ANY CASE TO ANY



REQUIREMENT OF LAW THAT THE DISPOSITION OF THE PROPERTY OF ANY PURCHASER SHALL AT ALL TIMES BE AND REMAIN WITHIN ITS CONTROL.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “**RESALE RESTRICTION TERMINATION DATE**”) WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER, THE GUARANTOR OR ANY AFFILIATE OF THE ISSUER OR THE GUARANTOR WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE) ONLY (A) TO THE GUARANTOR OR ANY SUBSIDIARY OF THE GUARANTOR, (B) IN THE UNITED STATES TO A PERSON WHOM IT REASONABLY BELIEVES IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL “**ACCREDITED INVESTOR**” (WITHIN THE MEANING OF RULE 501 (A)(1), (2), (3) or (7) UNDER THE SECURITIES ACT) THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL “**ACCREDITED INVESTOR**”, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE NOTES OF US\$250,000 AND MULTIPLES OF US\$1,000 IN EXCESS THEREOF FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO, OR FOR OFFER OR RESALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (D) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (G) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER’S AND THE GUARANTOR’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (E) OR (G) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER AND THE GUARANTOR, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND, IN EACH OF THE FOREGOING CASES, NOT IN VIOLATION OF ANY APPLICABLE STATE SECURITIES LAWS. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN THIS PARAGRAPH.

IF REQUESTED BY THE ISSUER, THE GUARANTOR OR A DEALER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS NOTE IS PERMISSIBLE UNDER THE SECURITIES ACT. THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE REALES OR TRANSFERS OF RESTRICTED NOTES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.”

## **Regulation S Global Note**

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the Distribution Compliance Period (as defined

in Regulation S), by accepting delivery of this Offering Circular and the Notes will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S).
2. It understands that such Notes and the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) to a U.S. person or a person in the United States in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.
3. Either (a) it is not (i) an “employee benefit plan” which is subject to Title I of the ERISA, “plan” which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) a governmental, church or non-U.S. plan that is subject to any Similar Law, or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a DTC Restricted Global Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.
4. It understands that such Notes, unless otherwise determined by the Issuer and Temasek in accordance with applicable law, will bear a legend to the following:

“THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) AND APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. TERMS USED HEREIN HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT.”
5. The Issuer, Temasek, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
6. It understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Note. Prior to the expiration of the Distribution Compliance Period, before any interest in the Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the DTC Restricted Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Indenture) as to compliance with applicable securities laws.

## **Legal matters**

Certain legal matters with respect to the Notes will be passed upon for the Issuer and Temasek by Allen & Gledhill LLP with respect to Singapore law and by Latham & Watkins LLP with respect to English, New York and United States federal securities laws. Certain legal matters with respect to the Notes will be passed upon for the Joint Lead Managers and Dealers by Davis Polk & Wardwell LLP as to New York and United States federal securities laws.

## **Ratings**

Temasek has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AAA” by Standard & Poor’s. Any credit ratings accorded Temasek or the Notes are not a recommendation to purchase, hold or sell the Notes in as much as such ratings do not comment as to market price or suitability for investors. There can be no assurance that such ratings will remain in effect for any given period or that the ratings will not be revised by the ratings agencies in the future if, in their judgment, circumstances so warrant.

## **Independent public accountants**

KPMG LLP (“KPMG”), Singapore, public accountants and certified public accountants, are the statutory auditors of the audited statutory consolidated financial statements of Temasek for the financial years ended March 31, 2009 and 2008, which are not included herein. The statutory consolidated financial statements of Temasek for the financial year ended March 31, 2007 were audited by another firm of independent public accountants and are also not included herein. Since August 28, 2007, KPMG, Singapore have been appointed as independent public accountants of Temasek.

The consolidated financial statements for the financial years ended March 31, 2009, 2008 and 2007, which are included elsewhere in this Offering Circular, are presented consistently, in all material respects, with the audited statutory consolidated financial statements of Temasek from which they were derived. The consolidated financial statements included elsewhere in this Offering Circular have been examined in accordance with Singapore Standards on Auditing SSA 800, by KPMG, Singapore, as stated in their report also appearing herein. In the context of KPMG’s examination, they have carried out certain procedures to establish whether the consolidated financial statements are consistent, in all material respects, with the audited statutory consolidated financial statements. KPMG, Singapore’s procedures on the consolidated financial statements included elsewhere in this Offering Circular have not been carried out in accordance with standards for attestation engagements or statements on auditing standards for audit engagements of the American Institute of Certified Public Accountants and accordingly, should not be relied on as if they have been carried out in accordance with those standards.




## Index to financial statements

The page references in the Statement By Directors and the Auditors' Report for the financial years ended March 31, 2009, 2008 and 2007 set out on pages F1 and F2 to F7, respectively, of the Offering Circular refer to the consolidated financial statements set out on pages FS1 to FS152.

	<i>Page</i>
Statement By Directors .....	F1
Independent Auditors' Report .....	F2
Consolidated Income Statements .....	FS1
Consolidated Balance Sheets .....	FS2
Consolidated Statements of Changes in Equity .....	FS3-8
Consolidated Cash Flow Statements .....	FS9-11
Notes to the Consolidated Financial Statements .....	FS12-152

In the opinion of the directors, the consolidated financial statements of the Group as set out on pages FS1 to FS152 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 March 2009, 2008 and 2007 respectively and the results of the business, changes in equity and cash flows of the Group for each of the financial years then ended.

On behalf of the Board of Directors



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SUPPIAH DHANABALAN  
Chairman



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HO CHING  
Director

Singapore  
15 July 2009



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## Independent auditors' report

### TEMASEK HOLDINGS (PRIVATE) LIMITED

The statutory consolidated financial statements of TEMASEK HOLDINGS (PRIVATE) LIMITED (THPL) and its subsidiaries (the Group) do not present the financial information for the three years ended 31 March 2009, 2008 and 2007 in a single set of financial statements. The attached Consolidated Financial Statements have been prepared to present this financial information as a single set of financial statements. The Consolidated Financial Statements of the Group comprise consolidated balance sheets as at 31 March 2009, 2008 and 2007, consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for each of the years then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages FS1 to FS152.

#### *Management's responsibility for the financial statements*

Management is responsible for preparing the Consolidated Financial Statements for the years ended 31 March 2009, 2008 and 2007 and ensure that they are prepared from and presented consistently, in all material respects, with the audited statutory consolidated financial statements of the Group.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on whether the Consolidated Financial Statements are presented consistently with the audited statutory consolidated financial statements of the Group. 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 whether the Consolidated Financial Statements are 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 Consolidated Financial Statements with the audited statutory consolidated financial statements of the Group.

We were the statutory auditors of the statutory consolidated financial statements of the Group for the years ended 31 March 2009 and 31 March 2008. We issued unqualified audit reports dated 15 July 2009 and 16 July 2008 on the statutory consolidated financial statements of the Group for the years ended 31 March 2009 and 31 March 2008, respectively. Our audit reports on the statutory consolidated financial statements of the Group for the years ended 31 March 2009 and 31 March 2008 are reproduced on pages F4 to F7. The statutory consolidated financial statements of the Group for the year ended 31 March 2007 were audited by another firm of certified public accountants whose audit report contained an unqualified opinion.

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KPMG LLP (Registration No.T08LL1267L) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act [Chapter 163A], and was converted from a firm to a limited liability partnership on and as from 1 October 2008. It is a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.



**TEMASEK HOLDINGS (PRIVATE) LIMITED**

*Independent auditors' report*  
*Years ended 31 March 2009, 2008 and 2007*

In our opinion, the Consolidated Financial Statements are presented consistently, in all material respects, with the audited statutory consolidated financial statements of the Group from which they have been derived.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

**KPMG LLP**

*Public Accountants and*  
*Certified Public Accountants*

Singapore  
15 July 2009



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## **Independent auditors' report**

Member of the Company  
TEMASEK HOLDINGS (PRIVATE) LIMITED

We have audited the financial statements of TEMASEK HOLDINGS (PRIVATE) LIMITED (the Company) and its subsidiary companies (the Group), which comprise the balance sheets of the Group and of the Company as at 31 March 2009, the income statements and statements of changes in equity of the Group and of the Company, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS146.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) selecting and applying appropriate accounting policies; and
- (b) making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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KPMG LLP (Registration No.T08LL1267L) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A), and was converted from a firm to a limited liability partnership on and as from 1 October 2008. It is a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.





**TEMASEK HOLDINGS (PRIVATE) LIMITED**

Independent auditors' report

Year ended 31 March 2009

*Opinion*

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**

*Public Accountants and*

*Certified Public Accountants*

Singapore

15 July 2009



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## **Independent auditors' report**

Member of the Company  
**TEMASEK HOLDINGS (PRIVATE) LIMITED**

We have audited the financial statements of TEMASEK HOLDINGS (PRIVATE) LIMITED (the Company) and its subsidiary companies (the Group), which comprise the balance sheets of the Group and of the Company as at 31 March 2008, the income statements, statements of changes in equity of the Group and of the Company, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS116. The financial statements for the year ended 31 March 2007 were audited by another firm of certified public accountants whose report dated 5 July 2007 expressed an unqualified opinion on those financial statements.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) selecting and applying appropriate accounting policies; and
- (b) making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**TEMASEK HOLDINGS (PRIVATE) LIMITED**

Independent auditors' report  
Year ended 31 March 2008

*Opinion*

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and the results, changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**KPMG**

*Public Accountants and  
Certified Public Accountants*

Singapore  
16 July 2008

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

*Consolidated Income Statements*  
*Years ended 31 March 2009, 2008 and 2007*

	Note	2009 \$million	2008 \$million	2007 \$million
<b>Continuing operations</b>				
Revenue	4	79,614.6	83,284.2	74,562.7
Cost of sales		(57,477.1)	(53,290.5)	(49,281.8)
<b>Gross profit</b>		22,137.5	29,993.7	25,280.9
Other income	8	16,197.8	15,869.7	8,370.4
Selling and distribution expenses		(5,041.6)	(5,196.6)	(4,278.1)
Administrative expenses		(8,067.5)	(8,618.7)	(8,104.6)
Other operating expenses		(15,332.6)	(8,681.1)	(5,053.1)
Finance expenses	5	(2,727.3)	(3,207.5)	(2,610.8)
Share of profit/(loss), net of tax of:				
- associated companies and partnerships		1,332.8	3,187.4	(830.1)
- joint ventures		1,869.4	2,182.2	1,566.3
<b>Profit before income tax</b>		10,368.5	25,529.1	14,340.9
Income tax expense	6	(1,279.7)	(3,055.5)	(1,380.9)
<b>Profit from continuing operations</b>		9,088.8	22,473.6	12,960.0
<b>Discontinued operations</b>				
Profit from discontinued operations, net of tax	7	-	-	15.5
<b>Profit for the year</b>	8	9,088.8	22,473.6	12,975.5
<b>Attributable to:</b>				
Equity holder of THPL		6,183.0	18,240.1	9,111.9
Minority interests		2,905.8	4,233.5	3,863.6
<b>Profit for the year</b>		9,088.8	22,473.6	12,975.5

*The accompanying notes form an integral part of these financial statements.*

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Balance Sheets  
As at 31 March 2009, 2008 and 2007

	Note	2009 \$million	2008 \$million	2007 \$million
<b>Non-current assets</b>				
Property, plant and equipment	12	68,205.9	75,301.9	65,486.3
Intangible assets	13	19,890.6	21,381.8	14,804.9
Associated companies and partnerships	15	32,129.9	30,736.9	27,643.4
Joint ventures	16	8,975.4	8,775.8	7,321.9
Financial assets	17	39,597.8	73,478.5	51,999.5
Derivative financial instruments	18	635.9	371.9	341.4
Investment properties	19	5,331.1	5,035.3	3,631.5
Properties under development	20	758.5	625.7	157.7
Other non-current assets	21	9,505.5	9,392.5	10,446.3
Deferred tax assets	22	1,959.6	1,849.3	1,628.0
		186,990.2	226,949.6	183,460.9
<b>Current assets</b>				
Inventories	23	3,157.7	2,806.0	2,619.2
Trade and other receivables	24	16,821.9	20,542.2	18,530.5
Financial assets	17	5,282.5	8,759.8	12,505.7
Derivative financial instruments	18	1,487.8	1,883.6	417.8
Cash and bank balances	27	34,208.4	26,100.5	24,883.0
Assets classified as held for sale	26	-	8,476.2	22.8
		60,958.3	68,568.3	58,979.0
<b>Total assets</b>		247,948.5	295,517.9	242,439.9
<b>Equity attributable to equity holder of THPL</b>				
Share capital	9	34,344.3	30,276.2	18,305.6
Other reserves	10(a)	13,332.5	16,104.8	17,453.1
Share option reserve	10(b)	669.7	572.0	462.8
Fair value and hedging reserves	10(c)	(2,568.4)	23,963.8	20,858.2
Currency translation reserve	10(d)	(4,342.3)	(1,497.0)	(504.1)
Accumulated profits		76,961.8	74,638.2	57,382.6
		118,397.6	144,058.0	113,958.2
<b>Minority interests</b>		22,554.8	25,785.8	24,447.3
<b>Total equity</b>		140,952.4	169,843.8	138,405.5
<b>Non-current liabilities</b>				
Borrowings	30	45,150.3	39,947.8	41,370.2
Derivative financial instruments	18	681.2	1,354.9	1,024.3
Provisions	29	465.9	303.5	329.1
Other non-current liabilities	31	9,599.0	8,123.0	8,139.6
Deferred income and liabilities	32	2,742.3	2,638.6	2,463.8
Deferred tax liabilities	22	5,799.4	6,852.3	5,357.8
		64,438.1	59,220.1	58,684.8
<b>Current liabilities</b>				
Trade and other payables	28	23,874.0	30,468.5	31,752.8
Provisions	29	1,464.4	1,466.1	1,880.3
Borrowings	30	11,013.5	20,455.2	7,027.7
Current tax payable		1,911.0	2,453.1	2,394.7
Derivative financial instruments	18	2,701.9	2,273.3	1,061.0
Deferred income and liabilities	32	1,593.2	1,799.7	1,233.1
Liabilities classified as held for sale	26	-	7,538.1	-
		42,558.0	66,454.0	45,349.6
<b>Total liabilities</b>		106,996.1	125,674.1	104,034.4
<b>Total equity and liabilities</b>		247,948.5	295,517.9	242,439.9

The accompanying notes form an integral part of these financial statements.

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Equity  
Years ended 31 March 2009, 2008 and 2007

	Note	Share capital \$million	Other reserves \$million	Share option reserve \$million	Fair value and hedging reserves \$million	Currency translation reserve \$million	Accumulated profits \$million	Total attributable to equity holder of THPL \$million	Minority interests \$million	Total equity \$million
At 1 April 2006		16,103.0	16,742.0	406.8	7,006.0	(228.8)	50,601.3	90,630.3	25,411.5	116,041.8
Translation differences		-	-	-	-	(244.5)	-	(244.5)	(34.3)	(278.8)
Share of associated companies', partnerships' and joint ventures' reserves		-	134.4	-	-	(50.3)	(142.6)	(58.5)	(5.4)	(63.9)
Net surplus on asset revaluation	19	-	1,088.2	-	-	-	-	1,088.2	3.8	1,092.0
Change in fair value of available-for-sale financial assets, net of tax		-	-	-	14,633.4	-	-	14,633.4	(24.1)	14,609.3
Cumulative change in fair value of available-for-sale financial assets transferred to the income statement on disposal, net of tax		-	-	-	(567.1)	-	-	(567.1)	-	(567.1)
Cash flow hedges, net of tax		-	-	-	(214.1)	-	-	(214.1)	(126.6)	(340.7)
Convertible notes-equity component		-	33.6	-	-	-	-	33.6	17.1	50.7
Disposal or dilution of investments in subsidiary and associated companies		-	(535.1)	-	-	19.5	-	(515.6)	(1,843.8)	(2,359.4)
Others, net		-	1.1	-	-	-	3.5	4.6	(10.2)	(5.6)
Net income/(expense) recognised directly in equity		-	722.2	-	13,852.2	(275.3)	(139.1)	14,160.0	(2,023.5)	12,136.5
Profit for the year		-	-	-	-	-	9,111.9	9,111.9	3,863.6	12,975.5
Total recognised income and expense for the year		-	722.2	-	13,852.2	(275.3)	8,972.8	23,271.9	1,840.1	25,112.0
Balance carried forward		16,103.0	17,464.2	406.8	20,858.2	(504.1)	59,574.1	113,902.2	27,251.6	141,153.8



TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Equity  
Years ended 31 March 2009, 2008 and 2007

	Note	Share capital \$million	Other reserves \$million	Share option reserve \$million	Fair value and hedging reserves \$million	Currency translation reserve \$million	Accumulated profits \$million	Total attributable to equity holder of THPL \$million	Minority interests \$million	Total equity \$million
Balance brought forward		16,103.0	17,464.2	406.8	20,858.2	(504.1)	59,574.1	113,902.2	27,251.6	141,153.8
Acquisition of subsidiary companies		-	-	-	-	-	-	-	(49.9)	(49.9)
Disposal or dilution of investments in subsidiary companies		-	-	(2.1)	-	-	-	(2.1)	-	(2.1)
Employee share-based payment		-	-	58.1	-	-	-	58.1	56.5	114.6
Transfer from other reserves to accumulated profits		-	(11.1)	-	-	-	11.1	-	-	-
Capital contributions by minority shareholders		-	-	-	-	-	-	-	777.3	777.3
Dividends paid to minority shareholders/capital reduction		-	-	-	-	-	-	-	(3,588.2)	(3,588.2)
Final dividend (franked) paid of \$3.12 per share less tax at 20%		-	-	-	-	-	(2,202.6)	(2,202.6)	-	(2,202.6)
Issue of shares	9	2,202.6	-	-	-	-	-	2,202.6	-	2,202.6
At 31 March 2007		18,305.6	17,453.1	462.8	20,858.2	(504.1)	57,382.6	113,958.2	24,447.3	138,405.5

The accompanying notes form an integral part of these financial statements.

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Equity  
Years ended 31 March 2009, 2008 and 2007

	Share capital \$million	Other reserves \$million	Share option reserve \$million	Fair value and hedging reserves \$million	Currency Translation reserve \$million	Accumulated profits \$million	Total attributable to equity holder of THPL \$million	Minority interests \$million	Total equity \$million
At 1 April 2007	18,305.6	17,453.1	462.8	20,858.2	(504.1)	57,382.6	113,958.2	24,447.3	138,405.5
Effect of adopting FRS 40	-	(1,231.3)	-	-	-	1,037.2	(194.1)	32.0	(162.1)
At 1 April 2007	18,305.6	16,221.8	462.8	20,858.2	(504.1)	58,419.8	113,764.1	24,479.3	138,243.4
Translation differences	-	-	-	-	(814.7)	-	(814.7)	(548.1)	(1,362.8)
Share of associated companies' and joint ventures' reserves	-	22.6	27.2	419.6	(133.3)	(12.5)	323.6	97.5	421.1
Net surplus on asset revaluation	-	34.6	-	-	-	-	34.6	-	34.6
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	2,766.6	-	-	2,766.6	(9.1)	2,757.5
Cumulative change in fair value of available-for-sale financial assets transferred to the income statement on disposal, net of tax	-	-	-	(320.2)	-	-	(320.2)	(5.3)	(325.5)
Cash flow hedges, net of tax	-	-	-	245.2	-	-	245.2	144.3	389.5
Disposal or dilution of investments in subsidiary and associated companies, and joint ventures	-	(177.4)	-	(5.6)	(44.9)	-	(227.9)	(279.0)	(506.9)
Others, net	-	(10.1)	-	-	-	(25.3)	(35.4)	6.9	(28.5)
Net (expense)/income recognised directly in equity	-	(130.3)	27.2	3,105.6	(992.9)	(37.8)	1,971.8	(592.8)	1,379.0
Profit for the year	-	-	-	-	-	18,240.1	18,240.1	4,233.5	22,473.6
Total recognised income and expense for the year	-	(130.3)	27.2	3,105.6	(992.9)	18,202.3	20,211.9	3,640.7	23,852.6
Balance carried forward	18,305.6	16,091.5	490.0	23,963.8	(1,497.0)	76,622.1	133,976.0	28,120.0	162,096.0

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Equity  
Years ended 31 March 2009, 2008 and 2007

	Note	Share capital \$million	Other reserves \$million	Share option reserve \$million	Fair value and hedging reserves \$million	Currency translation reserve \$million	Accumulated profits \$million	Total attributable to equity holder of THPL \$million	Minority interests \$million	Total equity \$million
Balance brought forward		18,305.6	16,091.5	490.0	23,963.8	(1,497.0)	76,622.1	133,976.0	28,120.0	162,096.0
Acquisition of subsidiary companies		-	-	-	-	-	-	-	453.3	453.3
Disposal or dilution of investments in subsidiary and associated companies		-	-	-	-	-	-	-	-	-
Employee share-based payment		-	-	(15.4)	-	-	-	(15.4)	-	(15.4)
Transfer from accumulated profits to other reserves		-	-	97.4	-	-	-	97.4	171.1	268.5
Capital contributions by minority shareholders		-	13.3	-	-	-	(13.3)	-	-	-
Dividends paid to minority shareholders/capital reduction		-	-	-	-	-	-	-	979.1	979.1
Special dividend (one tier) paid of \$0.16 per share		-	-	-	-	-	(119.1)	(119.1)	(3,937.7)	(3,937.7)
Final dividend (franked) paid of \$2.27 per share less tax at 18%		-	-	-	-	-	(1,344.4)	(1,344.4)	-	(1,344.4)
Final dividend (one tier) paid of \$0.70 per share		-	-	-	-	-	(507.1)	(507.1)	-	(507.1)
Issue of shares	9	11,970.6	-	-	-	-	-	11,970.6	-	11,970.6
At 31 March 2008		30,276.2	16,104.8	572.0	23,963.8	(1,497.0)	74,638.2	144,058.0	25,785.8	169,843.8

The accompanying notes form an integral part of these financial statements.

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Equity  
Years ended 31 March 2009, 2008 and 2007

	Share capital \$million	Other reserves \$million	Share option reserve \$million	Fair value and hedging reserves \$million	Currency translation reserve \$million	Accumulated profits \$million	Total attributable to equity holder of THPL \$million	Minority interests \$million	Total equity \$million
At 1 April 2008	30,276.2	16,104.8	572.0	23,963.8	(1,497.0)	74,638.2	144,058.0	25,785.8	169,843.8
Translation differences	-	-	-	-	(2,884.3)	-	(2,884.3)	(1,202.6)	(4,086.9)
Share of associated companies' and joint ventures' reserves	-	(216.3)	10.3	(1,056.1)	90.0	233.4	(938.7)	(110.4)	(1,049.1)
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	(31,086.6)	-	-	(31,086.6)	(112.9)	(31,199.5)
Cumulative change in fair value of available-for-sale financial assets transferred to the income statement on disposal, net of tax	-	-	-	6,584.1	-	-	6,584.1	(5.4)	6,578.7
Cash flow hedges, net of tax	-	-	-	(1,062.7)	-	-	(1,062.7)	(582.2)	(1,644.9)
Disposal or dilution of investments in subsidiary and associated companies, and joint ventures	-	(2,483.8)	-	89.1	(51.0)	-	(2,445.7)	-	(2,445.7)
Others, net	-	(100.8)	-	-	-	4.2	(96.6)	20.3	(76.3)
Net (expense)/income recognised directly in equity	-	(2,800.9)	10.3	(26,532.2)	(2,845.3)	237.6	(31,930.5)	(1,993.2)	(33,923.7)
Profit for the year	-	-	-	-	-	6,183.0	6,183.0	2,905.8	9,088.8
Total recognised income and expense for the year	-	(2,800.9)	10.3	(26,532.2)	(2,845.3)	6,420.6	(25,747.5)	912.6	(24,834.9)
Balance carried forward	30,276.2	13,303.9	582.3	(2,568.4)	(4,342.3)	81,058.8	118,310.5	26,698.4	145,008.9

TEMASEK HOLDINGS (PRIVATE) LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Equity  
Years ended 31 March 2009, 2008 and 2007

	Note	Share capital \$million	Other reserves \$million	Share option reserve \$million	Fair value and hedging reserves \$million	Currency translation reserve \$million	Accumulated profits \$million	Total attributable to equity holder of THPL \$million	Minority interests \$million	Total equity \$million
Balance brought forward		30,276.2	13,303.9	582.3	(2,568.4)	(4,342.3)	81,058.8	118,310.5	26,698.4	145,008.9
Acquisition of subsidiary companies		-	-	-	-	-	-	-	(23.2)	(23.2)
Disposal or dilution of investments in subsidiary and associated companies		-	-	(17.6)	-	-	-	(17.6)	(1,893.3)	(1,910.9)
Employee share-based payment		-	-	105.0	-	-	-	105.0	33.2	138.2
Transfer from accumulated profits to other reserves		-	28.6	-	-	-	(28.6)	-	-	-
Capital contributions by minority shareholders		-	-	-	-	-	-	-	108.5	108.5
Dividends paid to minority shareholders/capital reduction		-	-	-	-	-	-	-	(2,368.8)	(2,368.8)
Final dividend (one tier) paid of \$5.01 per share		-	-	-	-	-	(4,068.4)	(4,068.4)	-	(4,068.4)
Issue of shares	9	4,068.1	-	-	-	-	-	4,068.1	-	4,068.1
At 31 March 2009		34,344.3	13,332.5	669.7	(2,568.4)	(4,342.3)	76,961.8	118,397.6	22,554.8	140,952.4

The accompanying notes form an integral part of these financial statements.

	2009 \$million	2008 \$million	2007 \$million
<b>Operating activities</b>			
Profit before income tax	10,368.5	25,529.1	14,356.5
Adjustments for:			
Accretion of government compensation received	(34.5)	(34.2)	(336.9)
Amortisation and impairment loss on intangible assets	624.0	458.8	484.2
Negative goodwill written off	-	-	(23.4)
Amortisation of deferred gain on sale and leaseback transactions	(93.4)	(102.7)	(90.6)
Depreciation of property, plant and equipment	7,230.2	7,742.7	7,024.6
Dividend income	(1,806.0)	(1,200.5)	(595.8)
Fair value change of financial assets and derivative financial instruments	445.9	319.6	288.4
Gain from restructuring in operations and disposal of investments	(3,975.8)	(8,870.9)	(3,877.7)
Gain on disposal of investment properties	-	(0.8)	-
Gain on disposal of property, plant and equipment	(115.5)	(644.9)	(743.8)
Impairment of property, plant and equipment	138.5	37.2	40.4
Impairment in value of investments in associated companies, joint ventures and other financial assets	2,128.9	1,955.2	161.7
Interest expense	2,727.3	3,207.5	2,610.8
Interest income	(611.1)	(979.2)	(1,073.4)
Fair value gain on investment properties	(28.4)	(1,110.8)	(107.0)
Property, plant and equipment written off	43.2	28.1	12.1
Share based compensation expenses	232.1	248.1	163.2
Share of results of associated companies and partnerships	(1,332.8)	(3,187.4)	830.1
Share of results of joint ventures	(1,869.4)	(2,182.2)	(1,566.3)
	14,071.7	21,212.7	17,557.1
Change in working capital:			
Current assets	7,176.9	(3,628.3)	599.7
Current liabilities	(5,383.1)	3,822.7	2,089.2
Foreign currency translation adjustments	(310.0)	(481.4)	(181.1)
Cash generated from operations	15,555.5	20,925.7	20,064.9
Income taxes paid	(1,825.4)	(1,941.7)	(1,592.3)
<b>Cash inflow from operating activities</b>	<b>13,730.1</b>	<b>18,984.0</b>	<b>18,472.6</b>

*The accompanying notes form an integral part of these financial statements.*



	Note	2009 \$million	2008 \$million	2007 \$million
<b>Investing activities</b>				
Payments for acquisition of subsidiary companies and businesses (net of cash acquired) <sup>(1)</sup>		(553.0)	(11,702.6)	(556.9)
Proceeds from/(payments for) disposal of subsidiary companies and businesses (net of cash disposed of) <sup>(1)</sup>		7,837.3	5,019.9	(912.6)
Proceeds from disposal of assets group held for sale (net of cash disposed of)	26	1,465.3	-	-
Payments for property, plant and equipment		(11,722.9)	(11,908.2)	(9,912.2)
Payments for intangible assets		(401.7)	(833.2)	(220.2)
Proceeds from disposal of intangible assets		0.9	0.3	2.0
Purchases of additional investments in associated companies and joint ventures and dilution of subsidiary companies		(3,402.7)	(993.8)	(9,287.3)
Proceeds from disposal/(payments for purchases) of financial assets and derivative financial instruments		1,727.8	(16,419.0)	(8,392.0)
Purchases of investment properties and properties under development		(496.1)	(629.6)	(129.3)
Dividends received from associated companies and joint ventures		2,464.0	2,482.7	1,495.2
Proceeds from disposal of property, plant and equipment		1,158.1	1,663.5	2,346.6
Proceeds from/(payments for) finance lease receivables and loans and bill receivables		13.0	(3.9)	44.7
Loans (to)/from associated companies and joint ventures		(261.7)	(37.0)	91.7
Loans to investee companies and third parties		-	-	(129.7)
Loans from investee companies and third parties		-	-	6.2
Dividends received		2,282.2	1,644.9	783.1
Interest received		723.6	1,172.8	1,410.9
Acquisition of minority interest in existing subsidiary companies		(761.3)	(61.5)	(95.8)
Return of capital from available-for-sale financial assets and associated companies		21.9	174.1	111.5
<b>Cash flows from/(used in) investing activities</b>		<b>94.7</b>	<b>(30,430.6)</b>	<b>(23,344.1)</b>
<b>Financing activities</b>				
Repayments of finance lease and hire purchase obligations		(158.3)	(138.8)	(389.6)
Interest paid		(3,027.9)	(3,298.1)	(2,439.0)
Proceeds from borrowings		19,459.0	23,972.8	10,405.3
Repayments of borrowings		(20,471.9)	(14,300.4)	(2,498.6)
Return of capital by subsidiary companies		(1.7)	(916.8)	(1,727.3)
Dividends paid to shareholders		(6,373.3)	(4,991.5)	(4,072.1)
Capital contributions from minority shareholders		108.5	979.1	777.3
Proceeds from issuance of new shares		4,068.1	11,970.6	2,202.6
<b>Cash flows (used in)/from financing activities</b>		<b>(6,397.5)</b>	<b>13,276.9</b>	<b>2,258.6</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,427.3</b>	<b>1,830.3</b>	<b>(2,612.9)</b>
Cash and cash equivalents at the beginning of the year		26,544.7	24,714.4	27,327.3
<b>Cash and cash equivalents at the end of the year</b>	27	<b>33,972.0</b>	<b>26,544.7</b>	<b>24,714.4</b>

The accompanying notes form an integral part of these financial statements.

**Note <sup>(1)</sup> – The attributable net assets of subsidiary companies and businesses acquired and disposed of are as follows:**

	Carrying amounts 2009 \$million	Fair value adjustments 2009 \$million	Recognised values		
			2009 \$million	2008 \$million	2007 \$million
<b>Acquisition of subsidiary companies and businesses</b>					
Non-current assets	250.3	135.1	385.4	12,006.6	737.4
Current assets	128.8	2.0	130.8	3,246.1	440.3
Current liabilities	(55.3)	(1.3)	(56.6)	(4,727.1)	(270.4)
Non-current liabilities	(13.8)	(19.2)	(33.0)	(2,306.5)	(318.9)
	<u>310.0</u>	<u>116.6</u>	426.6	8,219.1	588.4
Minority interests			(2.1)	(489.2)	(37.8)
Fair value adjustments taken to revaluation reserve			-	(34.6)	-
Net identifiable assets			424.5	7,695.3	550.6
Goodwill on acquisition			72.3	5,320.0	195.9
Amount previously accounted for as associated companies/joint ventures			-	(554.8)	(38.5)
Consideration paid in previous financial year			-	-	(0.9)
Consideration not yet paid			(7.2)	(153.6)	(5.3)
Cash paid in current year for a subsidiary company acquired in previous year			117.2	-	-
Consideration paid, satisfied in cash			606.8	12,306.9	701.8
Cash and cash equivalents acquired			(53.8)	(604.3)	(144.9)
Net cash outflow			<u>553.0</u>	<u>11,702.6</u>	<u>556.9</u>
<b>Disposal of subsidiary companies and businesses</b>					
Non-current assets			8,554.7	1,774.6	3,764.2
Current assets			4,134.9	1,907.1	4,144.4
Current liabilities			(3,647.8)	(569.1)	(3,317.7)
Non-current liabilities			(4,885.5)	(469.7)	(1,263.6)
Minority interests			(1,760.1)	(467.4)	(1,914.7)
			2,396.2	2,175.5	1,412.6
Realisation of reserves and goodwill			(1,798.3)	162.7	(155.1)
Transfer to available-for-sale financial assets			-	-	(196.7)
Transfer to associated companies			-	(530.2)	(886.8)
Repayment of loans			-	-	(32.1)
Gain on disposals			9,560.0	3,572.0	458.5
Cash consideration received			10,157.9	5,380.0	600.4
Consideration deferred			(335.5)	-	(3.6)
Cash and cash equivalents disposed of			(1,985.1)	(360.1)	(1,509.4)
Net cash inflow/(outflow) from disposals			<u>7,837.3</u>	<u>5,019.9</u>	<u>(912.6)</u>

*The accompanying notes form an integral part of these financial statements.*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 July 2009.

## **1. General**

Temasek Holdings (Private) Limited ("THPL") is incorporated and domiciled in Singapore. The address of THPL's registered office is 60B Orchard Road, #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.

The principal activity of THPL is that of an investment holding company.

THPL is wholly-owned by the Government of the Republic of Singapore through the Minister for Finance (Incorporated), a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore ("MOF (Inc)").

The consolidated financial statements relate to THPL and its subsidiary companies (together referred to as the Group) and the Group's interests in associated companies, partnerships and joint ventures.

## **2. Summary of significant accounting policies**

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared under the historical cost basis, except for certain assets and liabilities which are measured at fair value, as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars, which is THPL's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest \$0.1 million, unless otherwise indicated.

References to the financial years 2009, 2008 and 2007 refer to the financial years ended 31 March 2009, 31 March 2008 and 31 March 2007 respectively.

The consolidated financial statements include the financial statements of THPL and all its subsidiary companies drawn up to 31 March 2009, except for the following subsidiary companies' financial statements of which have been prepared and audited up to the financial year ended 31 December 2008:

- Ambrosia Investment Pte Ltd and its subsidiary companies;
- Cradance Services Pte Ltd and its subsidiary company, Growth Venture Pte Ltd;
- Ellensburg Holding Pte. Ltd. and its subsidiary companies;
- Fullerton Financial Holdings Pte. Ltd. and its subsidiary companies;
- Green Dot Capital Pte Ltd and its subsidiary companies;
- Neptune Orient Lines Limited and its subsidiary companies;

- Pine Investments Holdings Pte Ltd and its subsidiary companies;
- PSA International Pte Ltd and its subsidiary companies;
- Sing-Han International Financial Services Limited and its subsidiary company, Sing-Han Management Consulting (Shanghai) Limited;
- Singapore Technologies Capital Services Pte. Ltd. and its subsidiary companies;
- Singapore Technologies Engineering Ltd and its subsidiary companies;
- STETSYS Pte Ltd, a subsidiary company of Singapore Technologies Pte Ltd;
- Singapore Technologies Semiconductors Pte Ltd and its subsidiary companies;
- Singapore Technologies Telemedia Pte Ltd and its subsidiary companies;
- Temasek Holdings Consulting (Shanghai) Company Limited;
- Certain subsidiary companies of Accuron Technologies Limited;
- Certain subsidiary companies of Fullerton Capital Pte. Ltd.; and
- Certain subsidiary companies of Tembusu Capital Pte. Ltd.

In exercise of its powers under Section 200(8) of the Companies Act, Chapter 50, the Accounting & Corporate Regulatory Authority had approved the above-mentioned subsidiary companies and each of their respective subsidiary companies to have a financial year end of 31 December, which does not coincide with the financial year end of THPL, being their ultimate holding company.

Had the unaudited balance sheets of these subsidiary companies as at 31 March been included in the consolidated balance sheet of the Group, the effect on the consolidated net assets as at 31 March would have been approximately as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
As shown in audited consolidated balance sheet of the Group as at 31 March	118,397.6	144,058.0	113,958.2
Net increase in assets for the financial period from 1 January to 31 March in respect of these subsidiary companies	211.2	328.4	895.8
Consolidated balance sheet as would be revised	<u>118,608.8</u>	<u>144,386.4</u>	<u>114,854.0</u>

Had the unaudited income statements of these subsidiary companies for the year ended 31 March been included in the consolidated income statement of the Group, the effect on the consolidated profit attributable to the equity holder of the Company for year ended 31 March would have been approximately as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
As shown in audited consolidated income statement of the Group for the year ended 31 March	6,183.0	18,240.1	9,111.9
Net (decrease)/increase in profit attributable to equity holder of the Company for the financial period from 1 January to 31 March in respect of these subsidiary companies	(550.9)	(405.8)	341.2
Consolidated income statement as would be revised	<u>5,632.1</u>	<u>17,834.3</u>	<u>9,453.1</u>

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is set out in note 3.

On 1 April 2008, the Group adopted the following new/revised FRSs and interpretation to FRSs which are relevant to the Group:

Amendments to FRS 1: *Amendments relating to capital disclosures*

Amendments to FRS 39 Financial Instruments: *Recognition and Measurement*

FRS 107 and its amendments: Financial Instruments: *Disclosures*

INT FRS 112: *Service Concession Arrangements*

INT FRS 114: *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact to the Group's financial statements.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements, except for the change in accounting policy relating to investment properties described in note 2.7, which was applied prospectively in accordance with the transitional provisions of FRS 40. Certain disclosures on financial instruments relating to FRS 107, effective for annual periods beginning on or after 1 January 2008, are presented for the financial years ended 31 March 2009 and 2008 only.

## **2.2 Consolidation**

### ***Business combinations***

Business combinations are accounted for under the purchase method, except for business combinations involving entities under common control. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess or deficit of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill and negative goodwill, respectively, and is accounted for as described in note 2.6.

***Business combinations involving entities under common control***

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as an acquisition on the date that the common control business combination occurs. The assets and liabilities acquired are recognised at the carrying amounts based on the financial statements of the acquired entity. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of the merger reserve. Any difference between the cash paid for the acquisition and net assets acquired is recognised directly in equity.

***Subsidiary companies***

Subsidiary companies are entities (including special purpose entities) over which the Group has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable or convertible are taken into account. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiary companies have been changed where necessary to align them with the policies adopted by the Group.

***Associated companies, partnerships and joint ventures***

Associated companies are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of the voting power of another entity. Partnerships are those entities in which the Group has an interest and a share in the profits or losses and the net assets of the partnerships. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreements and requiring unanimous consent for strategic financial and operating decisions.

Associated companies, partnerships and joint ventures are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the post-acquisition results and reserves of associated companies, partnerships and joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Unincorporated joint ventures are accounted for by recognising the proportionate share in the unincorporated joint ventures' individual income, expenses, assets and liabilities in the consolidated financial statements with items of a similar nature on a line-by-line basis.



The Group's investments in associated companies, partnerships and joint ventures include goodwill arising from business combinations. When the Group's share of losses exceeds its interest in an associated company or a partnership or a joint venture, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to make or has made payments on behalf of the investee company.

***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associated companies, partnerships and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**2.3 Foreign currencies**

***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation (note 2.9).

***Foreign operations***

The assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollar at the average exchange rates for the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 April 2006 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 April 2006, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

***Net investment in a foreign operation***

Exchange differences arising from monetary items that in substance form part of THPL's net investment in a foreign operation are recognised in THPL's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

**2.4 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Other subsequent expenditure such as repairs and maintenance is recognised in the income statement as incurred.

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of property, plant and equipment to its estimated residual value over the estimated useful life (or lease term, if shorter) of each part of an item of property, plant and equipment.

Estimated useful lives are as follows:

	<u>Nature of property, plant and equipment</u>	<u>Depreciation period</u>
(a)	Buildings	5 to 99 years
(b)	Leasehold land and improvements, dry docks, floating docks, wharves, slipways, syncrolifts and wet berthages	2 to 99 years
(c)	Aircrafts, aircraft spares and engines, flight simulators and training aircrafts	Over 5 to 15 years (with residual values between 0% to 20%)
(d)	Marine crafts and vessels	3 to 25 years
(e)	Plant, equipment and machinery	2 to 120 years
(f)	Furniture, fittings, office equipment, computers, vehicles and others	1 to 20 years

No depreciation is provided on freehold land and leasehold land with a remaining lease period of more than 100 years. No depreciation is provided on construction work-in-progress until the related property, plant and equipment is ready for use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

## **2.5 Research and development costs**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement as an expense when it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement using the straight-line method over the estimated useful lives.

## **2.6 Intangible assets**

### ***Goodwill***

Goodwill and negative goodwill arise on the acquisition of subsidiary companies, associated companies, partnerships and joint ventures.

#### *(a) Acquisitions prior to 1 April 2001*

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree company.

Goodwill and negative goodwill on acquisitions were written off against revenue reserve in the year of acquisition.

Goodwill and negative goodwill that have previously been taken to reserves are not taken to the income statement when (a) the business is disposed of; or (b) the goodwill is impaired.

#### *(b) Acquisitions occurring between 1 April 2001 and 31 March 2005*

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree company.

Goodwill arising on the acquisition of subsidiary companies is presented in intangible assets. Goodwill arising on the acquisition of associated companies, partnerships and joint ventures is presented together with investments in associated companies, partnerships and joint ventures.

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life. On 1 April 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in note 2.11.

Negative goodwill was derecognised by crediting revenue reserve on 1 April 2005.

Gains and losses on the disposal of subsidiary companies, associated companies, partnerships and joint ventures include the carrying amount of goodwill relating to the entity sold.

#### *(c) Acquisitions on or after 1 April 2005*

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree company.

Goodwill arising on the acquisition of subsidiary companies is presented in intangible assets. Goodwill arising on the acquisition of associated companies, partnerships and joint ventures is presented together with investments in associated companies, partnerships and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.11. Negative goodwill is recognised immediately in the income statement.

Gains and losses on the disposal of subsidiary companies, associated companies, partnerships and joint ventures include the carrying amount of goodwill relating to the entity sold.

### **Other intangible assets**

Other intangible assets are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the income statement on a straight-line basis over their estimated useful lives from the date on which they are available for use.

Estimated useful lives are as follows:

	<u>Nature of intangible asset</u>	<u>Amortisation period</u>
(a)	Transmission licence and distribution licence	Indefinite
(b)	Licence fee	3 years to indefinite
(c)	Spectrum and other licences	12 to 25 years
(d)	Computer software	1 to 8 years
(e)	Port use rights	Period of the operating rights
(f)	Trademarks	3 to 7 years
(g)	Customer contracts and relationships	2 to 17 years

## **2.7 Investment properties**

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at fair value, with any change recognised in the income statement.

When the Group holds a property interest under an operating lease to earn rental income or capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Any such property interest which has been classified as investment properties is accounted for as if it is held under finance lease (note 2.10), and is accounted for in the same way as other investment properties leased under finance leases. Lease payments are accounted for as described in note 2.10.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

Property that is being constructed or developed for future use as investment property is classified as properties under development until development is completed, at which time it is reclassified and accounted for as investment property.

### ***Change in accounting policy***

The Group adopted FRS 40 Investment Property on 1 April 2007. Under FRS 40, the Group continues to state its investment properties at fair value, but with changes in fair value recognised in the income statement. Before 1 April 2007, the increase in the fair value of the investment properties was credited to the revaluation reserve unless it offsets a previous decrease in value recognised in the income statement.

In accordance with the transitional provisions of FRS 40, the Group has not restated comparatives. The change in accounting policy had the following impact on the financial statements:

	<b>\$million</b>
<b>Balance sheet as at 1 April 2007</b>	
Increase/(decrease) in:	
Property, plant and equipment	(187.1)
Associated companies	(24.1)
Investment properties	236.9
Increase/(decrease) in:	
Other reserves	1,231.2
Opening accumulated profits	(1,037.2)
Minority interests	(32.0)
Deferred tax liabilities	<u>(187.7)</u>
<b>Income statement for the year ended 31 March 2008</b>	
Increase in:	
Other income	1,110.8
Income tax expense	150.5
Profit for the year attributable to minority interests	57.1
Share of profit of associated companies	<u>56.8</u>

## **2.8 Properties under development**

Properties under development are carried at cost less accumulated impairment losses, until development is completed, at which time they are accounted for as investment properties. Cost capitalised include cost of the land and other directly related development expenditure, including borrowing costs incurred in developing the properties.



## **2.9 Financial instruments**

### ***Non-derivative financial instruments***

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, trade and other payables, and borrowings.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances, bank deposits, other short-term highly liquid investments and bank overdrafts. For the purpose of the consolidated statement of cash flow, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand.

#### *(a) Financial assets at fair value through profit or loss*

An instrument is classified as being stated at fair value through profit or loss if it is acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

#### *(b) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

*(c) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include trade and other receivables which are measured at amortised cost using the effective interest method, less any impairment losses.

*(d) Available-for-sale financial assets*

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (note 2.3), are recognised directly in equity.

*(e) Trade and other payables*

Trade and other payables are carried at amortised cost using the effective interest method.

*(f) Borrowings*

Borrowings are carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

***Impairment of financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

***Derivative financial instruments and hedging activities***

The Group holds derivative financial instruments to hedge its risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

*(a) Cash flow hedges*

Changes in the fair value of a derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

*(b) Fair value hedges*

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the income statement and the carrying amount of the hedged item is adjusted.

*(c) Hedge of net investment in a foreign operation*

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in THPL's income statement. On consolidation, such differences are recognised directly in equity, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the consolidated income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity is transferred to the income statement as an adjustment to the profit or loss when the foreign operation is disposed.

*(d) Economic hedges*

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

*(e) Separable embedded derivatives*

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

**Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Compound financial instruments**

Compound financial instruments issued comprise convertible notes issued that can be converted to share capital at the option of the holder, and the number of shares issued does not vary with changes in their fair value.

The liability component of a compound financial instrument issued is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument issued as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument issued is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument issued is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in the income statement. Distributions to equity holders are recognised against equity, net of any tax benefit.

Guaranteed exchangeable notes ("GENs") issued are accounted for as a compound instrument, consisting of a loan liability and a derivative liability on the balance sheet.

The fair value of the loan liability is determined based on the residual amount after deducting the fair value of the derivative liability from the proceeds from the issue. The difference between the proceeds from the issue and fair value of the loan liability is amortised over the period of the GENs using the effective interest method, and is included as interest expense in the income statement. The derivative liability is subsequently re-measured at fair value at each balance sheet date.

## **2.10 Leases**

### ***When entities within the Group are lessees of a finance lease***

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

### ***When entities within the Group are lessees of an operating lease***

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the financial year in which they are incurred.

***When entities within the Group are lessors of a finance lease***

Leased assets in which the Group transfers substantially all the risks and rewards of ownership to the lessees are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "other non-current assets" and "other current assets". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Contingent rents are recognised as income in the income statement in the financial year in which they are earned.

***When entities within the Group are lessors of an operating lease***

Property interests under operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**2.11 Impairment - non-financial assets**

***Goodwill, Intangible Assets, Property, Plant and Equipment, Properties under Development***

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. The recoverable amount of goodwill is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.



The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **2.12 Inventories and contract work-in-progress**

### *(a) Manufacturing*

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first-in-first-out basis or by weighted average cost depending on the nature and use of the inventories. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### *(b) Contract work-in-progress*

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on contracts within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on contracts within "trade and other payables".

### **2.13 Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

### **2.14 Employee benefits**

#### *(a) Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

#### *(b) Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to the present value and the fair value of any plan asset is deducted.

#### *(c) Share-based payment*

For equity-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense in the income statement with a corresponding increase in the equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the goods or services received is determined by reference to the fair value of the equity instrument granted at the date of the grant. At each balance sheet date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised in expense and in a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made to the original estimate if the actual outcome differs from the estimate due to market conditions.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense in the income statement with a corresponding increase in liability. The fair value of the goods or services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value recognised in the income statement for the period.

The proceeds received from the exercise of the equity instrument, net of any directly attributable transaction costs, are credited to share capital when the equity instruments are exercised.

*(d) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

*(e) Other long-term employee benefits*

The Group's net obligations in respect of long-term employee benefits other than pension plans is the amount of future benefits that employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

## **2.15 Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## **2.16 Revenue recognition**

### ***Sale of goods and rendering of services***

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from services rendered over a period of time is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date, provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be reliably measured.

Revenue from the sale of goods and the rendering of services includes the following:

*(a) Revenue from financial services*

*Fee and commission income*

Fee and commission income is earned from a range of services rendered by the Group to its customers, comprising income earned from services rendered over a period of time and from providing transaction-type services.

Fees earned from providing services over a period of time are recognised over the service period during which the related service is provided or credit risk is undertaken. Fee and commission income from such services relate mainly to credit cards, loans, guarantees, fund management and other management and advisory services. Fees earned from providing transaction-type services are recognised when the service has been performed, which include underwriting fees and brokerage income. Performance linked fees or fee components, are recognised when the performance criteria are fulfilled.

Fee and commission expenses are netted off against the gross fee and commission income in the income statement.

*Interest income*

Interest income comprises interest arising from various types of lending activities and includes interest on debt securities and deposits. Interest income is recognised based on the effective interest method.

*(b) Revenue from investment trading activities*

Changes in fair values of financial assets at fair value through profit or loss, and financial derivative instruments are recognised as revenue when the changes in fair value arise. On disposal, the difference between the carrying amount and the sales proceeds is recognised as revenue in the income statement.

*(c) Revenue from shipping and logistics operations*

*Provision of shipping and logistics services*

Revenue from liner services is recognised on an accrual basis, using the percentage-of-completion method.

Revenue from logistics services is derived from the storage, handling and transportation of customer products. Such revenue is recognised when the services are provided. For shipments in transit, revenue is recognised on a percentage-of-completion basis, while handling revenue is deferred until completion of the handling activity. Revenue is similarly also recognised upon the performance of certain logistics outsourcing activities, such as freight forwarding and custom clearance services.

*(d) Revenue from energy and resources*

*Sale and transmission of electricity, gas and water*

Revenue from the sale of electricity, gas and water is recognised upon the delivery of electricity, gas or water.

Transmission revenue is earned from the transmission of electricity and related services.

Distribution revenue is earned from the distribution of gas and electricity and related services and is recognised at the point of consumption. Distribution revenue comprises accounts rendered and a net accrual for unbilled and unearned revenue. Accrued revenue is determined having regard to the period since a customer's last billing date and the customer's previous consumption patterns.

Certain subsidiary companies of the Group are regulated under the Electricity Licence and the Market Support Services Licence issued by the Energy Market Authority of Singapore. Revenue to be earned from the supply and transmission of electricity and the provision of market support services is regulated based on certain formulae and parameters set out in those licences. Actual revenue billed may vary from that allowed, resulting in an adjustment that may increase or decrease tariffs in succeeding periods to recover or refund amounts under or over charged. In order to match costs incurred and revenue earned, amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which it became entitled to the recovery or the refund.

*(e) Revenue from infrastructure, industrial and engineering contracts*

*Revenue from contracts*

Revenue from long-term contracts is recognised based on the percentage-of-completion method and losses are provided as they become foreseeable. The stage of completion is measured by the proportion of costs incurred to date against estimated total costs to complete the contracts. Profit is recognised only in respect of sales procured and to the extent that such profit relates to the progress of work completed.

Long-term contract costs include cost of direct materials, direct labour and costs incurred.

Revenue on short-term contracts is recognised when the work or contract is completed.

*(f) Dividend income*

Dividend income from other investments is recognised in the income statement when the right to receive payment is established.

*(g) Rental income under operating leases*

Rental income under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the financial year in which they are earned.

*(h) Capacity swaps*

The Group may exchange network capacity with other capacity or service providers. The exchange is regarded as a transaction which generates revenue unless the transaction lacks commercial substance or the fair value of neither the capacity received nor the capacity given up is reliably measurable.

## **2.17 Government grants**

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

## **2.18 Other income**

Other income comprises interest income, dividend income, gains on disposal of investments in subsidiary companies, associated companies, partnerships, joint ventures, property, plant and equipment, other financial assets and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the right to receive payment is established.

## **2.19 Finance expenses**

Finance expenses comprise interest expense on borrowings and the unwinding of the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.



## **2.20 Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiary companies, associated companies, partnerships and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **2.21 Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary company acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

## **2.22 Dividends to THPL's shareholder**

Dividends to THPL's shareholder are recognised when the dividends are approved for payment.

## **2.23 Financial guarantees**

Financial guarantees are financial instruments issued by THPL that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

## **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting policies that are deemed to be critical to the amounts recognised in the financial statements, in terms of materiality, or which involve a significant degree of judgement and estimation, are discussed below:

### *(a) Impairment of property, plant and equipment*

The Group assesses impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset or the cash generating unit ("CGU") to which the asset belongs may not be recoverable. Recoverability of assets or CGU requires assessment as to whether its carrying amount exceeds the recoverable amount. Recoverable amount is defined as the higher of an asset's or CGU's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or CGU using cash flow projections which have been discounted at an appropriate rate.

Forecast of future cash flows are based on the Group's estimates using historical, industry, general market and economic conditions, changes in technology and other available information. A change in the forecast of future cash flows and discount rate used could impact the results of the value in use computation.

In determining the recoverable amounts based on fair value less cost to sell, estimates regarding the current fair market value of the property, plant and equipment are made. The current fair market value is determined based on desktop valuations from an independent appraiser for property, plant and equipment with similar operational lives.

*(b) Impairment of goodwill*

Goodwill is tested for impairment annually. The recoverable amounts of CGU are determined based on higher of CGU's fair value less costs to sell and its value in use. These calculations require the use of estimates (note 13). While the recoverable amounts were determined based on verifiable objective evidence and management's best knowledge of current events, actual results and events may ultimately differ from those estimates and any changes in these estimates will affect the carrying value of goodwill. Impairment testing of certain goodwill has also been performed by using the market prices of the CGU which are quoted on stock exchanges and these are subject to fluctuations due to volatility of the stock markets.

*(c) Useful lives and residual values of property, plant and equipment*

The Group annually reviews the appropriateness of useful lives and residual values of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments.

Annual reviews could result in a change in depreciable lives and therefore impact depreciation expense in future periods.

*(d) Impairment of available-for-sale financial assets*

The Group follows the guidance of FRS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, where there is a disappearance of an active trading market and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

*(e) Impairment of trade receivables*

The Group assesses whether there is objective evidence that trade receivables have been impaired at each balance sheet date. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect actual and anticipated experience.

*(f) Income taxes/deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group reviews the carrying amount of deferred tax assets at each balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

(g) *Fair value estimates for certain financial assets and derivative financial instruments*

The Group carries certain financial assets and derivative financial instruments at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these financial assets and derivative financial instruments would affect profit and equity.

#### 4. Revenue

	2009 \$million	2008 \$million	2007 \$million
Sale of goods	17,301.5	16,617.2	12,933.9
Rendering of services	61,057.1	61,921.9	56,979.3
Dividend income	213.6	361.7	212.8
Interest income	3,401.8	3,466.3	3,417.5
Investment income	(2,639.9)	711.1	832.7
Government subvention	280.5	206.0	186.5
	<u>79,614.6</u>	<u>83,284.2</u>	<u>74,562.7</u>

Investment income comprises (i) fair value gains/(losses) and (ii) net gains/(losses) on disposal of financial assets, at fair value through profit or loss, and financial derivative instruments.

#### 5. Finance expenses

	2009 \$million	2008 \$million	2007 \$million
Amortisation of discount on notes	27.2	64.2	132.0
Interest expense:			
- bank loans	1,384.2	1,428.7	739.0
- fixed and floating rate notes	1,349.0	1,622.2	1,542.3
- lease and hire purchase	63.3	78.9	94.1
Others	(4.2)	103.8	160.3
	<u>2,819.5</u>	<u>3,297.8</u>	<u>2,667.7</u>
Borrowing costs capitalised	(92.2)	(90.3)	(56.9)
	<u>2,727.3</u>	<u>3,207.5</u>	<u>2,610.8</u>

Interest expense incurred by the Group's banking subsidiary companies of \$1,456.3 million (2008: \$1,481.8 million; 2007: \$1,598.2 million) is included as part of the Group's cost of sales and is, therefore not included above.

**6. Income tax expense**

	Note	2009 \$million	2008 \$million	2007 \$million
<b>Current tax expense</b>				
Current year		2,047.6	2,570.0	2,177.6
Adjustment for prior periods		(93.7)	(316.7)	(189.8)
		<u>1,953.9</u>	<u>2,253.3</u>	<u>1,987.8</u>
<b>Deferred tax (credit)/expense</b>				
Origination and reversal of temporary differences		(437.5)	802.2	(177.3)
Change in tax rates		(236.7)	-	(429.6)
		<u>(674.2)</u>	<u>802.2</u>	<u>(606.9)</u>
Income tax expense from continuing operations		<u>1,279.7</u>	<u>3,055.5</u>	<u>1,380.9</u>
<b>Income tax expense</b>				
- continuing operations		1,279.7	3,055.5	1,380.9
- discontinued operations	7	-	-	0.1
		<u>1,279.7</u>	<u>3,055.5</u>	<u>1,381.0</u>

**Reconciliation of effective tax rate**

	2009 \$million	2008 \$million	2007 \$million
Profit for the year	9,088.8	22,473.6	12,975.5
Share of (profit)/loss of associated companies and partnerships, net of tax	(1,332.8)	(3,187.4)	830.1
Share of profit of joint ventures, net of tax	(1,869.4)	(2,182.2)	(1,566.3)
Total income tax expense	<u>1,279.7</u>	<u>3,055.5</u>	<u>1,381.0</u>
Profit before income tax excluding share of (profit)/loss of associated companies, partnerships and joint ventures, net of tax	<u>7,166.3</u>	<u>20,159.5</u>	<u>13,620.3</u>
Tax calculated using Singapore tax rate of 17% (2008 and 2007: 18%)	1,218.3	3,628.7	2,451.7
Net income not subject to tax	(1,294.9)	(2,314.8)	(1,444.1)
Expenses not deductible for tax purposes	1,271.8	1,622.0	1,276.2
Recognition of previously unrecognised tax benefits	(13.7)	(230.6)	(724.4)
Deferred tax benefits not recognised	181.5	140.0	138.2
Effect of different tax rates in other countries	340.2	508.0	320.1
Effect of changes in tax rate	(236.7)	-	(429.6)
Over provided in prior periods	(93.7)	(316.7)	(189.8)
Others	(93.1)	18.9	(17.3)
	<u>1,279.7</u>	<u>3,055.5</u>	<u>1,381.0</u>

On 22 January 2009, the Minister for Finance announced in his Budget Speech that the corporate tax rate would be reduced from 18% to 17% from the year of assessment 2010. The financial effect of the reduction in tax rate has been reflected in the 2009 financial year.

## 7. Discontinued operations

During the financial year ended 31 March 2007, the education publishing business in SNP Corporation Ltd was disposed of.

The results of the discontinued operations were as follows:

	Note	2007 \$million
Revenue		3.2
Expenses		(2.9)
Profit before income tax		0.3
Income tax expense	6	(0.1)
Profit after income tax		0.2
Gain on sale of discontinued operations		15.3
Profit from discontinued operations		15.5
<b>Cash flows from discontinued operations</b>		
Operating activities		(2.3)

## 8. Profit for the year

The following items have been included in arriving at profit for the year:

	Note	2009 \$million	2008 \$million	2007 \$million
<b>Other income</b>				
Gain on disposal/dilution of investments in subsidiary and associated companies, partnerships and joint ventures		9,788.2	4,727.3	2,148.3
Gain on disposal/dilution of investments in financial assets		482.0	4,903.0	1,853.1
Fair value gain on investment properties	19	28.4	1,110.8	107.0
Dividend income		1,806.0	1,200.5	595.8
Interest income		611.1	979.2	1,073.4
Gain on disposal of property, plant and equipment		115.5	644.9	743.8
Exchange gain		206.1	340.8	322.3



	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
<b>Total expenses</b>				
Loss on disposal/dilution of investments in subsidiary and associated companies, partnerships and joint ventures		(245.2)	(56.3)	(136.3)
Loss on disposal/dilution of investments in financial assets		(6,973.3)	(703.1)	(2.7)
Amortisation of intangible assets	13	(462.3)	(455.2)	(314.8)
Depreciation of property, plant and equipment	12	(7,230.2)	(7,742.7)	(7,024.6)
Impairment of:				
- property, plant and equipment	12	(138.5)	(37.2)	(40.4)
- intangible assets	13	(161.7)	(3.6)	(169.4)
- investments in associated companies, partnerships, joint ventures and other financial assets		(2,128.9)	(1,955.2)	(161.7)
Operating lease expenses		(2,852.7)	(2,456.3)	(2,405.3)
Wages and salaries		(10,299.4)	(10,819.2)	(9,689.6)
Contribution to defined contribution plan		(738.8)	(726.7)	(753.8)
Employee share-based compensation expenses		(232.1)	(248.1)	(163.2)
Other staff-related costs and benefits		(1,238.7)	(1,565.9)	(1,108.8)
Exchange loss		(938.8)	(216.9)	(136.5)

## 9. Share capital

	<b>2009 No. of shares</b>	<b>2008 No. of shares</b>	<b>2007 No. of shares</b>
<b>Fully paid ordinary shares, with no par value:</b>			
At beginning of the year	812,285,057	722,020,839	704,889,238
Issue of shares	22,939,123	90,264,218	17,131,601
At end of the year	835,224,180	812,285,057	722,020,839

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of THPL. All shares rank equally with regard to THPL's residual assets.

### 2009

During the financial year ended 31 March 2009, THPL issued 22,939,123 ordinary shares at an issue price of \$177.35 per share, for cash.

### 2008

During the financial year ended 31 March 2008, THPL issued 77,778,642 and 12,485,576 ordinary shares at an issue price of \$128.57 and \$157.83 per share respectively, for cash.

### 2007

During the financial year ended 31 March 2007, THPL issued 17,131,601 ordinary shares at an issue price of \$128.57 per share for cash.

### **Capital management**

#### **THPL**

THPL's capital comprises of its share capital and reserves. The primary objective in capital management is to safeguard the ability to deliver long term sustainable returns to its shareholder.

THPL seeks to ensure it maintains healthy capital ratios and a strong credit rating so as to facilitate cost-effective access to debt capital and thereby maintain maximum funding flexibility. THPL is currently rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investor Services.

The Constitution of Singapore sets out a framework to safeguard reserves (namely, the excess of assets over liabilities) of the Government of Singapore, statutory boards specified in Part I of the Fifth Schedule to the Constitution and Government Companies specified in Part II of the Fifth Schedule to the Constitution (each a "Fifth Schedule Company"). The Constitution gives the President an independent role as an elected Head of State to safeguard the reserves of a Fifth Schedule Company, which were not accumulated during the current term of office of the Government ("Past Reserves"). THPL, being a Fifth Schedule Company specified in Part II of the Fifth Schedule to the Constitution, is subject to such powers of the President and the constitutional safeguards relating to its Past Reserves. Such Past Reserves have been built up over the years from its profits, including investment dividends and gains, and from Government assets previously transferred to THPL, before the term of office of the current Government. In particular, THPL may not act in ways which would draw on or diminish its Past Reserves without the President's concurrence.

There were no changes to THPL's approach to capital management during the year.

#### **The Group**

THPL is an investment holding company that owns and manages its portfolio on an arm's length and commercial basis. In general, THPL does not guarantee the financial obligations of its portfolio companies. THPL has in the past extended certain guarantees to a limited number of subsidiary companies on an exceptional basis as disclosed in note 39.

Operating companies in its portfolio are managed by their respective management, and guided and supervised by their respective boards. THPL does not direct the commercial and operational decisions of these operating companies, but holds their respective boards accountable for the financial performance and risk management processes of their companies. Capital management of these operating companies are managed by their respective management teams and supervised by their respective boards of directors.

## **10. Reserves**

### **(a) Other reserves**

Other reserves mainly include:

#### **(i) Merger reserve**

The merger reserve represents the difference between the nominal value of shares issued by subsidiary companies in exchange for the nominal value of shares acquired in respect of the acquisition of entities under common control.

#### **(ii) Capital reserve**

The capital reserve mainly comprises the Group's share of capital reserves of associated companies, partnerships and joint ventures.

#### **(iii) Other reserves**

Other reserves comprise mainly surplus on disposal of investments transferred from the accumulated profits.

### **(b) Share option reserve**

The share option reserve comprises the cumulative value of employee services received for the issue of share options and awards net of the reclassification to liability on modification of share option plans from equity-settled to cash-settled.

### **(c) Fair value and hedging reserves**

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held until the investment is derecognised. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

### **(d) Currency translation reserve**

The currency translation reserve comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of subsidiary companies whose functional currencies are different from the functional currency of THPL;
- (ii) the gains or losses on instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges; and
- (iii) the exchange differences on monetary items which form part of the Group's net investment in foreign operations.

**11. Equity-based compensation schemes**

At the balance sheet date, the following subsidiary companies of the Group have in place various equity-based compensation schemes to award their employees and directors:

- Accuron Technologies Limited
- Chartered Semiconductor Manufacturing Ltd
- Global Crossing Limited
- Mapletree Investments Pte Ltd
- Neptune Orient Lines Limited
- PT Bank Danamon Indonesia Tbk
- SIA Engineering Company Limited
- Singapore Airlines Limited
- Singapore Airport Terminal Services Limited
- Singapore Technologies Engineering Ltd
- Singapore Telecommunications Limited
- SMRT Corporation Ltd
- StarHub Ltd
- STATS ChipPAC Ltd
- STT Communications Ltd
- TeleChoice International Limited

The details of these various equity-based compensation schemes are set out in the financial statements of the respective above-mentioned subsidiary companies.

12. Property, plant and equipment

Cost	Note	Freehold land and buildings \$million	Leasehold land and buildings and improvements \$million	Dry docks, floating docks, wharves, slipways, and wet berthages \$million	Aircraft, aircraft spares and engines, flight simulators and training aircrafts \$million	Marine crafts and vessels \$million	Plant, equipment and machinery \$million	Furniture, equipment, computers, vehicles and others \$million	Construction work-in- progress \$million	Total \$million
At 1 April 2006		1,580.1	12,111.9	2,467.9	18,445.0	4,492.6	61,696.9	6,707.9	5,306.5	112,808.8
Acquisition of subsidiary companies		2.3	18.2	-	-	-	545.7	8.2	3.1	577.5
Additions		40.8	188.5	111.6	659.7	24.6	2,186.3	403.7	6,755.4	10,370.6
Disposal of subsidiary companies		(356.0)	(735.6)	(413.8)	-	(10.4)	(2,278.4)	(246.5)	(321.0)	(4,361.7)
Disposals		(90.1)	(396.6)	(0.5)	(2,427.2)	(35.0)	(974.3)	(294.5)	(18.7)	(4,236.9)
Transfer/reclassification/adjustments		(36.8)	174.8	53.5	2,051.1	7.6	3,305.3	382.6	(5,650.1)	288.0
Transfer to intangible assets	13	-	-	-	-	-	-	(1.6)	(0.4)	(2.0)
Translation differences		6.7	(114.0)	(18.3)	-	(314.6)	265.4	89.2	34.9	(50.7)
Write off		-	(19.1)	-	-	-	(31.0)	(8.7)	(0.8)	(59.6)
At 31 March 2007		1,147.0	11,228.1	2,200.4	18,728.6	4,164.8	64,715.9	7,040.3	6,108.9	115,334.0
Effect of adopting FRS 40		(52.1)	(341.3)	-	-	-	(9.3)	-	-	(402.7)
At 1 April 2007		1,094.9	10,886.8	2,200.4	18,728.6	4,164.8	64,706.6	7,040.3	6,108.9	114,931.3
Acquisition of subsidiary companies		207.1	253.0	-	-	-	6,666.2	996.1	111.4	8,233.8
Additions		55.7	299.9	131.9	2,023.0	215.6	2,608.1	583.0	8,716.4	14,633.6
Disposal of subsidiary companies		-	(476.9)	(38.7)	-	(243.4)	(2,331.5)	(31.0)	(56.3)	(3,177.8)
Disposals		(28.4)	(574.4)	(56.2)	(1,195.4)	(2.2)	(567.3)	(365.8)	(1,872.2)	(4,661.9)
Transfer/reclassification/adjustments		4.0	182.8	101.6	17.9	131.4	2,963.6	907.1	(4,285.2)	23.2
Transfer from/(to) intangible assets	13	-	-	-	-	-	-	1.0	(36.9)	(35.9)
Transfer to assets classified as held for sale		(114.3)	-	-	-	-	-	(138.0)	(1.4)	(253.7)
Translation differences		(30.1)	(121.9)	3.2	-	(205.4)	(666.7)	(32.3)	(103.2)	(1,156.4)
Write off		-	(17.1)	-	(0.8)	-	(60.0)	(15.8)	(0.3)	(94.0)
At 31 March 2008		1,188.9	10,432.2	2,342.2	19,573.3	4,060.8	73,319.0	8,944.6	8,581.2	128,442.2
Acquisition of subsidiary companies		13.6	199.6	-	-	-	239.7	52.8	2.0	507.7
Additions		72.1	382.5	295.9	248.3	515.9	2,194.6	564.2	8,675.3	12,948.8
Disposal of subsidiary companies		(27.7)	(1,953.7)	-	-	-	(9,899.3)	(821.7)	(2,278.7)	(14,781.1)
Disposals		(10.4)	(71.5)	(15.0)	(1,936.7)	(33.9)	(819.6)	(265.5)	(23.0)	(3,175.6)
Transfer/reclassification/adjustments		86.7	1,271.2	281.9	2,083.0	21.7	2,940.3	825.1	(7,485.3)	24.6
Transfer from/(to) intangible assets	13	-	-	-	-	(28.5)	-	133.7	(5.9)	127.8
Translation differences		(137.7)	(92.1)	(6.3)	-	-	(4,953.0)	(950.5)	(271.8)	(6,439.9)
Write off		-	(8.7)	-	(2.2)	-	(182.9)	(41.0)	(3.0)	(237.8)
At 31 March 2009		1,185.5	10,159.5	2,898.7	19,965.7	4,536.0	62,838.8	8,641.7	7,190.8	117,416.7

	Note	Freehold land and buildings \$million	Leasehold land and buildings and improvements \$million	Dry docks, floating docks, wharves, slipways, synchrolifts and wet berthages \$million	Aircraft, aircraft spares and engines, flight simulators and training aircrafts \$million	Marine crafts and vessels \$million	Plant, equipment and machinery \$million	Furniture, fittings, office equipment, computers, vehicle and others \$million	Construction work-in- progress \$million	Total \$million
<b>Accumulated depreciation and impairment losses</b>										
At 1 April 2006		312.9	5,000.2	834.3	6,203.3	1,662.0	28,460.9	4,769.8	13.4	47,256.8
Disposal of subsidiary companies		(60.2)	(382.1)	(155.5)	-	(7.7)	(805.2)	(199.5)	(5.9)	(1,616.1)
Depreciation for the year	8	30.1	443.0	115.2	1,181.4	245.7	4,229.3	779.9	-	7,024.6
Disposals		(44.4)	(178.7)	(0.5)	(1,628.0)	(27.8)	(668.8)	(278.3)	-	(2,826.5)
Transfer/reclassification/adjustments		(2.4)	17.6	(1.2)	-	-	237.8	10.3	(0.2)	261.9
Transfer to intangible assets	13	-	-	-	-	-	-	(0.3)	-	(0.3)
Translation differences		(0.8)	(54.6)	(10.0)	-	(116.0)	(131.2)	67.0	-	(245.6)
Write off		-	(17.4)	-	-	-	(21.4)	(8.7)	-	(47.5)
Impairment/(reversal of impairment)	8	1.1	(8.6)	-	0.6	-	31.3	16.0	-	40.4
At 31 March 2007		236.3	4,819.4	782.3	5,757.3	1,756.2	31,332.7	5,156.2	7.3	49,847.7
Effect of adopting FRS 40		(14.7)	(193.7)	-	-	-	(7.2)	-	-	(215.6)
At 1 April 2007		221.6	4,625.7	782.3	5,757.3	1,756.2	31,325.5	5,156.2	7.3	49,632.1
Disposal of subsidiary companies		-	(275.9)	(6.2)	-	(83.1)	(1,324.1)	(18.6)	-	(1,707.9)
Depreciation for the year	8	46.6	441.3	122.7	1,358.5	194.7	4,738.4	840.5	-	7,742.7
Disposals		(8.1)	(224.3)	(31.9)	(764.1)	(1.9)	(452.6)	(249.8)	-	(1,732.7)
Transfer/reclassification/adjustments		(1.1)	21.2	1.1	-	-	(39.3)	58.9	-	40.8
Transfer to assets classified as held for sale		(26.1)	-	-	-	-	-	(117.3)	-	(143.4)
Translation differences		(1.5)	(61.5)	(5.9)	-	(88.6)	(500.3)	(4.5)	-	(662.3)
Write off		-	(14.8)	-	(0.8)	-	(35.0)	(15.6)	-	(66.2)
Impairment/(reversal of impairment)	8	(0.3)	(2.5)	-	-	-	39.7	0.3	-	37.2
At 31 March 2008		231.1	4,509.2	862.1	6,350.9	1,777.3	33,752.3	5,650.1	7.3	53,140.3
Disposal of subsidiary companies		(6.7)	(1,019.9)	-	-	-	(5,909.3)	(430.1)	-	(7,366.0)
Depreciation for the year	8	37.3	402.6	136.6	1,505.0	186.3	4,142.0	820.4	-	7,230.2
Disposals		(2.3)	(57.9)	(11.7)	(1,008.2)	(25.8)	(690.3)	(240.9)	-	(2,037.1)
Transfer/reclassification/adjustments		0.1	307.1	0.4	-	-	(317.3)	3.6	-	(6.1)
Transfer from intangible assets	13	-	-	-	-	-	-	129.9	-	129.9
Translation differences		(24.8)	12.4	6.2	-	2.2	(1,327.1)	(501.3)	-	(1,832.4)
Write off		-	(8.4)	-	(2.2)	-	(137.9)	(38.0)	-	(186.5)
Impairment/(reversal of impairment)	8	-	8.8	2.2	41.4	-	96.3	(10.2)	-	138.5
At 31 March 2009		234.7	4,153.9	995.8	6,886.9	1,940.0	29,608.7	5,383.5	7.3	49,210.8



	Freehold land and buildings \$million	Leasehold land and buildings and improvements \$million	Dry docks, floating docks, wharves, slipways, and wet berthages \$million	Aircrafts, aircraft spares and engines, flight simulators and training aircrafts \$million	Marine crafts and vessels \$million	Plant, equipment and machinery \$million	Furniture, fittings, office equipment, computers, vehicle and others \$million	Construction work-in- progress \$million	Total \$million
<b>Carrying amount</b>									
At 1 April 2006	1,267.2	7,111.7	1,633.6	12,241.7	2,830.6	33,236.0	1,938.1	5,293.1	65,552.0
At 31 March 2007	910.7	6,408.7	1,418.1	12,971.3	2,408.6	33,383.2	1,884.1	6,101.6	65,486.3
At 31 March 2008	957.8	5,923.0	1,480.1	13,222.4	2,283.5	39,566.7	3,294.5	8,573.9	75,301.9
At 31 March 2009	950.8	6,005.6	1,902.9	13,078.8	2,596.0	33,230.1	3,258.2	7,183.5	68,205.9

Property, plant and equipment of the Group included the following:

- (a) interest for the year capitalised in the cost of property, plant and equipment of \$137.4 million (2008: \$55.1 million; 2007: \$65.1 million);
- (b) staff costs for the year capitalised in the cost of property, plant and equipment of \$244.2 million (2008: \$186.3 million; 2007: \$125.3 million);
- (c) property, plant and equipment acquired under finance lease, sale and leaseback and hire purchase arrangements with carrying amount amounting to approximately \$1,491.9 million (2008: \$1,120.1 million; 2007: \$1,363.5 million) as at balance sheet date;
- (d) property, plant and equipment of subsidiary companies with carrying amount amounting to \$573.7 million (2008: \$384.5 million; 2007: \$328.8 million) as at balance sheet date were held for the purpose of generating operating lease revenue in respect of property, cable systems equipment and vessel leases; and
- (e) property, plant and equipment of the Group with carrying amount amounting to approximately \$2,375.5 million (2008: \$2,461.8 million; 2007: \$1,337.2 million) as at balance sheet date were pledged to secure banking facilities (note 30).

**Impairment losses**

Impairment losses on property, plant and equipment included the following amounts recognised in “other operating expenses” in the income statement:

(i) PSA International Pte Ltd (“PSAI”) and its subsidiary companies

At the balance sheet date, PSAI Group carried out a review for impairment on the carrying amounts of PSAI Group’s assets. A shortfall in the carrying amounts of property, plant and equipment in certain foreign entities was identified. The shortfall was determined when the value in use of the assets fell below the carrying value. Based on the assessments, an impairment loss of \$46.6 million (2008: \$Nil; 2007: \$Nil) was recognised.

(ii) Singapore Power Limited (“S Power”) and its subsidiary companies

In September 2008, the Government of Victoria, Australia, issued a timetable for the roll-out of smart electricity meters. Under the timetable, the roll-out is required to be completed by the end of 2013. An impairment write-down of \$49.1 million (2008: \$Nil; 2007: \$Nil) was recognised on the existing meters to be replaced under the roll-out program. This impairment write-down was calculated based on the meters’ value in use, discounted at the pre-tax discount rate of 10.7%. S Power Group also accelerated the depreciation on these meters so that they will be fully written off in the financial year ending 31 March 2014. This resulted in additional depreciation of \$7.9 million being recognised in the current financial year.

13. Intangible assets

	Note	Goodwill on consolidation \$million	Licences \$million	Software \$million	Other intangible assets \$million	Total \$million
<b>Cost</b>						
At 1 April 2006		12,332.6	1,937.4	1,032.5	592.3	15,894.8
Additions		-	380.3	115.7	71.9	567.9
Disposals/write off		-	(1.1)	(5.1)	(23.2)	(29.4)
Acquisition/(disposal) of subsidiary companies		265.4	-	(18.0)	57.8	305.2
Reclassification		22.6	(5.0)	38.8	(56.4)	-
Transfer from property, plant and equipment	12	-	-	2.0	-	2.0
Transfer to other assets		-	(6.5)	-	(55.2)	(61.7)
Translation differences		(66.6)	58.0	(21.2)	21.6	(8.2)
At 31 March 2007		12,554.0	2,363.1	1,144.7	608.8	16,670.6
Additions		-	35.8	146.7	883.9	1,066.4
Disposals/write off		-	(4.0)	(7.2)	(26.5)	(37.7)
Acquisition/(disposal) of subsidiary companies		5,156.1	13.5	64.8	849.0	6,083.4
Reclassification		-	-	7.1	(7.1)	-
Transfer from property, plant and equipment	12	-	-	9.5	26.4	35.9
Transfer to assets classified as held for sale		(120.0)	-	-	-	(120.0)
Transfer from/(to) other assets		-	0.9	7.1	(21.5)	(13.5)
Translation differences		24.6	0.4	(15.6)	(62.2)	(52.8)
At 31 March 2008		17,614.7	2,409.7	1,357.1	2,250.8	23,632.3
Additions		-	20.9	240.1	526.9	787.9
Disposals/write off		(2.4)	-	(37.9)	(48.0)	(88.3)
Acquisition/(disposal) of subsidiary companies		(435.2)	(249.8)	(34.7)	245.2	(474.5)
Transfer from/(to) property, plant and equipment	12	-	-	(166.6)	38.8	(127.8)
Transfer from/(to) other assets		-	(12.2)	84.3	(85.2)	(13.1)
Translation differences		(875.0)	(295.7)	(54.6)	(169.6)	(1,394.9)
At 31 March 2009		16,302.1	1,872.9	1,387.7	2,758.9	22,321.6
<b>Accumulated amortisation and impairment losses</b>						
At 1 April 2006		196.2	360.1	714.5	143.3	1,414.1
Amortisation for the year	8	-	134.4	145.4	35.0	314.8
Impairment	8	166.7	1.3	-	1.4	169.4
Disposal of subsidiary companies		(1.0)	-	(16.3)	(2.4)	(19.7)
Disposals/write off		-	-	(4.9)	(23.5)	(28.4)
Reclassification		6.5	(2.1)	-	(4.4)	-
Transfer from property, plant and equipment	12	-	-	0.3	-	0.3
Transfer (to)/from other assets		-	(0.4)	-	16.7	16.3
Translation differences		16.9	2.0	(12.9)	(7.1)	(1.1)
At 31 March 2007		385.3	495.3	826.1	159.0	1,865.7
Amortisation for the year	8	-	135.3	159.1	160.8	455.2
Impairment	8	0.5	3.1	-	-	3.6
Disposal of subsidiary companies		-	-	(0.7)	(3.9)	(4.6)
Disposals/write off		-	(0.2)	(4.2)	(15.0)	(19.4)
Transfer from/(to) other assets		-	-	3.1	(8.0)	(4.9)
Translation differences		(15.3)	(9.4)	(8.2)	(12.2)	(45.1)
At 31 March 2008, balance carried forward		370.5	624.1	975.2	280.7	2,250.5

	Note	Goodwill on consolidation \$million	Licences \$million	Software \$million	Other intangible assets \$million	Total \$million
At 31 March 2008, balance brought forward		370.5	624.1	975.2	280.7	2,250.5
Amortisation for the year	8	-	103.9	145.6	212.8	462.3
Impairment	8	160.3	0.4	0.9	0.1	161.7
Disposal of subsidiary companies		(5.8)	(67.0)	(30.7)	(10.1)	(113.6)
Disposals/write off		(2.4)	-	(37.0)	(45.0)	(84.4)
Transfer to property, plant and equipment	12	-	-	(129.9)	-	(129.9)
Transfer to other assets		-	(15.8)	(1.2)	-	(17.0)
Translation differences		(27.5)	(45.3)	(8.5)	(17.3)	(98.6)
At 31 March 2009		495.1	600.3	914.4	421.2	2,431.0
<b>Carrying amount</b>						
At 1 April 2006		12,136.4	1,577.3	318.0	449.0	14,480.7
At 31 March 2007		12,168.7	1,867.8	318.6	449.8	14,804.9
At 31 March 2008		17,244.2	1,785.6	381.9	1,970.1	21,381.8
At 31 March 2009		15,807.0	1,272.6	473.3	2,337.7	19,890.6

Amortisation expense included in the income statement is analysed as follows:

	2009 \$million	2008 \$million	2007 \$million
Cost of sales	187.9	130.2	134.7
Selling and distribution expenses	50.9	-	-
Administrative expenses	59.5	88.0	61.8
Other operating expenses	164.0	237.0	118.3
	462.3	455.2	314.8

#### **Impairment testing for cash-generating units containing goodwill**

Goodwill is tested annually for impairment, as well as when there is any indication that goodwill may be impaired. Goodwill is allocated to the Group's cash-generating units ("CGUs") expected to benefit from synergies of the business combinations.

The goodwill is mainly attributed to the acquisitions of the following entities:

	Note	2009 \$million	2008 \$million	2007 \$million
SingTel Optus Pty Limited	(a)	8,993.1	9,016.5	9,018.8
SPI (Australia) Assets Pty Ltd	(b)	2,708.6	3,271.4	-
STATS ChipPAC Ltd	(c)	1,154.7	1,203.0	-
Subsidiary companies of Singapore Technologies Telemedia Pte Ltd	(d)	1,025.0	1,597.0	1,586.0

(a) SingTel Optus Pty Limited ("Optus")

The fixed, mobile, cable and broadband networks of Optus Group are integrated operationally and accordingly, Optus as a group is a CGU for the purpose of impairment tests for goodwill.

The recoverable values of the CGU including goodwill are determined based on value-in-use calculations.

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. Cash flows beyond the terminal year are extrapolated using the estimated growth rates of 4% (2008: 4%; 2007: 4%) and pre-tax discount rates of 10.9% (2008: 12.4%; 2007: 11.7%). Key assumptions used in the calculation of value-in-use are growth rates, operating margins, capital expenditure and discount rates.

The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with forecasts included in industry reports. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital (WACC) where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

As at 31 March 2009, no impairment charge was required for goodwill on acquisition of subsidiary companies, with any reasonably possible change to the key assumptions applied not likely to cause the recoverable values to be below their carrying values.

(b) SPI (Australia) Assets Pty Ltd

The aggregate carrying amounts of goodwill being allocated to the respective CGUs in SPI (Australia) Assets Pty Ltd and its subsidiary companies are as follows:

	2009 \$million	2008 \$million
<b>CGU</b>		
Electricity distribution	220.5	60.8
Gas distribution	378.0	178.6
Gas transmission	813.0	1,272.1
Asset management	1,162.2	1,697.5
Energy investment	134.9	62.4
	<u>2,708.6</u>	<u>3,271.4</u>

The recoverable amounts of the CGUs were based on their value-in-use. The recoverable amounts of the CGUs were determined to be higher than their carrying amounts and hence no impairment to goodwill is necessary.

Value-in-use was determined by discounting future cash flows generated from the continuing use of the units and was based on the following key assumptions:

- (i) Cash flows were projected based on 5-year business plans. From these business plans, 20-year cash flow models were extrapolated using growth assumptions for revenue, expenditure and maintenance capital expenditure. Management believes that this forecast period was justified due to the long term nature of the unit's activities.
- (ii) For regulated assets, the growth assumption is primarily driven by the assumptions in the regulatory building block models with growth being the function of regulated asset base and the allowable return from the regulators. For non-regulated assets, the growth is largely determined by contractual parameters and projected Australian Consumer Price Index ("CPI"). Expenditure growth for all assets is largely indexed to the projected Australian CPI of 2.6% (2008: 2.6%).

The annual growth rates applied to the units range from 2.6% to 3.5% (2008: 2.6% to 3.5%), which do not exceed the long-term average growth rates for the industry and country.

- (iii) Cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. Depending on the nature of the assets, the discount rates applied in determining the recoverable amounts of the units range from 9.3% to 12.4% (2008: 9.9% to 13.6%) per annum.

(c) STATS ChipPAC Ltd ("STATS")

The recoverable amount of the CGU (which is STATS) was based on the higher of value in use or fair value less costs to sell.

During the financial year ended 31 March 2009, an impairment loss amounting to \$45.4 million was recorded in relation to the goodwill. The recoverable amount of the CGU is determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections from years 2009 to 2013. Management have considered and determined the factors applied in these financial projections. Cash flows beyond the terminal year are extrapolated using the estimated growth rate of 2.8%. The discount rate of 9.6% applied to the cash flow projections is derived using the capital asset pricing model.



(d) Subsidiary companies of Singapore Technologies Telemedia Pte Ltd ("ST Telemedia")

Goodwill is allocated to ST Telemedia Group's CGU identified according to the country of operation of each subsidiary company acquired giving rise to the goodwill as follows:

	2009 \$million	2008 \$million	2007 \$million
<b>CGU</b>			
Singapore	730.0	730.0	723.0
Indonesia	-	555.0	696.0
Others	295.0	312.0	167.0
	<u>1,025.0</u>	<u>1,597.0</u>	<u>1,586.0</u>

The recoverable amount of a CGU is based on the greater of its fair value less cost to sell and its value in use.

For goodwill amounting to \$730.0 million as at 31 March 2009, the recoverable amount was determined by the market price of the CGU which was quoted on the stock exchange and was subject to fluctuations.

For the remaining goodwill of \$295.0 million as at 31 March 2009, the recoverable amount of the CGU was based on its value in use, determined by discounting the future cash flows generated from the continuing use of the CGU.

The following key assumptions were used:

- Cash flows were projected based on actual operating results of the financial year and the 5-year business plan approved by management of the subsidiary company.
- The anticipated annual revenue growth included in the cash flow projections was 8.2% to 12.4% for the years 2010 to 2013.
- A discount rate of 11.3% to 15.8% was applied in determining the recoverable amount of the unit.
- The terminal value was estimated using a perpetuity growth model, with a terminal growth rate of 2%.

The values assigned to the key assumptions represent management's assessment of developments in the telecommunications industry and are based on both external sources and internal sources (historical data).

At the balance sheet date, based on the key assumptions, the recoverable amount exceeds its carrying amount. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

**Impairment testing for licences (intangibles with indefinite useful life)**

Singapore Power Limited ("S Power") and its subsidiary companies

The following CGUs in SP Ausnet and SPI (Australia) Assets Pty Ltd and its subsidiary companies have licences with an indefinite useful life:

	2009 \$million	2008 \$million	2007 \$million
<b>CGU</b>			
Electricity distribution	121.7	161.3	143.6
Gas distribution	246.5	299.7	290.8
Electricity transmission	356.6	419.9	407.8
	<u>724.8</u>	<u>880.9</u>	<u>842.2</u>

Recoverable amount is the higher of fair value less costs to sell and value in use. Management has based its assessment of recoverable amount on discounted cash flow projections over a period of 20 years together with an appropriate terminal value. It is considered appropriate to use cash flows after the 5-year forecast period considering the long-term nature of the units' activities.

Regulated cash flow forecasts are based on allowable returns on electricity and gas transmission and distribution assets, together with other information included in the Group's 5-year forecast in the relevant market. Cash flows after the 5-year business plan are based on an extrapolation of the forecast, taking into account inflation and expected customer connection growth rates.

Cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. The discount rate applied in determining the recoverable amounts of the units was 10.1% (2008: 10.7%; 2007: 6.7%).

In addition, recoverable amounts were assessed against appropriate market earnings before interest, tax, depreciation and amortisation multiples and regulated asset base multiples of recent transactions involving similar assets.

**14. Subsidiary companies**

Details of significant subsidiary companies are set out in note 43.

**Acquisition of significant subsidiary companies**

Hitachi Semiconductor Singapore Pte Ltd

During the financial year ended 31 March 2009, the Group acquired a significant subsidiary company, which was accounted for using the purchase method:

Name of subsidiary company acquired	Date of acquisition	Equity interest acquired %	Consideration \$million	Share of net identifiable assets \$million	Contribution to Group's net profit subsequent to acquisition \$million
Hitachi Semiconductor Singapore Pte Ltd	31.03.2008	100	350.1	350.1	4.5

A subsidiary company of Singapore Technologies Semiconductors Pte Ltd, Chartered Semiconductor Manufacturing Ltd ("CHRT"), completed the acquisition of 100% of the shares in Hitachi Semiconductor Singapore Pte Ltd from Hitachi Ltd. and Hitachi Asia Ltd for a total consideration of US\$241.1 million (S\$346.6 million) which consisted of cash and related direct costs of acquisition. After a final adjustment to the closing working capital made in June 2008, as provided for in the purchase agreement, the purchase consideration was revised to US\$243.6 million (S\$350.1 million). Upon the completion of the acquisition, Hitachi Semiconductor Singapore Pte Ltd was renamed Chartered Semiconductor Manufacturing (Tampines) Pte. Ltd ("CST").

The assets and liabilities of CST were recorded as of the acquisition date, at their respective fair values. The purchase price allocation is based on the estimated fair value of assets acquired and liabilities assumed. The preparation of the valuation required the use of significant assumptions and estimates. These estimates were based on assumptions that CHRT believes to be reasonable. The purchase price allocation was finalised as at the end of the financial year.

Alinta Limited and its subsidiary companies

During the financial year ended 31 March 2008, the Group acquired a significant subsidiary company, which was accounted for using the purchase method:

Name of subsidiary company acquired	Date of acquisition	Equity interest acquired %	Consideration \$million	Share of net identifiable assets \$million	Contribution to Group's net profit subsequent to acquisition \$million
Alinta Limited and its subsidiary companies	31.08.2007	100	8,978.9	5,787.7	47.7

During the financial year ended 31 March 2008, Singapore Power Limited ("SingPower"), through Singapore Power International Pte Ltd ("SPI"), formed a consortium with various Babcock & Brown entities (collectively "B&B") to make proposal to Alinta Limited ("Alinta") for the acquisition of all of the shares in Alinta Limited. The Alinta board ultimately accepted the consortium's offer and proposed the Alinta scheme with its members, which was implemented on 31 August 2007. Under the Alinta scheme, all of Alinta Limited's shares were acquired by the consortium's bid vehicle for a mixture of scrip and cash consideration.

The businesses, assets and liabilities of Alinta Limited and its subsidiary companies were allocated to SPI (Australia) Assets Pty Ltd ("SPIAA"), a wholly-owned subsidiary company of SPI and B&B in accordance with an agreement between the parties. This allocation process involves the separation of pre-existing Alinta Limited's businesses, assets and liabilities into components allocated to SPIAA and those allocated to B&B. This allocation resulted in the formation of entities which are not in the same form and composition as the predecessor entities, and for which detailed historical financial information for the required period is not available. Accordingly, it is not practicable for the Group to disclose revenue and net profit of these newly acquired entities to show what these amounts might have been had the acquisition been effected at the beginning of the financial year.

**Acquisition of additional significant interest in subsidiary company**

During the financial year ended 31 March 2008, the Group acquired additional interest in the following significant subsidiary company:

Name of subsidiary company acquired	Equity interest acquired %	Equity interest after acquisition %	Consideration \$million	Share of net identifiable assets \$million
STATS ChipPAC Ltd ("STATS")	47.5	83.1	2,053.7	1,439.9

During the financial year ended 31 March 2008, a subsidiary company launched a voluntary conditional cash tender offer for the ordinary shares and American Depositary Shares ("ADSs") of STATS that the subsidiary company did not already own. The tender offer also included an offer by the subsidiary company for STATS's outstanding US\$115.0 million aggregate principal amount of zero coupon convertible notes due 2008 and US\$150.0 million aggregate principal amount of 2.5% convertible subordinated notes due 2008. Concurrently with the tender offer, the subsidiary company made a proposal to all holders of options granted under STATS's share option plans.

In May 2007, the tender offer closed with the subsidiary company and its concert parties holding 83.1% of the outstanding ordinary shares (including ordinary shares represented by ADSs, but excluding the ordinary shares issuable upon the potential conversion of the US\$134.5 million aggregate principal amount of the 2.5% convertible subordinated notes due 2008 acquired by the subsidiary company) and US\$134.5 million aggregate principal amount of the 2.5% convertible subordinated notes due 2008.

During the financial year ended 31 March 2008, STATS contributed to a net profit of \$58.1 million to the consolidated net profit for the year since acquisition. If the acquisition had occurred since the beginning of the period, the Group's revenue would have been \$2,471.7 million and net profit would have been \$78.6 million.

**15. Associated companies and partnerships**

	2009 \$million	2008 \$million	2007 \$million
Investments in associated companies	32,552.8	30,870.1	27,780.6
Investments in partnerships	-	-	1.5
Allowance for impairment losses	(422.9)	(133.2)	(138.7)
	<u>32,129.9</u>	<u>30,736.9</u>	<u>27,643.4</u>
Quoted equity shares, at market value	<u>16,814.5</u>	<u>25,369.1</u>	<u>26,645.9</u>

The summarised financial information set out below relating to associated companies is not adjusted for the percentage of ownership held by the Group. The financial information of the associated companies are as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
<b>Income statement</b>			
Revenue	71,117.2	59,523.0	55,215.7
Profit for the year	<u>7,049.7</u>	<u>9,609.2</u>	<u>6,923.2</u>
<b>Balance sheet</b>			
Total assets	411,156.6	372,938.6	327,525.5
Total liabilities	<u>299,337.0</u>	<u>272,545.3</u>	<u>230,682.4</u>

The Group's share of post-acquisition reserves includes its share of the profits from the discontinued operations of associated companies for the year of \$Nil (2008: \$Nil; 2007: \$193.6 million).

The Group has not recognised losses relating to certain associated companies where the Group's share of losses exceeds the carrying amount of its investment in those associated companies. The Group's share of cumulative unrecognised losses as at 31 March 2009 is \$7.5 million (2008: \$9.8 million; 2007: \$14.5 million), of which \$6.1 million (2008: \$1.0 million; 2007: \$Nil) is its share of the current year's losses.

The Group's share of associated companies' capital commitments and contingent liabilities are disclosed in note 38 and note 39 respectively.

Details of significant associated companies are disclosed in note 44.

#### 16. Joint ventures

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Investments in joint ventures	<u>8,975.4</u>	<u>8,775.8</u>	<u>7,321.9</u>

The Group's share of the joint ventures' income, expenses, assets and liabilities included in the consolidated income statement and balance sheet are as follow:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
<b>Income statement</b>			
Income	8,050.7	8,003.0	6,385.5
Expenses	<u>(5,607.1)</u>	<u>(5,042.8)</u>	<u>(4,180.2)</u>
Profit before income tax	2,443.6	2,960.2	2,205.3
Income tax expense	<u>(470.7)</u>	<u>(667.0)</u>	<u>(550.0)</u>
Profit for the year	<u>1,972.9</u>	<u>2,293.2</u>	<u>1,655.3</u>

	2009 \$million	2008 \$million	2007 \$million
<b>Balance sheet</b>			
Non-current assets	13,074.8	11,989.5	8,886.2
Current assets	2,682.8	2,300.9	2,180.9
Non-current liabilities	(2,885.6)	(3,594.8)	(2,714.9)
Current liabilities	(4,121.7)	(2,994.6)	(2,741.3)
	8,750.3	7,701.0	5,610.9
Minority interests	(102.5)	(77.7)	(62.8)
Net assets	8,647.8	7,623.3	5,548.1

Goodwill amounting to \$2,309.0 million (2008: \$2,575.7 million; 2007: \$2,290.3 million) was included in the carrying amount of investments in joint ventures.

The Group's share of joint ventures' capital commitments are disclosed in note 38.

Details of significant joint ventures are disclosed in note 45.

#### 17. Financial assets

	2009 \$million	2008 \$million	2007 \$million
<b>Non-current portion</b>			
Available-for-sale financial assets	39,554.4	73,368.5	50,068.5
Held-to-maturity financial assets	43.4	110.0	1,931.0
	39,597.8	73,478.5	51,999.5
<b>Current portion</b>			
Available-for-sale financial assets	1,168.9	962.0	1,886.7
Financial assets at fair value through profit or loss	4,113.6	7,797.8	10,619.0
	5,282.5	8,759.8	12,505.7
	44,880.3	82,238.3	64,505.2
Financial assets at fair value through profit or loss:			
- held for trading	4,091.6	4,250.4	9,255.4
- at fair value on initial recognition	22.0	3,547.4	1,363.6
	4,113.6	7,797.8	10,619.0

Financial assets include the following:

	2009 At fair value \$million	2008 At fair value \$million	2007 At fair value \$million
<b>Listed securities</b>			
Equity securities	28,270.9	60,617.0	37,585.3
Preference shares	-	1,080.3	0.6
Government securities, debentures, notes, bonds and certification of deposits	3,436.5	3,756.3	3,737.2
Funds under fund management	270.4	431.2	1,133.6
Other investments	338.5	727.4	877.2
	32,316.3	66,612.2	43,333.9



	2009 At fair value \$million	2008 At fair value \$million	2007 At fair value \$million
<b>Unlisted securities</b>			
Equity shares	9,047.5	8,591.4	14,386.3
Preference shares	206.4	535.8	0.7
Government securities, debentures, notes, bonds and certification of deposits	696.9	610.2	4,663.4
Venture capital funds and limited partnerships	65.7	4,853.0	1,563.7
Funds under fund management	2,445.4	828.0	246.4
Other investments	102.1	207.7	310.8
	<u>12,564.0</u>	<u>15,626.1</u>	<u>21,171.3</u>
	<u>44,880.3</u>	<u>82,238.3</u>	<u>64,505.2</u>

The effective interest rates for the interest-bearing financial assets at the balance sheet date range from 0.2% to 11.9% (2008: 0.3% to 10.1%; 2007: 2.2% – 12.6%) per annum.

The significant exposure to non-functional currencies are as follows:

	2009 \$million	2008 \$million
US Dollar	9,471.6	18,091.5
Pound Sterling	6,751.0	14,466.3
Indian Rupee	2,518.2	6,009.3
Hong Kong Dollar	<u>14,526.7</u>	<u>23,451.0</u>

**18. Derivative financial instruments**

	2009 Assets \$million	2009 Liabilities \$million	2008 Assets \$million	2008 Liabilities \$million	2007 Assets \$million	2007 Liabilities \$million
<b>Non-current portion</b>						
Cash flow hedges	42.3	(681.2)	193.5	(1,034.7)	128.7	(1,011.0)
Fair value hedges	535.8	-	178.4	(305.7)	212.7	(1.9)
Non-hedging instruments	57.8	-	-	(14.5)	-	(11.4)
	<u>635.9</u>	<u>(681.2)</u>	<u>371.9</u>	<u>(1,354.9)</u>	<u>341.4</u>	<u>(1,024.3)</u>
<b>Current portion</b>						
Cash flow hedges	535.5	(2,146.2)	1,044.8	(1,307.8)	286.7	(759.8)
Fair value hedges	414.1	(49.7)	123.5	(378.1)	53.1	(162.0)
Non-hedging instruments	538.2	(506.0)	715.3	(587.4)	78.0	(139.2)
	<u>1,487.8</u>	<u>(2,701.9)</u>	<u>1,883.6</u>	<u>(2,273.3)</u>	<u>417.8</u>	<u>(1,061.0)</u>
	<u>2,123.7</u>	<u>(3,383.1)</u>	<u>2,255.5</u>	<u>(3,628.2)</u>	<u>759.2</u>	<u>(2,085.3)</u>

Analysed as:

	<b>Contract/ notional amount \$million</b>	<b>Fair values</b>	
		<b>Assets \$million</b>	<b>Liabilities \$million</b>
<b>2009</b>			
Currency forwards	11,400.9	419.2	(173.1)
Currency swaps	971.8	36.2	(49.9)
Interest-rate swaps	25,903.1	431.0	(894.5)
Cross-currency swaps	15,967.4	1,037.0	(976.7)
Fuel oil swaps/options	1,411.2	11.8	(979.9)
Currency options	3,553.9	158.3	(234.8)
Futures contracts	606.0	4.3	(9.2)
Others	1,638.1	25.9	(65.0)
Total		2,123.7	(3,383.1)
Less: current portion		1,487.8	(2,701.9)
Non-current portion		635.9	(681.2)
<b>2008</b>			
Currency forwards	14,532.8	162.5	(183.3)
Currency swaps	2,019.6	17.0	(33.1)
Interest-rate swaps	24,038.9	566.2	(405.0)
Cross-currency swaps	18,708.7	530.6	(2,738.6)
Fuel oil swaps/options	2,606.6	596.3	(6.8)
Currency options	2,285.9	24.7	(36.7)
Futures contracts	524.9	4.8	(6.7)
Others	1,412.6	353.4	(218.0)
Total		2,255.5	(3,628.2)
Less: current portion		1,883.6	(2,273.3)
Non-current portion		371.9	(1,354.9)
<b>2007</b>			
Currency forwards	8,146.3	51.7	(117.6)
Currency swaps	3,581.2	16.2	(32.6)
Interest-rate swaps	15,082.1	130.6	(24.8)
Cross-currency swaps	16,800.6	246.1	(1,769.4)
Fuel oil swaps/options	873.0	76.3	(122.5)
Currency options	10.0	3.0	(4.4)
Futures contracts	231.4	0.7	(2.4)
Others	3,913.7	234.6	(11.6)
Total		759.2	(2,085.3)
Less: current portion		417.8	(1,061.0)
Non-current portion		341.4	(1,024.3)

**19. Investment properties**

	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
At 1 April		5,035.3	3,631.5	1,817.0
Effect of adopting FRS 40		-	236.9	-
At 1 April		5,035.3	3,868.4	1,817.0
De-consolidation/disposal of subsidiary companies	(a)	(88.0)	(70.0)	-
Additions		231.6	126.3	132.2
Disposals		-	(7.8)	(0.4)
Translation differences		(0.6)	3.5	-
Transfer from property, plant and equipment/properties under development		124.4	4.1	483.7
Revaluation differences recognised in equity		-	-	1,092.0
Fair value gain recognised in the income statement	8	28.4	1,110.8	107.0
At 31 March		<u>5,331.1</u>	<u>5,035.3</u>	<u>3,631.5</u>

(a) During the financial year ended 31 March 2009, a subsidiary company of Mapletree Investments Pte Ltd ("Mapletree"), Mapletree Industrial Fund Ltd ("MIF"), was de-consolidated as Mapletree Group is deemed not to have control over the financial and operating policies of MIF. Accordingly, MIF is accounted for as an associate as at 31 March 2009 and the effective interest held by Mapletree Group remains unchanged.

Investment properties are revalued at the balance sheet date by independent professional valuers that have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Rental income from investment properties	271.1	228.3	131.9
Direct operating expenses arising from investment properties that generated rental income	(102.5)	(75.9)	(54.0)
Direct operating expenses arising from investment properties that did not generate rental income	<u>(23.7)</u>	<u>(0.1)</u>	<u>-</u>

At the balance sheet date, certain investment properties amounting to \$1,461.9 million (2008: \$648.4 million; 2007: \$474.4 million) are mortgaged to banks to secure credit facilities (note 30) granted to certain subsidiary companies.

**20. Properties under development**

	2009 \$million	2008 \$million	2007 \$million
Land and buildings, at cost	628.6	557.2	127.5
Development costs	87.1	59.6	29.2
Property taxes and other overheads	42.8	8.9	1.0
	<u>758.5</u>	<u>625.7</u>	<u>157.7</u>

Properties under development amounting to \$562.7 million (2008: \$421.0 million; 2007: \$Nil) are mortgaged to secure banking facilities (note 30).

**21. Other non-current assets**

	Note	2009 \$million	2008 \$million	2007 \$million
Loans and bills receivable of banking subsidiary companies	(a)	7,502.6	7,387.2	9,272.4
Finance lease receivables		15.7	3.2	1.7
Loans to:				
- associated companies and joint ventures	(b)	427.6	454.0	260.7
- others	(c)	332.1	296.9	457.7
Defined benefit obligations		25.3	34.7	-
Prepayments		321.7	291.3	175.5
Other receivables		<u>965.2</u>	<u>1,377.7</u>	<u>720.3</u>
		9,590.2	9,845.0	10,888.3
Allowance for impairment of loans and bills receivable		<u>(84.7)</u>	<u>(452.5)</u>	<u>(442.0)</u>
		<u>9,505.5</u>	<u>9,392.5</u>	<u>10,446.3</u>

**(a) Loans and bills receivable of banking subsidiary companies**

Included in loans and bills receivable (non-current and current) is an amount of \$14.6 million (2008: \$417.8 million; 2007: \$412.2 million) and \$58.0 million (2008: \$406.4 million; 2007: \$375.4 million) of total gross loans to non-bank customers are pledged as collateral for borrowing facilities granted to a subsidiary company and for bonds issued by a subsidiary company, respectively.

**(b) Loans to associated companies and joint ventures**

The loans to associated companies and joint ventures are unsecured and interest-free except for \$137.3 million (2008: \$204.7 million; 2007: \$154.4 million) with effective interest rates ranging from 3.4% - 7.2% (2008: 3.0% - 13.8%; 2007: 2.0% - 8.3%) per annum.

The loans to associated companies and joint ventures due after one year have no fixed terms of repayment.

**(c) Other loans**

The loans to others are interest-free except for the following:

- (i) an amount of \$8.3 million (2008: \$8.3 million; 2007: \$8.3 million) which is secured by intellectual property rights of the third party. Interest is chargeable at the US Dollar prime rate plus 2% (2008 and 2007: US Dollar prime rate plus 2%) per annum at the balance sheet date; and
- (ii) an amount of \$52.9 million (2008: \$49.8 million; 2007: \$13.9 million) where interest is charged at 2.0% - 10.0% (2008: 1.5% - 5.8%; 2007: 2.0% - 6.3%) per annum at the balance sheet date.

Other loans due after one year have no fixed terms of repayment.

The significant exposure to non-functional currencies are as follows:

	2009 \$million	2008 \$million
US Dollar	630.3	1,141.8
Pound Sterling	133.0	133.5

**22. Deferred tax**

Movements in the deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the financial year are as follows:

	Provisions \$million	Tax losses and capital allowances \$million	TWDV <sup>(1)</sup> in excess of NBV <sup>(2)</sup> of assets \$million	Others \$million	Total \$million
<b>Deferred tax assets</b>					
At 1 April 2006	(836.9)	(640.1)	(349.4)	(326.0)	(2,152.4)
Disposal/(acquisition) of subsidiary companies	16.0	7.6	3.3	(7.0)	19.9
Recognised in income statement	0.1	35.8	(8.9)	(276.8)	(249.8)
Effect of changes in tax rates	6.2	4.5	-	7.5	18.2
Recognised in equity	0.2	0.4	-	17.5	18.1
Transfer to/(from) current tax	89.4	288.9	-	(13.1)	365.2
Translation differences	(29.8)	4.9	(19.5)	(1.1)	(45.5)
At 31 March 2007	(754.8)	(298.0)	(374.5)	(599.0)	(2,026.3)
Acquisition of subsidiary companies	(68.3)	(91.3)	(0.8)	(157.8)	(318.2)
Recognised in income statement	(218.9)	41.1	13.9	(81.1)	(245.0)
Recognised in equity	(11.0)	(3.1)	-	(27.4)	(41.5)
Transfer to/(from) current tax	247.8	(120.3)	(9.4)	31.1	149.2
Transfer to assets classified as held for sale	18.2	6.6	-	0.1	24.9
Translation differences	6.3	(9.9)	(11.6)	(2.4)	(17.6)
At 31 March 2008, balance carried forward	(780.7)	(474.9)	(382.4)	(836.5)	(2,474.5)

	Provisions \$million	Tax losses and capital allowances \$million	TWDV <sup>(1)</sup> in excess of NBV <sup>(2)</sup> of assets \$million	Others \$million	Total \$million
At 31 March 2008, balance brought forward	(780.7)	(474.9)	(382.4)	(836.5)	(2,474.5)
Disposal of subsidiary companies	74.0	14.9	6.9	45.9	141.7
Recognised in income statement	(265.6)	(402.1)	(14.6)	39.8	(642.5)
Recognised in equity	-	-	(6.9)	(212.3)	(219.2)
Transfer to/(from) current tax	167.9	39.5	-	(3.1)	204.3
Translation differences	134.5	40.9	65.1	107.4	347.9
At 31 March 2009	(669.9)	(781.7)	(331.9)	(858.8)	(2,642.3)

(1) TWDV - Tax written down value

(2) NBV - Net book value

	Accelerated tax depreciation \$million	Revaluation gains \$million	Offshore interest and dividend not remitted \$million	Others \$million	Total \$million
<b>Deferred tax liabilities</b>					
At 1 April 2006	5,489.1	2.5	173.6	693.9	6,359.1
Disposal of subsidiary companies	(219.4)	-	-	(11.7)	(231.1)
Recognised in income statement	286.5	(0.1)	(8.7)	(205.2)	72.5
Effect of changes in tax rates	(432.3)	-	(10.8)	(4.7)	(447.8)
Recognised in equity	1.1	(2.4)	-	11.8	10.5
Transfer to current tax	-	-	-	(0.8)	(0.8)
Translation differences	(6.9)	-	(1.3)	1.9	(6.3)
At 31 March 2007	5,118.1	-	152.8	485.2	5,756.1
Effect of adopting FRS 40	-	181.1	-	6.6	187.7
At 1 April 2007	5,118.1	181.1	152.8	491.8	5,943.8
(Disposal)/acquisition of subsidiary companies	(7.3)	0.9	15.5	410.9	420.0
Recognised in income statement	309.6	150.5	(6.7)	593.8	1,047.2
Recognised in equity	-	(0.6)	-	114.0	113.4
Transfer (to)/from current tax	(4.9)	-	-	1.8	(3.1)
Transfer to assets classified as held for sale	(10.9)	0.6	-	7.5	(2.8)
Translation differences	(16.9)	3.8	3.7	(31.6)	(41.0)
At 31 March 2008	5,387.7	336.3	165.3	1,588.2	7,477.5
(Disposal)/acquisition of subsidiary companies	(501.5)	-	-	9.0	(492.5)
Recognised in income statement	17.5	24.6	(41.1)	(32.7)	(31.7)
Recognised in equity	-	(109.1)	-	(215.4)	(324.5)
Transfer (to)/from current tax	-	-	3.2	(38.4)	(35.2)
Translation differences	(67.8)	78.2	(104.0)	(17.9)	(111.5)
At 31 March 2009	4,835.9	330.0	23.4	1,292.8	6,482.1



Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Deferred tax assets	(1,959.6)	(1,849.3)	(1,628.0)
Deferred tax liabilities	<u>5,799.4</u>	<u>6,852.3</u>	<u>5,357.8</u>

Deferred tax assets have not been recognised in respect of the following items:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Deductible temporary differences	5,828.0	6,006.8	1,708.1
Tax losses	<u>8,847.9</u>	<u>13,766.1</u>	<u>3,405.3</u>
	<u>14,675.9</u>	<u>19,772.9</u>	<u>5,113.4</u>

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiary companies operate. The deductible temporary differences do not expire under current tax legislation except for tax losses amounting to \$86.0 million (2008: \$171.5 million; 2007: \$191.3 million) which will expire between 2011 and 2027 (2008 and 2007: between 2009 and 2027).

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiary companies of the Group can utilise the benefits.

## 23. Inventories

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Raw materials, supplies, engineering products and sundry items	605.5	760.5	620.9
Work-in-progress	1,230.1	471.1	393.1
Bunkers, fuel stocks and general consumables	1,139.8	1,331.4	1,592.1
Finished goods	326.1	395.8	346.0
Development properties held for sale	<u>103.0</u>	<u>137.6</u>	<u>29.8</u>
	3,404.5	3,096.4	2,981.9
Allowance for impairment of inventories	<u>(246.8)</u>	<u>(290.4)</u>	<u>(362.7)</u>
	<u>3,157.7</u>	<u>2,806.0</u>	<u>2,619.2</u>

Of the carrying amount, \$1,128.7 million (2008: \$1,092.1 million; 2007: \$984.1 million) relates to inventories carried at net realisable values.

**24. Trade and other receivables**

	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Trade receivables		8,775.1	10,823.8	10,416.8
Allowance for impairment of trade receivables		(597.8)	(654.9)	(659.4)
Net receivables		8,177.3	10,168.9	9,757.4
Advance payments to suppliers		253.1	381.2	143.5
Interest and dividend receivables		248.1	368.4	562.1
Prepayments and deposits		908.5	961.4	1,190.9
Due from customers on contract	25	22.2	781.1	610.0
Tax prepayments and recoverables		143.8	385.2	117.3
Amounts due from associated companies and joint ventures				
- trade		100.6	95.1	46.4
- non-trade		141.5	278.4	119.4
Placements and balances with banks		1,777.7	2,030.6	1,360.2
Loans and bills receivable of banking subsidiary companies		3,887.6	2,998.1	3,565.6
Loans to:				
- associated companies and joint ventures		31.5	31.5	91.5
- others		32.0	32.8	8.4
Defined benefit obligations		-	0.4	-
Other receivables		1,671.2	2,147.4	1,056.6
		17,395.1	20,660.5	18,629.3
Allowance for impairment of other receivables		(573.2)	(118.3)	(98.8)
		<u>16,821.9</u>	<u>20,542.2</u>	<u>18,530.5</u>

The amounts due from associated companies and joint ventures are unsecured, interest-free and repayable on demand.

At the balance sheet date, approximately \$383.0 million (2008: \$398.0 million; 2007: \$130.0 million) of trade receivables are pledged as collateral for financing arrangements entered into by certain subsidiary companies of the Group.

Impairment loss on trade receivables amounting to \$233.5 million (2008: \$215.5 million; 2007: \$133.3 million) was recognised as an expense in the income statement.

The aging of trade receivables at the reporting date is:

	<b>2009 \$million</b>	<b>2008 \$million</b>
Not past due and not impaired	5,637.7	7,073.2
Past due but not impaired	2,539.6	3,095.7
Impaired	597.8	654.9
	<u>8,775.1</u>	<u>10,823.8</u>

The change in allowance for doubtful receivables in respect of trade receivables during the year is as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>
At 1 April	654.9	659.4
Allowance recognised	233.5	215.5
Allowance utilised	(179.7)	(192.8)
Translation differences on consolidation	(42.9)	(11.2)
Disposal of subsidiary companies	(68.0)	(16.0)
At 31 March	<u>597.8</u>	<u>654.9</u>

The significant exposure to non-functional currencies are as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>
US Dollar	1,221.3	2,292.6
Euro	226.6	686.4
Pound Sterling	<u>142.2</u>	<u>200.0</u>

**25. Contracts work-in-progress**

	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Aggregated contract costs recognised and recognised profits (less recognised losses) to date		2,452.8	3,897.5	3,692.1
Allowance for foreseeable losses		<u>(5.5)</u>	<u>(38.4)</u>	<u>(27.8)</u>
		2,447.3	3,859.1	3,664.3
Progress billings		<u>(3,036.6)</u>	<u>(3,535.5)</u>	<u>(3,407.7)</u>
		<u>(589.3)</u>	323.6	256.6
Analysed by:				
Due from customers on contracts	24	22.2	781.1	610.0
Due to customers on contracts	28	<u>(611.5)</u>	<u>(457.5)</u>	<u>(353.4)</u>
		<u>(589.3)</u>	323.6	256.6

**26. Non-current assets held for sale**

As at 31 March 2008, a subsidiary company of Fullerton Management Pte Ltd ("FMPL") was presented as assets held for sale by virtue of an agreement entered into by FMPL with a third party on 26 March 2008.

	Note	2008 \$million	2007 \$million
<b>Assets</b>			
Property, plant and equipment		117.3	19.1
Intangible assets		120.0	0.9
Subsidiary companies		-	2.8
Joint ventures		5.4	-
Financial assets		2,263.7	-
Deferred tax assets		22.1	-
Trade and other receivables		5,274.5	-
Cash and bank balances	27	673.2	-
		<u>8,476.2</u>	<u>22.8</u>
<b>Liabilities</b>			
Borrowings		962.7	-
Provisions		23.2	-
Trade and other payables		6,533.7	-
Current tax payable		18.5	-
		<u>7,538.1</u>	<u>-</u>

The sale of the subsidiary company was completed during the financial year ended 31 March 2009 with net proceeds of \$1,693.9 million and realised gain of \$924.1 million recognised in the income statement.

The attributable net assets of the subsidiary company disposed are as follows:

	2009 \$million
<b>Assets</b>	
Property, plant and equipment	108.3
Intangible assets	119.6
Financial assets	1,173.0
Deferred tax assets	54.2
Trade and other receivables	7,024.7
Cash and bank balances	228.6
	<u>8,708.4</u>
<b>Liabilities</b>	
Borrowings	848.4
Trade and other payables	6,940.9
Current tax payable	2.8
	<u>7,792.1</u>
Net identifiable assets	916.3
Minority interests	(431.0)
Realisation of reserves	284.5
Gain on disposal	924.1
Cash consideration received	1,693.9
Cash and cash equivalents disposed of	(228.6)
Net cash inflow from disposal	<u>1,465.3</u>

**27. Cash and bank balances**

	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Fixed deposits		29,089.2	22,609.5	13,123.1
Cash and bank balances		<u>5,119.2</u>	<u>3,491.0</u>	<u>11,759.9</u>
		34,208.4	26,100.5	24,883.0
Add:				
Cash and bank balances included under funds under management		-	-	5.4
Less:				
Bank overdrafts				
- secured	30	(7.8)	(4.3)	(7.5)
- unsecured	30	(93.5)	(8.0)	(28.0)
Restricted cash		(135.1)	(216.7)	(138.5)
Cash and bank balances classified as held for sale	26	<u>-</u>	<u>673.2</u>	<u>-</u>
Cash and cash equivalents in the cash flow statement		<u>33,972.0</u>	<u>26,544.7</u>	<u>24,714.4</u>

Fixed deposits at the balance sheet date mature within 1 year from the balance sheet date and have weighted average effective interest rates of 0.0% - 8.1% (2008: 0.0% - 11.4%; 2007: 0.0% - 13.2%) per annum.

At the balance sheet date, cash and cash equivalents totalling \$704.0 million (2008: \$2,019.0 million; 2007: \$1,268.9 million) are held in various publicly-listed subsidiary companies of Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") which operate under regulations which impose restrictions and conditions on related party transactions including the transfers of cash and the granting of loans to other subsidiary companies of ST Telemedia Group. These regulations differ between these listed subsidiary companies, depending on the rules applicable to the stock exchanges on which they are listed and the countries in which ST Telemedia's subsidiary companies are incorporated or listed.

At the balance sheet date, restricted cash included the following amounts:

- (i) Bank balance of \$11.0 million (2008: \$27.3 million; 2007: \$30.4 million) relates to cash collateral placed with financial institutions for various rental guarantees, performance bonds and customer disputes.
- (ii) Amount of \$100.0 million (2008: \$65.2 million; 2007: \$66.1 million) invested in interest-bearing bank deposits. Under the terms of a loan agreement of a subsidiary company, the subsidiary company was required to maintain on deposit with the lender a compensating balance, restricted as to use, equal to the amount of principal, interest and commitment fees payable at the next payment date.

At the balance sheet date, the Group has an amount totalling \$216.2 million (2008: \$487.0 million; 2007: \$116.6 million) which is held in countries with foreign exchange controls.

The significant exposure to non-functional currencies are as follows:

	2009 \$million	2008 \$million
US Dollar	3,799.5	3,079.2
Euro	416.7	430.7
Renminbi	862.2	179.4
Australian Dollar	198.0	589.9

**28. Trade and other payables**

	Note	2009 \$million	2008 \$million	2007 \$million
Trade payables		7,222.9	8,600.5	7,714.8
Deposits and balances of non-bank customers placed with banking subsidiary companies	31(a)	4,769.0	6,308.6	11,061.9
Deposits and balances of banks placed with banking subsidiary companies	31(a)	292.1	1,140.8	1,252.5
Other creditors		1,957.0	2,442.3	1,752.7
Accrued operating expenses		5,267.6	5,965.1	4,948.6
Accrued capital expenditures		842.8	1,561.0	1,212.5
Accrued interest payable		574.7	748.1	705.0
Amounts due to associated companies and joint ventures				
- trade		57.7	88.3	64.4
- non-trade		4.4	43.9	39.8
Amounts due to minority shareholders of a subsidiary company (non-trade)		4.7	87.5	3.8
Sales in advance of carriage		1,143.6	1,680.3	1,392.9
Due to customers on contracts	25	611.5	457.5	353.4
Advance payments received		635.9	749.9	681.8
Deposits from customers		475.3	588.1	556.6
Defined benefit obligations		14.8	6.6	12.1
		<u>23,874.0</u>	<u>30,468.5</u>	<u>31,752.8</u>

The non-trade amounts due to associated companies and joint ventures are unsecured, interest-free and repayable on demand.



The significant exposure to non-functional currencies are as follows:

	2009 \$million	2008 \$million
US Dollar	1,650.4	1,017.4
Euro	91.3	619.1
Pound Sterling	98.0	336.5

## 29. Provisions

	2009 \$million	2008 \$million	2007 \$million
Contingencies	279.2	287.7	242.6
Restructuring	138.9	62.1	163.6
Warranties	179.3	193.1	172.3
Others	1,332.9	1,226.7	1,630.9
	<u>1,930.3</u>	<u>1,769.6</u>	<u>2,209.4</u>
Analysed by:			
Current	1,464.4	1,466.1	1,880.3
Non-current	465.9	303.5	329.1
	<u>1,930.3</u>	<u>1,769.6</u>	<u>2,209.4</u>

Movements in provisions are as follows:

	Contingencies \$million	Restructuring \$million	Warranties \$million	Others \$million	Total \$million
At 1 April 2006	945.8	206.3	144.3	980.5	2,276.9
Transfer/reclassification/ adjustments	(72.4)	-	20.9	50.4	(1.1)
Disposal of subsidiary companies	(574.2)	-	(2.2)	(77.9)	(654.3)
Provisions made	60.3	16.7	26.8	720.3	824.1
Provisions utilised	(105.5)	(59.5)	(15.7)	(47.2)	(227.9)
Translation differences	(11.4)	0.1	(1.8)	4.8	(8.3)
At 31 March 2007	242.6	163.6	172.3	1,630.9	2,209.4
Acquisition of subsidiary companies	32.1	-	4.4	67.5	104.0
Provisions made/(reversed)	65.7	(28.8)	38.0	307.3	382.2
Provisions utilised	(48.3)	(73.8)	(19.6)	(785.2)	(926.9)
Translation differences	(4.4)	1.1	(2.0)	6.2	0.9
At 31 March 2008	287.7	62.1	193.1	1,226.7	1,769.6
Acquisition/(disposal) of subsidiary companies	5.1	-	(2.9)	(10.1)	(7.9)
Provisions made	45.4	107.8	7.7	182.2	343.1
Provisions utilised	(45.3)	(30.0)	(19.1)	(21.2)	(115.6)
Translation differences	(13.7)	(1.0)	0.5	(44.7)	(58.9)
At 31 March 2009	<u>279.2</u>	<u>138.9</u>	<u>179.3</u>	<u>1,332.9</u>	<u>1,930.3</u>

**30. Borrowings**

	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Bank overdrafts	27			
- secured		7.8	4.3	7.5
- unsecured		93.5	8.0	28.0
		<u>101.3</u>	<u>12.3</u>	<u>35.5</u>
Short-term bank loans				
- secured	(a)	1,290.2	558.8	342.2
- unsecured	(a)	5,035.5	14,651.8	3,495.1
		<u>6,325.7</u>	<u>15,210.6</u>	<u>3,837.3</u>
Bank loans				
- secured	(a)	3,494.4	2,496.3	3,897.6
- unsecured	(a)	18,541.6	12,868.0	10,492.6
		<u>22,036.0</u>	<u>15,364.3</u>	<u>14,390.2</u>
Fixed rate notes	(b)			
- secured		1,058.9	1,159.4	1,201.4
- unsecured		22,967.2	24,143.9	23,858.9
		<u>24,026.1</u>	<u>25,303.3</u>	<u>25,060.3</u>
Floating rate notes - unsecured	(b)	565.0	1,508.1	1,800.5
Guaranteed exchangeable notes	(c)	33.5	380.6	1,113.9
Finance lease and hire purchase obligations	33	1,255.0	955.1	1,032.4
Convertible redeemable preference shares	(d)	369.5	349.1	347.6
Commercial bills		92.1	309.5	358.0
Other loans		1,359.6	1,010.1	422.2
Total borrowings		<u>56,163.8</u>	<u>60,403.0</u>	<u>48,397.9</u>
Analysed by:				
Repayable within 1 year		11,013.5	20,455.2	7,027.7
Repayable after 1 year		45,150.3	39,947.8	41,370.2
Total borrowings		<u>56,163.8</u>	<u>60,403.0</u>	<u>48,397.9</u>

The secured borrowings above are collateralised by the following:

- (i) property, plant and equipment, including aircrafts and vessels (note 12) and other assets of the Group's borrowing subsidiary companies;
- (ii) investment properties (note 19) and properties under development (note 20); and
- (iii) loans to customers of banking subsidiary companies (note 21(a)).

**(a) Bank loans**

These loans bear interests at rates ranging from 0.7% - 22.4% (2008: 0.6% - 14.0%; 2007: 0.7% - 17.0%) per annum.

As at 31 December 2008, due to the non-compliance of three out of five financial undertakings of certain covenant clauses by a subsidiary company, management of the subsidiary company has obtained a letter from the bank dated 10 February 2009 to waive its rights under the loan agreement as a consequence of the breach of the loan covenants.

As at 31 December 2008, the bank has requested under the facility agreement for the repayment of the outstanding loans of \$306.5 million, not later than 3 April 2009.

**(b) Fixed and floating rate notes**

The terms and conditions of the borrowings are as follows:

		Effective interest rate %	2009 Face value \$million	2009 Carrying amount \$million	2008 Face value \$million	2008 Carrying amount \$million	2007 Face value \$million	2007 Carrying amount \$million
Note								
Fixed rate notes	(1)	1.5 - 14.6	23,448.2	24,026.1	25,194.7	25,303.3	25,101.1	25,060.3
Floating rate notes		1.0 - 1.4	565.2	565.0	1,499.4	1,508.1	1,799.7	1,800.5

**Notes:**

**(1) Unsecured fixed rate convertible notes**

Included in the unsecured fixed rate notes are convertible notes with a total carrying amount of \$181.0 million (2008: \$171.5 million; 2007: \$170.7 million) which rank with an equal right of payment with any other senior indebtedness of a subsidiary company, except to the extent of the value of any collateral securing such indebtedness. The notes may be converted at any time prior to maturity at the option of the holder into shares of common stock under various terms and conditions. At any time prior to maturity, the subsidiary company may unilaterally and irrevocably elect to settle its conversion obligation in cash and, if applicable, shares of its common stock, calculated as set forth in the indenture governing the notes.

The subsidiary company may redeem some or all of the notes under various terms and conditions between 20 May 2009 and 20 May 2010. The subsidiary company may be required to repurchase, for cash, all or a portion of the notes upon the occurrence of a fundamental change (i.e. a change in control or a delisting of its common stock) at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest, or, in certain cases, to convert the notes at an increased conversion rate based on the price paid per share of its common stock in a transaction constituting a fundamental change.

*Unsecured fixed rate notes*

Included in the unsecured fixed rate notes are the following:

- (i) US Dollar denominated bonds with a total carrying amount of \$1,166.0 million (2008: \$1,093.8 million; 2007: \$1,178.6 million), which are subject to a negative pledge that limits the amount of secured indebtedness that certain subsidiary companies of the Group may enter into.
- (ii) US Dollar denominated notes with a total carrying amount of \$524.6 million (2008: \$1,328.6 million; 2007: \$835.7 million), which are redeemable at the option of certain subsidiary companies under various terms and conditions. Upon a change of control, the subsidiary companies will be required to offer to purchase these notes at 101% of their principal amount plus accrued and unpaid interest.
- (iii) US Dollar denominated notes with a total carrying amount of \$1,352.0 million (2008: \$1,371.7 million; 2007: \$1,470.8 million) which include a subsidiary company call option and an investor put option. However, the amounts received by the investors in the event of exercise of the call or put options would not significantly differ from the recorded value.
- (iv) Indonesian Rupiah denominated bonds with total carrying amount of \$Nil (2008: \$1,054.1 million; 2007: \$773.6 million), which allow a subsidiary company to exercise early settlement and buy back options before maturity.

*Secured fixed rate notes*

Included in the secured fixed rate notes are US Dollar and Pound Sterling denominated notes with a total carrying amount of \$616.9 million (2008: \$749.6 million; 2007: \$747.2 million) which are senior obligations of a subsidiary company and rank equal in right of payment with all of its future debt. A separate subsidiary company has guaranteed the notes as a senior obligation ranking equal in right of payment with all of its existing and future senior debt.

The subsidiary company may redeem the notes in whole or in part, at any time on or after 15 December 2009 at redemption prices decreasing from 105.4% (for the US Dollar denominated notes) or 105.9% (for the Pound Sterling denominated notes) in 2009 to 100% of the principal amount in 2012 and thereafter. At any time before 15 December 2009, the subsidiary company may redeem either both series of notes, in whole or in part, by paying a "make-whole" premium calculated in accordance with the notes indenture. The subsidiary company may also redeem either or both series of notes, in whole but not in part, upon certain changes in tax laws and regulations.

**(c) Guaranteed exchangeable notes (“GENs”)**

- (i) GENs of \$311.5 million issued on 12 January 2004 by a subsidiary company at \$250,000 per note, are zero-coupon bonds that matured on 12 January 2009 at 99.5%.

The GENs holders have the option to exchange the GENs into ordinary shares of Singapore Telecommunications Limited (“SingTel”) at a fixed exchange price 10 business days before 12 January 2009 or redeem for cash at maturity. In addition, the holders have the right to require the subsidiary company to redeem these GENs on 12 January 2006 at 99.8% of its principal amount.

The subsidiary company may redeem the GENs at 100% of their principal amount, in whole or in part at any time from and including 13 January 2006 to but excluding 12 January 2009 if the market value of SingTel’s shares exceeds the conversion price by more than 20%. The subsidiary company may also redeem the GENs at 100% of the principal amount in whole at any time if, prior to the date of giving notice of redemption, 90% or more in aggregate principal amount of the GENs have been exchanged, redeemed or purchased and cancelled.

During the financial year ended 31 March 2009, the GENs were exchanged into 51,462,710 (2008: 175,253,764; 2007: 42,261,895) ordinary shares in SingTel at its redemption maturity date of 12 January 2009.

The GENs are guaranteed by THPL.

- (ii) GENs of \$33.5 million (2008: \$69.1 million; 2007: \$302.6 million) issued by a subsidiary company are due on 23 October 2010.
- The GENs holder have the option to exchange the GENs into ordinary shares up to 10 business days prior to 23 October 2010, the maturity date of the notes, on the following basis:
    - 125.0 million Singapore Technologies Engineering Ltd (“ST Engineering”) shares in respect of the \$350.0 million 1.6% GENs are initially available for exchange into 89,285 ST Engineering shares.
    - The ST Engineering shares to be delivered on exchange of the GENs will be fully paid and rank pari passu with all fully paid ST Engineering shares of the same class in issue on the relevant exchange date.

- The GENs may be redeemed, in cash or by delivery of ST Engineering shares, on the following basis at the option of the issuer:
  - In whole or in part, at any time from 24 October 2006 to but excluding the maturity date, at their principal amount plus accrued interest to the date fixed for such redemption if the value of the exchangeable shares has exceeded 120% of the aggregate principal amount of the GENs outstanding at the relevant time.
  - In whole, at any time, at their principal amount plus accrued interest, to the date fixed for such redemption if, prior to the date of giving notice of redemption, 90% or more in aggregate principal amount of the GENs have been exchanged, redeemed or purchased and cancelled.
  - The number of exchangeable shares which will be transferred to a GENs holder under such election will be equal to the number determined by dividing the aggregate principal amount of the GENs to be redeemed by 95% of the fair market value of a ST Engineering share.
- Unless the GENs have been exchanged, redeemed or purchased and cancelled, the GENs will be redeemed by the subsidiary company on 23 October 2010 at a price equal to 100% of its principal amount plus accrued interest.

During the financial year ended 31 March 2009, \$35.8 million (2008: \$246.2 million; 2007: \$33.8 million) out of the total \$350.0 million 1.6% GENs due 2010 was exchanged into 12,767,755 (2008: 87,945,725; 2007: 12,053,475) ordinary shares in ST Engineering and \$0.7 million (2008: \$Nil; 2007: \$Nil) out of \$350.0 million 1.6% GENs due 2010 was purchased and cancelled in accordance with the terms and conditions of the GENs issued on 23 October 2003.

(iii) During the financial year ended 31 March 2007:

- All remaining 1.1% GENs due 2010 were fully exchanged into 38,408,968 ordinary shares of CapitaLand Limited and 7,681,726 units of CapitaCommercial Trust.
- GENs issued by a subsidiary company exchangeable into ordinary shares of Keppel Corporation Limited, were fully redeemed.



(iv) Movements in GENs are as follows:

	2009 \$million	2008 \$million	2007 \$million
At 1 April	380.6	1,113.9	2,037.6
Conversion of notes to shares	(182.5)	(746.0)	(1,002.4)
Redemption on maturity	(164.8)	-	-
Cancellation of notes	(0.7)	-	-
Amortisation charge	0.9	4.3	45.3
Accelerated amortisation	-	8.4	33.4
At 31 March	33.5	380.6	1,113.9

(d) **Convertible redeemable preference shares**

	2009 \$million	2008 \$million	2007 \$million
Convertible redeemable preference shares	410.5	413.0	438.1
Unamortised discount	(41.0)	(63.9)	(90.5)
	369.5	349.1	347.6

Included in the convertible redeemable preference shares ("CRPS") is US\$300.0 million, CRPS due 2010 of a subsidiary company.

As part of the Units Private Placement, the subsidiary company issued 30,000 Preference Shares of par value US\$0.01 each. The holders of the Preference Shares are not entitled to receive any dividends, regardless of whether dividends are paid to the holders of the subsidiary company's ordinary shares ("Ordinary Shares"). Holders of the Preference Shares may convert the Preference Shares into new Ordinary Shares or, subject to certain limitations, American Depositary Shares ("ADSs") at a conversion price of US\$0.8719 per Ordinary Share at any time after 40 days from the original issuance of the Preference Shares and before the close of business on the 7th business day prior to maturity or early redemption.

Unless previously redeemed, converted or purchased and cancelled, the subsidiary company will redeem, out of funds legally available for such payment, each Preference Share at maturity on 17 August 2010 at a redemption price equal to US\$10,000 per Preference Share.

Prior to maturity, the subsidiary company may redeem the Preference Shares at the early redemption price.

If certain events occur before the close of business on the 7th business day prior to maturity or early redemption, holders of the Preference Shares may under certain circumstances require the subsidiary company to redeem all or any of the Preference Shares at the various early redemption prices.

The Preference Shares rank, with respect to rights upon liquidation, winding up or dissolution:

- junior to all the subsidiary company's existing and future debt obligations;
- junior to each class of the subsidiary company's shares the terms of which provide that such class will rank senior to the Preference Shares;
- on a parity with any class of the subsidiary company's shares that has terms which provide that such class will rank on a parity with the Preference Shares; and
- senior to the subsidiary company's Ordinary Shares (including those represented by ADSs) and to any class of the subsidiary company's shares that has terms which provide that such class will rank junior to the Preference Shares.

**(e) Carrying amounts and fair values of borrowings**

The fair value of total borrowings which are not carried at fair values as at balance sheet date are represented in the following table:

	Carrying amount			Net fair value		
	2009 \$million	2008 \$million	2007 \$million	2009 \$million	2008 \$million	2007 \$million
Borrowings	26,779.5	28,556.1	25,638.4	25,823.7	29,236.2	26,410.8

**(f) Foreign currency exposure**

The significant exposure to non-functional currencies are as follows:

	2009			2008		
	US Dollar \$million	Australian Dollar \$million	Pound Sterling \$million	US Dollar \$million	Australian Dollar \$million	Pound Sterling \$million
Bank loans	4,993.4	393.7	766.4	6,567.5	786.3	965.9
Notes	9,969.5	27.3	312.3	13,106.1	46.5	470.9

**(g) Maturity of borrowings**

	<b>Total \$million</b>	<b>Within 1 year \$million</b>	<b>Within 1 to 5 years \$million</b>	<b>After 5 years \$million</b>
<b>2009</b>				
Bank overdrafts	101.3	101.3	-	-
Short-term bank loans	6,325.7	6,325.7	-	-
Bank loans	22,036.0	2,021.2	18,669.7	1,345.1
Fixed rate notes	24,026.1	1,727.6	13,303.3	8,995.2
Floating rate notes	565.0	50.0	515.0	-
Guaranteed exchangeable notes	33.5	-	33.5	-
Finance lease and hire purchase obligations	1,255.0	170.8	495.1	589.1
Convertible redeemable preference shares	369.5	-	366.5	3.0
Commercial bills	92.1	92.1	-	-
Other loans	1,359.6	524.8	774.5	60.3
	<u>56,163.8</u>	<u>11,013.5</u>	<u>34,157.6</u>	<u>10,992.7</u>
<b>2008</b>				
Bank overdrafts	12.3	12.3	-	-
Short-term bank loans	15,210.6	15,210.6	-	-
Bank loans	15,364.3	957.1	10,846.2	3,561.0
Fixed rate notes	25,303.3	2,439.5	11,460.7	11,403.1
Floating rate notes	1,508.1	441.8	633.4	432.9
Guaranteed exchangeable notes	380.6	311.5	69.1	-
Finance lease and hire purchase obligations	955.1	149.1	434.7	371.3
Convertible redeemable preference shares	349.1	-	346.0	3.1
Commercial bills	309.5	309.5	-	-
Other loans	1,010.1	623.8	244.9	141.4
	<u>60,403.0</u>	<u>20,455.2</u>	<u>24,035.0</u>	<u>15,912.8</u>
<b>2007</b>				
Bank overdrafts	35.5	35.5	-	-
Short-term bank loans	3,837.3	3,837.3	-	-
Bank loans	14,390.2	1,166.0	11,245.2	1,979.0
Fixed rate notes	25,060.3	698.1	12,660.0	11,702.2
Floating rate notes	1,800.5	754.5	846.0	200.0
Guaranteed exchangeable notes	1,113.9	-	1,113.9	-
Finance lease and hire purchase obligations	1,032.4	125.3	426.5	480.6
Convertible redeemable preference shares	347.6	-	347.6	-
Commercial bills	358.0	358.0	-	-
Other loans	422.2	53.0	369.2	-
	<u>48,397.9</u>	<u>7,027.7</u>	<u>27,008.4</u>	<u>14,361.8</u>

**(h) Contractual cash flows**

The following are the expected contractual undiscounted cash flows of significant borrowings including interest payments:

	Carrying amount  \$million	Cash flows			
		Contractual cash flows \$million	Within 1 year \$million	Within 1 to 5 years \$million	After 5 years \$million
<b>2009</b>					
Bank loans	28,361.7	(30,389.3)	(8,910.0)	(19,598.1)	(1,881.2)
Notes	25,086.2	(28,655.7)	(2,628.6)	(15,866.8)	(10,160.3)
	<u>53,447.9</u>	<u>(59,045.0)</u>	<u>(11,538.6)</u>	<u>(35,464.9)</u>	<u>(12,041.5)</u>
<b>2008</b>					
Bank loans	30,574.9	(32,935.1)	(16,680.0)	(12,190.4)	(4,064.7)
Notes	27,850.6	(30,112.4)	(4,094.3)	(13,376.4)	(12,641.7)
	<u>58,425.5</u>	<u>(63,047.5)</u>	<u>(20,774.3)</u>	<u>(25,566.8)</u>	<u>(16,706.4)</u>

**31. Other non-current liabilities**

	Note	2009 \$million	2008 \$million	2007 \$million
Deposits from customers		144.6	132.2	52.2
Deposits and balances of non-bank customers placed with banking subsidiary companies	(a)	6,585.2	5,244.4	5,158.7
Deposits and balances of banks placed with banking subsidiary companies	(a)	617.6	173.0	773.4
Advance payments received		487.2	325.4	225.5
Other creditors		672.3	1,213.2	1,125.3
Defined benefit obligations		360.9	144.1	115.6
Accrued operating expenses		731.2	890.7	688.9
		<u>9,599.0</u>	<u>8,123.0</u>	<u>8,139.6</u>

(a) Deposits and balances with banking subsidiary companies.

The following are the expected contractual undiscounted cash outflows of significant non-current liabilities excluding interest payments:

	Carrying amount  \$million	Cash flows			
		Contractual cash flows \$million	Within 1 year \$million	Within 1 to 5 years \$million	After 5 years \$million
<b>2009</b>					
Deposits and balances with banking subsidiary companies	7,202.8	7,202.8	-	7,189.5	13.3
<b>2008</b>					
Deposits and balances with banking subsidiary companies	5,417.4	5,417.4	-	5,400.3	17.1

**32. Deferred income and liabilities**

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Deferred grants and donations	136.3	200.5	271.9
Customers' contributions	555.1	592.1	508.4
Deferred gain on sale and leaseback transactions	213.3	338.9	455.9
Unearned revenue	2,615.6	2,567.5	1,736.1
Others	815.2	739.3	724.6
	<u>4,335.5</u>	<u>4,438.3</u>	<u>3,696.9</u>
Analysed by:			
Current	1,593.2	1,799.7	1,233.1
Non-current	<u>2,742.3</u>	<u>2,638.6</u>	<u>2,463.8</u>
	<u>4,335.5</u>	<u>4,438.3</u>	<u>3,696.9</u>

**33. Finance lease and hire purchase obligations**

At the balance sheet date, the Group has obligations under finance lease and hire purchase that are repayable as follows:

	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Minimum finance lease and hire purchase obligations due:			
Within 1 year	231.8	192.6	184.1
After 1 year but within 5 years	693.1	570.6	602.9
After 5 years	838.8	444.3	585.6
	<u>1,763.7</u>	<u>1,207.5</u>	<u>1,372.6</u>
Less: Future finance charges	<u>(508.7)</u>	<u>(252.4)</u>	<u>(340.2)</u>
Present value of finance lease and hire purchase obligations	<u>1,255.0</u>	<u>955.1</u>	<u>1,032.4</u>

The present value of finance lease and hire purchase obligations is analysed as follows:

	<b>Note</b>	<b>2009 \$million</b>	<b>2008 \$million</b>	<b>2007 \$million</b>
Within 1 year		170.8	149.1	125.3
After 1 year but within 5 years		495.1	434.7	426.5
After 5 years		589.1	371.3	480.6
	30	<u>1,255.0</u>	<u>955.1</u>	<u>1,032.4</u>
Analysed by:				
Current		170.8	149.1	125.3
Non-current		<u>1,084.2</u>	<u>806.0</u>	<u>907.1</u>

Interest rates on the Group's finance lease and hire purchase commitments ranged from 1.3% – 27.8% (2008: 1.3% – 19.5%; 2007: 1.3% – 19.5%) per annum.

### 34. Operating lease commitments

#### (a) Where the group company is a lessee

The Group leases a number of warehouse, property, plant and equipment, office buildings, aircrafts, vessels and terminals under non-cancellable operating leases. The leases have different terms and terminate at various dates. Some of the leases have specific clauses like rental escalation clauses, renewal rights and purchase options.

At the balance sheet date, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2009 \$million	2008 \$million	2007 \$million
Within 1 year	2,804.3	2,556.8	2,146.2
After 1 year but within 5 years	8,506.9	7,772.8	6,497.9
After 5 years	6,462.9	8,383.2	7,796.2
	<u>17,774.1</u>	<u>18,712.8</u>	<u>16,440.3</u>

Details of significant operating lease commitments are disclosed below:

#### Singapore Airlines Limited ("SIA") and its subsidiary companies

SIA has five B747-400, four B777-200, three B777-200ER, seven B777-300, four A330-300 and five A380 aircraft under operating leases with fixed rental rates. Under one of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6.5% per annum. The original lease terms range from 4.7 to 10.5 years. In five of the aircraft lease agreements, SIA holds options to extend the leases for a further maximum period of three years and in nine others, SIA holds the options to extend the leases for a further maximum period of two years. None of the operating lease agreements confer on SIA an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

SIA Cargo has five B747-400F aircraft under operating leases with fixed rental rates. The lease terms range from 5 to 11 years. In two of the aircraft lease agreements, the operating leases are for a period of five years, with early termination rights at the end of Year 3 and Year 4. In one of the aircraft lease agreements, SIA Cargo holds the option to extend the lease for a further maximum period of two years. For the other two agreements, there is no option for renewal. Sub-leasing is allowed under all the lease arrangements.

SilkAir (Singapore) Private Limited ("SilkAir") has four A320-232 and two A319-132 aircraft under operating leases with fixed rental rates. The lease terms for the two A319-132 aircraft are 5.5 years, which SilkAir holds an option to extend the leases for one year. The lease terms for two of the A320-232 aircraft are 4 and 4.5 years, which SilkAir holds an option to extend the leases for four years. The lease terms for the other two of the A320-232 aircraft are 7.5 and 8.5 years, which SilkAir holds an option to extend the leases for one year. None of the operating lease arrangements confer on SilkAir the option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.



*Neptune Orient Lines Limited ("NOL") and its subsidiary companies*

The NOL Group's operating lease commitments include \$2,299.7 million (2008: \$2,892.4 million; 2007: \$3,222.2 million) relating to lease arrangements for vessels wherein the minimum lease payments have not commenced and the underlying vessels are not in use as at the balance sheet date.

**(b) Where the group company is a lessor**

The Group leases certain of its investment properties and property, plant and equipment under operating leases.

Non-cancellable operating lease rentals receivables are analysed as follows:

	2009 \$million	2008 \$million	2007 \$million
Within 1 year	389.5	429.8	386.5
After 1 year but within 5 years	649.0	472.4	602.5
After 5 years	257.9	128.4	30.1
	<u>1,296.4</u>	<u>1,030.6</u>	<u>1,019.1</u>

**35. Financial risk management**

**(a) Financial risk management objectives and policies of THPL Group**

THPL is an investment holding company that owns and manages its portfolio on an arms length and commercial basis. In general, it does not guarantee the financial obligations of its portfolio companies. THPL has in the past extended certain guarantees to a limited number of subsidiary companies on an exceptional basis as disclosed in note 39.

Operating companies in its portfolio are managed by their respective management, and guided and supervised by their respective boards. THPL does not direct the commercial and operational decisions of these operating companies, but holds their respective boards accountable for the financial performance and risk management processes of their companies. As such, financial risk management of these operating companies are the responsibility of their management teams and supervised by their respective board of directors. The financial risk management disclosures relating to certain significant operating companies, as disclosed in note 35(d), are extracted from the financial risk management section of their respective financial statements.

Enterprise risks, including the management of financial risks, are factored into the day to day operations of THPL including decisions on investments, divestments, company policies and processes. These decisions are taken under the supervision of the Chief Executive Officer and THPL's Senior Management team, with the Board of Directors providing overall guidance and policy directions on risk management functions and framework.

THPL has established risk policies which specify approval authorities, reporting requirements and procedures for referring risk-related issues to its Board, Board committees and senior management for approval.

Not all risk considerations can be measured in quantitative terms, especially when such measurements are not available or impractical to compute. The methodology applied in the year ended 31 March 2009, is fundamentally similar to that of the previous year.

**(b) Financial risk profile of THPL's portfolio**

THPL's portfolio comprises mainly of equities. As of 31 March 2009, THPL's net portfolio value of \$130 billion (2008: \$185 billion) comprises the sum of:

- (i) the market value of investments in publicly-listed securities as at such specified date;
- (ii) the fair value of investments in unlisted securities; and
- (iii) net cash/debt position.

In respect of the fair value of unlisted securities in note 35(b)(ii), the fair value of:

- available-for-sale investments is based on recognised valuation methodologies;
- associated companies is based on shareholders' equity as set out in the financial statements of the relevant companies as at their respective financial year ends; and
- subsidiary companies is based on shareholders' equity as set out in the financial statements of the relevant companies as at their respective financial year ends; except for subsidiary companies whose principal activity is investment holding, valuation is based on the market value of publicly listed securities and/or fair value of unlisted securities held by such companies, as determined by note 35(b)(ii).

Financial risks comprise mainly market risk, liquidity risk and credit risk. Market risks include equity price risk, foreign exchange rate risk and interest rate risk.

As THPL's portfolio comprises mostly equities, market risk exposure of THPL portfolio arises mainly from changes in equity prices, and such risk exposure is reflected in the mark-to-market changes of the portfolio, including the foreign exchange rate movements of the portfolio. More details are provided in note 35(c)(i).

THPL has the flexibility to adopt a long term view on its investments and is lightly geared with minimal liabilities. As such, while its portfolio is exposed to share price movements, THPL does not necessarily have to liquidate its holdings in response to short-term fluctuations in the markets. With low gearing, interest rate risk exposure due to debt repricing is expected to be relatively low. More details are provided in note 35(c)(i) and (iii).

**(c) Financial risk management processes and exposures**

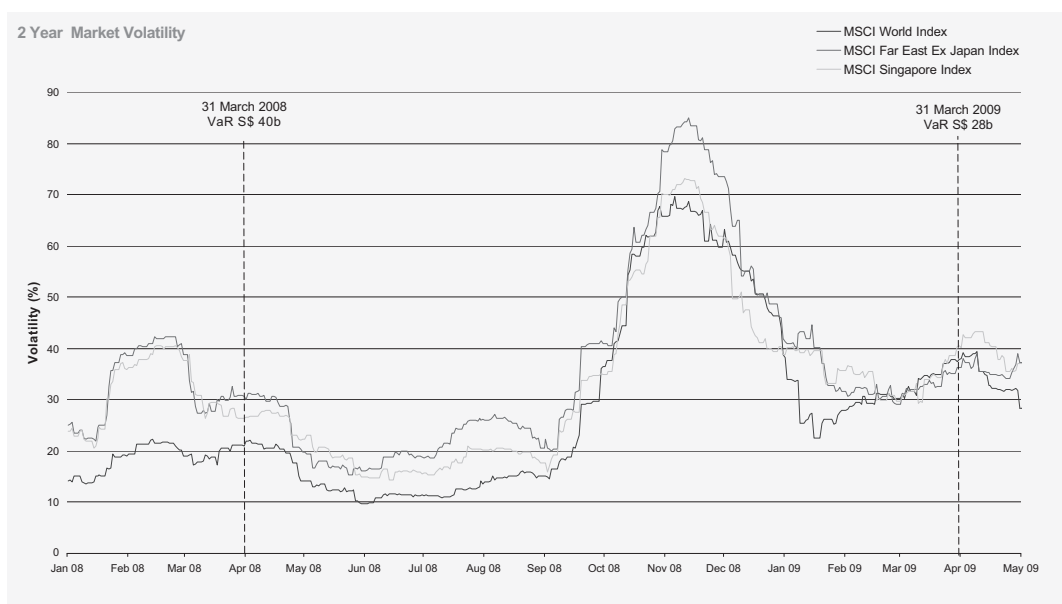
**(i) Market risk**

To assess the market risk of its portfolio, THPL uses a Value-at-Risk ("VaR") statistical model that estimates the potential loss on a portfolio at a given confidence level, and the total diversified VaR on THPL's portfolio is reported to THPL's Board of Directors on a quarterly basis. Monte Carlo simulation at 84% confidence level and based on three years of weekly price data for all investments are used to compute the VaR for a 12-month holding period.

As at 31 March 2009, the VaR of THPL's portfolio was about \$28 billion (2008: \$40 billion). This implies a 16% probability of incurring marked-to-market losses in excess of \$28 billion (2008: \$40 billion), on a net portfolio value of \$130 billion (2008: \$185 billion), in the following 12 months.

Over the last financial year, the VaR dropped by \$12 billion (2008: rose by \$16 billion) while THPL's net portfolio value decreased by \$55 billion (2008: increase of \$21 billion). At 22% of the value of the portfolio as at 31 March 2009, the VaR number is comparable to the result of 31 March 2008, which stood at 22%. Historically, the VaR movement aligned reasonably well to the volatility of the major equity markets in which THPL's portfolio operated.

**THPL's Portfolio VaR and Market Volatilities from January 2008 to March 2009**



Overall, the top 10 companies contributed over 70% (2008: 67%) of the total diversified VaR. These include Singapore Telecommunications Limited, China Construction Bank, CapitaLand Limited, DBS Group Holdings Ltd and Singapore Airlines Limited.

Although VaR provides valuable insights and a basis for comparing risks between investments, no single risk measure can capture all aspects of market risk in THPL's portfolio. To complement the VaR measure, THPL also conducts monthly stress tests and scenario analyses to gauge the effect of low probability but high impact events. On a monthly basis, THPL also reviews the overall risk position of its portfolio and provides additional analyses for specific events, industry or country risks.

THPL VaR by Sector

	2009 %	2008 %
Financial Services	54	43
Telecommunications and Media	21	27
Transportation and Logistics	14	13
Real Estate	12	11
Infrastructure, Industrial and Engineering	7	6
Energy and Resources	7	7
Technology	2	2
Life Sciences, Consumer and Lifestyle	2	2
Others	1	1
Total Diversification Benefits*	(20)	(12)
Total	100	100

\* Diversification Benefits resulting from the interactions between the sectors.

THPL VaR by Risk Factors

	2009 %	2008 %
Equity Risk	99	101
Foreign Exchange Risk	8	7
Interest Rate Risk	5	0
Total Diversification Benefits*	(12)	(8)
Total	100	100

\* Diversification Benefits resulting from the interactions between the equity, foreign exchange and interest rate risk factors.

(ii) *Foreign Currency risk*

Foreign currency risk exposures comprise mainly of transactional and translational foreign currency risk. Transactional foreign currency risk refers to cashflow risk arising from THPL's foreign currency denominated investing and operating cashflow transactions. Translational foreign currency risk refers to exchange rate impact on the balance sheet when translating THPL's foreign currency portfolio into its Singapore Dollar functional currency. It is THPL's policy to only actively manage transactional foreign currency risks and it does not take positions in currencies with a view to making trading gains from currency movements.

***Transactional foreign currency exposures***

THPL's transactional currency risk arises from its foreign currency denominated investment and divestment cashflow, dividend receipt and operating expenses. THPL uses forward contracts primarily to hedge its transactional currency exposures with known cashflow timeline. Such contracts provide for THPL to sell currencies at predetermined forward rates against Singapore Dollar or US Dollar at future settlement date and are entered into purely for hedging purpose.

***Translational foreign currency exposures***

The translational foreign currency exposures of THPL arise mainly from its investment in portfolio companies, some of which can be rather long-term in nature. Due to the long investment holding period, the cost of hedging such balance sheet exposures on a rolling basis can be costly. The foreign currency risk is therefore embedded in the investment appraisal process in the return calculation. Hedging of translational foreign currency exposures is limited to cases when the foreign currency concerned is expected to undergo a secular long term decline and where approval obtained from THPL's Special Investment Group Committee ("SIG") or THPL's Senior Investment & Divestment Committee ("SIDC") when the latter takes over SIG's functions. Derivatives such as forwards and options are used to manage such translational foreign currency exposure.

Foreign currency risk of financial assets, derivatives, cash & cash equivalents and borrowings is reflected in the overall portfolio VaR, as shown in note 35(c)(i) and accounts 8% (2008: 7%) (before diversification benefits) of THPL's VaR.

*(iii) Interest rate risk*

Exposure to interest rate risk relates primarily to interest bearing liabilities. THPL manages the interest rate risk by maintaining a mix of fixed and floating interest bearing liabilities of various maturities. Where necessary, THPL also enters into derivative financial instruments such as interest rate swaps to hedge against potential interest rate risks, with the prior approval of SIG, or SIDC when the latter takes over SIG's function.

Interest rate risk is reflected in the overall portfolio VaR, as shown in note 35(c)(i) and accounts for 5% (2008: 0%) (before diversification benefits) of THPL's VaR.

*(iv) Counterparty credit risk*

THPL has a counterparty credit risk management framework in place and the exposure to counterparty risk is monitored on an ongoing basis.

Counterparty credit risk arises mainly from the following activities:

- placement of cash and fixed deposits with banks.
- marked-to-market gains from financial transactions before settlement of the trades.
- non-simultaneous transfer of payment and receipt currencies and/or securities when settling trades.
- placement of financial assets in custody of custodians.

The maximum exposures arising from the placement of cash or fixed deposits with banks, non-simultaneous transfer of payment and receipt currencies and/or securities when settling trades and placement of financial assets in custody of custodians are the gross amount of the cash or asset transacted. The maximum exposure from marked-to-market gains from financial transactions before settlement of the trades is the magnitude of the marked-to-market gains.

Limits are imposed on the counterparties and where appropriate, THPL seeks to reduce its counterparty exposures by having in place legally enforceable netting agreements and collateral arrangements. Regular review of approved counterparties is also carried out.

*(v) Liquidity risk*

The liquidity needs for THPL to manage its portfolio arises mainly from operational expenses and payments to its shareholder. Being lightly geared with minimal liabilities and with a significant part of the investment portfolio comprising tradable securities, there is no significant liquidity risk.

The Treasury department of THPL manages this liquidity risk through a combination of optimal cash holding and maintenance of credit facilities for short term and long term borrowing. Excess funds are invested in short term bank deposits and high quality interest bearing securities which are liquid and low risk in nature, and can be readily convertible to cash if required.

***(d) Financial risk management objectives and policies of operating subsidiary companies managed by their respective management***

THPL does not direct the commercial and operational decisions of the operating companies in its portfolio, but holds their respective boards accountable for the financial performance and risk management processes of their companies. Financial risk management of these operating companies are the responsibility of their management teams and supervised by their respective board of directors.

The following sets forth the financial risk management disclosures of the key operating subsidiary companies as extracted from their respective financial statements for the years indicated.



*Singapore Airlines Limited ("SIA") and its subsidiary companies*

SIA Group operates globally and generates revenue in various currencies. SIA Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. SIA Group's overall risk management approach is to moderate the effects of such volatility on its financial performance. SIA Group's policy is to use derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose SIA Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or costs being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

Financial risk management policies are periodically reviewed and approved by SIA's Board Executive Committee ("BEC").

*Jet fuel price risk*

SIA Group's earnings are affected by changes in the price of jet fuel. SIA Group's strategy for managing the risk on fuel price, as defined by SIA's BEC, aims to provide SIA Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps and options with approved counterparties and within approved credit limits.

SIA Group manages this fuel price risk by using swap and option contracts and hedging up to 18 months forward using jet fuel swap and option contracts, as well as up to 24 months forward using gasoil swap contracts. These gasoil swap contracts will all be rolled up into jet fuel equivalents by hedging in the gasoil-jet fuel regrade closer to maturity. A change in price of one US Dollar per barrel of jet fuel affects SIA Group's annual fuel costs by US\$35.8 million (2008: US\$36.0 million), assuming no change in volume of fuel consumed.

*Foreign currency risk*

SIA Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. During the financial year, these accounted for 63% of total revenue (2008: 66%) and 69% of total operating expenses (2008: 67%). SIA Group's largest exposures are from US Dollar, Euro, Pound Sterling, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Renminbi, Korean Won and Malaysian Ringgit. SIA Group generates a surplus in all of these currencies, with the exception of US Dollar. The deficit in US Dollar is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in US Dollar.

SIA Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for US Dollar and Singapore Dollar. SIA Group also uses forward foreign currency contracts and foreign currency option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for SIA Group to sell currencies at predetermined forward rates, buying either US Dollar or Singapore Dollar depending on forecast requirements, with settlement dates that range from one month up to one year. SIA Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

*Interest rate risk*

SIA Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. SIA Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the SIA's BEC or Boards of SIA's subsidiary companies.

*Market price risk*

The market risk associated with available-for-sale investments is the potential loss resulting from a decrease in market prices.

*Counterparty risk*

Surplus funds are invested in interest-bearing bank deposits and other high quality short-term liquid investments. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising from the event of non-performance by counterparties.

SIA Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the SIA Group as at 31 March:

	Outstanding balance		Percentage of total financial assets	
	2009 \$million	2008 \$million	2009 %	2008 %
<b>Counterparty profiles</b>				
By industry:				
Travel agencies	348.1	882.0	5.2	10.9
Airlines	231.0	257.7	3.5	3.2
Financial institutions	4,357.5	6,197.5	65.2	76.4
Others	1,456.1	289.9	21.8	3.6
	<u>6,392.7</u>	<u>7,627.1</u>	<u>95.7</u>	<u>94.1</u>

	Outstanding balance		Percentage of total financial assets	
	2009	2008	2009	2008
	\$million	\$million	%	%
By region:				
East Asia	2,918.1	3,282.1	43.7	40.5
Europe	2,531.1	3,140.7	37.9	38.7
South West Pacific	388.8	492.6	5.8	6.1
Americas	442.7	639.8	6.6	7.9
West Asia and Africa	112.0	71.9	1.7	0.9
	<u>6,392.7</u>	<u>7,627.1</u>	<u>95.7</u>	<u>94.1</u>
By Moody's credit ratings:				
Investment grade (A to Aaa)	4,884.2	6,050.1	73.1	74.6
Investment grade (Baa)	3.1	0.1	0.0	0.0
Non-rated	1,505.4	1,576.9	22.6	19.5
	<u>6,392.7</u>	<u>7,627.1</u>	<u>95.7</u>	<u>94.1</u>

#### *Liquidity risk*

At balance sheet date, SIA Group had at its disposal, cash and short-term deposits amounting to \$3,848.0 million (2008: \$5,119.0 million). In addition, SIA Group had available short-term credit facilities of about \$486.1 million (2008: \$200.0 million). SIA Group also has Medium Term Note Programmes under which it may issue notes up to \$1,300.0 million (2008: \$1,500.0 million). Under these Programmes, notes issued by SIA may have maturities as may be agreed with the relevant financial institutions, and notes issued by one of its subsidiary companies may have maturities between one month and ten years.

SIA Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for SIA Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. SIA Group's policies in this regard are in line with the funding policies of other major airlines.

#### *Credit risk*

SIA Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

There are no significant concentrations of credit risk other than on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association ("IATA") accredited sales agents. The credit risk of such sales agents is relatively small owing to a broad diversification. In specific instances, the contract may require specific collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

#### *Market risk sensitivity analysis*

SIA Group has used a sensitivity analysis technique that measures the estimated change to the profit and loss and equity of either an instantaneous increase or decrease of 0.01% [1 basis point ("bp")] in market interest rates or a 1% strengthening or weakening in Singapore Dollar against all other currencies, from the rates applicable at 31 March 2009, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

#### *(i) Jet fuel price risk*

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one US Dollar per barrel of jet fuel affects SIA Group's annual fuel costs by \$54.4 million (2008: \$49.7 million).

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at balance sheet date and assumes that all jet fuel, gasoil and regrade hedges are highly effective. Under these assumptions, with an increase or decrease in both jet fuel and gasoil prices, each by one US Dollar per barrel, the before tax effects on equity are as follows:

	2009 \$million	2008 \$million
<b>Effect of an increase in one US Dollar per barrel</b>		
Increase in equity	14.3	18.5
<b>Effect of a decrease in one US Dollar per barrel</b>		
Decrease in equity	<u>(14.3)</u>	<u>(18.5)</u>

(ii) *Foreign currency risk*

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

Under this assumption, with a 1% strengthening or weakening of Singapore Dollar against all other currencies, the before tax effects on profit before taxation and equity are as follows:

	2009 \$million	2008 \$million
<b>Effect of strengthening of Singapore Dollar</b>		
Decrease in profit before taxation	(11.6)	(21.8)
Decrease in equity	(16.1)	(18.1)
<b>Effect of weakening of Singapore Dollar</b>		
Increase in profit before taxation	11.6	21.8
Increase in equity	16.1	18.1

(iii) *Interest rate risk*

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the balance sheet date.

Under these assumptions, an increase or decrease in market interest rates of 1 bp for all currencies in which SIA Group has borrowings and derivative financial instruments at the balance sheet date will have the following effects:

	2009 \$million	2008 \$million
<b>Effect of an increase in 1 bp in market interest rates</b>		
Increase in profit before taxation	0.4	0.5
Increase in equity	*	*
<b>Effect of a decrease in 1 bp in market interest rates</b>		
Decrease in profit before taxation	(0.4)	(0.5)
Decrease in equity	*	*

\* Amount less than \$0.1 million

(iv) *Market price risk*

If prices for available-for-sale investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are as follows:

	2009 \$million	2008 \$million
<b>Effect of an increase in 1% of quoted prices</b>		
Increase in equity	6.6	4.6
<b>Effect of a decrease in 1% of quoted prices</b>		
Decrease in equity	<u>(6.6)</u>	<u>(4.6)</u>

Singapore Telecommunication Limited ("SingTel") and its subsidiary companies

*Financial risk factors*

SingTel Group's activities are exposed to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, liquidity risk and market risk. SingTel Group's overall risk management seeks to minimise the potential adverse effects of these risks on the financial performance of SingTel Group.

SingTel Group uses financial instruments such as currency forwards, cross currency and interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures.

The Directors of SingTel assume responsibility for the overall financial risk management of SingTel Group. The Finance, Investment and Risk Committee ("FIRC") of SingTel assists the Directors in reviewing and establishing policies relating to financial risk management in accordance with the policies and directives of the Directors.

Financial risk management is carried out by a wholly-owned subsidiary of SingTel Group, SingTel Group Treasury Pte. Ltd. ("SGT"), in accordance with the policies set by the FIRC. SGT identifies, evaluates and hedges financial risk in close co-operation with the SingTel Group's operating units. No financial derivatives are held or sold for speculative purposes.

*Foreign exchange risk*

The foreign exchange risk of SingTel Group arises from subsidiary companies, associated companies and joint venture companies operating in foreign countries such as Australia, Bangladesh, India, Indonesia, Philippines, Pakistan and Thailand. Translational risks of overseas net investments are not hedged unless approved by the FIRC. As approved by the FIRC, EUR 500.0 million borrowing has been swapped into A\$825.3 million borrowing to hedge against translation risk of SingTel Group's investment in Australia. At the balance sheet date, if the Australian Dollar appreciates or depreciates against the Singapore Dollar by 3 percentage points, the impact to equity from the translation of the A\$825.3 million borrowing will be \$26.0 million (2008: \$31.2 million).

SingTel Group also has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the respective borrowing entities using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any change in the fair value of the cross currency swaps has minimal impact on profit and equity.

SingTel Group Treasury Policy, as approved by the FIRC, is to substantially hedge all known transactional currency exposures. SingTel Group generates revenue, receives foreign dividends and incurs costs in currencies which are other than the functional currencies of the operating units, thus giving rise to foreign exchange risk. The currency exposures are primarily relating to Australian Dollar, Euro, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and US Dollar.

Foreign currency purchases and forward currency contracts are used to reduce SingTel Group's transactional exposure to foreign currency exchange rate fluctuations.

*Interest rate risk*

SingTel Group has cash balances placed with reputable banks and financial institutions, as well as investments in Corporate Bonds which generate interest income for SingTel Group. SingTel Group manages its interest rate risks on its interest income by placing the cash balances on varying maturities and interest rate terms.

SingTel Group's borrowings include bank borrowings and bonds. The borrowings expose SingTel Group to interest rate risk. SingTel Group seeks to minimise its exposure to these risks by entering into interest rate swaps over the duration of its borrowings. Interest rate swaps entail SingTel Group agreeing to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At the balance sheet date, after taking into account the effect of interest rate swaps, approximately 59% (2008: 57%) of SingTel Group's borrowings are at fixed rates of interest.

At the balance sheet date, assuming that the market interest rate is 50 basis points ("bps") higher or lower than the market interest rate and with no change to the other variables, the annualised interest expense on borrowings would be higher or lower by \$14.2 million (2008: \$15.6 million).

*Credit risk*

Financial assets that potentially subject SingTel Group to concentrations of credit risk consist primarily of trade receivables, cash and cash equivalents, marketable securities and financial instruments used in hedging activities.

SingTel Group has no significant concentration of credit risk from trade receivables due to its diverse customer base. Credit risk is managed through the application of credit assessment and approvals, credit limits and monitoring procedures. Where appropriate, SingTel Group obtains deposits or bank guarantees from customers or enters into credit insurance arrangements.



SingTel Group places its cash and cash equivalents and marketable securities with a number of major and high credit rating commercial banks and other financial institutions. Derivative counter-parties are limited to high credit rating commercial banks and other financial institutions. SingTel Group has policies that limit the financial exposure to any one financial institution.

*Liquidity risk*

To manage liquidity risk, SingTel Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance SingTel Group's operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, SingTel Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

*Market risk*

SingTel Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

*PSA International Pte Ltd ("PSAI") and its subsidiary companies*

*Financial risk management objectives and policies*

Risk management is integral to the whole business of PSAI Group. Exposure to credit, liquidity and market risk (including interest rate, currency and price risks) arises in the normal course of PSAI Group's business. PSAI Group has written risk management policies and guidelines. In addition, PSAI Group has established processes to monitor and manage major exposures. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PSAI Group's activities.

*Credit risk*

PSAI Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of certain credit standing.

At the balance sheet date of PSAI Group, there is no significant concentration of credit risk.

*Liquidity risk*

PSAI Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by PSAI Group's management to finance PSAI Group's operations and to mitigate the effects of fluctuations in cash flows.

*Market risk*

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and fuel prices will affect PSAI Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) *Interest rate risk*

PSAI Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. PSAI Group's objective is to maintain a balance of fixed and floating rate exposures as well as a balanced maturity period.

*Hedging*

PSAI Group has raised funding with issuance of debt capital market instruments and bank loans to diversify funding sources. Interest rate swaps, which are denominated in Singapore Dollar, US Dollar and Euro, have been entered to achieve an appropriate mix of fixed and floating rate exposures within PSAI Group's policy.

*Fair value hedge*

A portion of the fixed rate Singapore Dollar notes with a notional amount of \$150.0 million (2008: \$150.0 million) of PSAI Group has been hedged against the exposure to changes in the fair value of the notes. In connection with this, PSAI Group entered into an interest rate swap contract to receive fixed rate interest and pay variable rate on the \$150.0 million notes. PSAI Group is therefore exposed to market fluctuations in interest rates on the \$150.0 million notes and the corresponding interest rate swap contract.

*Cash flow hedge*

A portion of the floating rate bank loans amounting to \$1,120.0 million (2008: \$1,070.0 million) has been hedged against the exposure to market fluctuations in interest rate payments. In connection with these loans, PSAI Group entered into interest rate swap contracts to receive variable rate interest and pay fixed rate on the notional amounts. Both the floating rate bank loans and interest rate swaps have the same terms and conditions.

*Sensitivity analysis*

At the balance sheet date of PSAI Group, it is estimated that a general increase of 100 bps in interest rates would decrease PSAI Group's profit before tax by approximately \$55.4 million (2008: \$50.3 million). A general decrease of 100 bps in interest rates would have the equal but opposite effect on PSAI Group's profit before tax. The general increase of 100 bps in interest rates is not expected to have significant impact on PSAI Group's equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of minority interest.

(ii) *Foreign currency risk*

PSAI Group is exposed to foreign currency risk on sales, purchases, bank deposits, bank loans and fixed rate notes that are denominated in a currency other than the functional currencies of PSAI Group entities. The functional currencies of PSAI Group entities are primarily Singapore Dollar, Euro and Renminbi.

In respect of other monetary assets and liabilities held in currencies other than the functional currencies of PSAI Group entities, PSAI Group monitors the net exposure.

*Hedge of net investment in foreign operation*

PSAI Group's US Dollar denominated unsecured bank loans and fixed rate notes amounting to \$3,170.0 million (2008: \$3,180.0 million) are designated as a hedge for PSAI Group's investment in its associated companies.

*Sensitivity analysis*

At the balance date of PSAI Group, it is estimated that a 10% strengthening in Singapore Dollar against Hong Kong Dollar and US Dollar would decrease PSAI Group's profit before tax by approximately \$5.2 million (2008: \$8.0 million) and increase PSAI Group's profit before tax by approximately \$0.2 million (2008: \$4.0 million) respectively. A 10% strengthening in Singapore Dollar against US Dollar is not expected to have significant impact on PSAI Group's equity as the bank loans and fixed rate notes are designated as a hedge of PSAI Group's investment in its associated companies.

This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of minority interest.

(iii) *Equity price risk*

Equity security price risk is the risk of changes in fair value of PSAI Group's investments due to changes in the underlying equity securities prices. The risk is concentrated in PSAI Group's investments in equity securities.

*Sensitivity analysis*

A 10% increase in the underlying equity prices at the reporting date would increase equity by \$10.4 million (2008: \$50.2 million). A 10% decrease in the underlying equity prices at the reporting date would have the equal but opposite effect on PSAI Group's profit before tax. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of minority interest.

Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") and its subsidiary companies

Non-listed operating subsidiary companies of ST Telemedia adopt ST Telemedia's financial risk management framework and guidelines, whilst the listed operating subsidiaries under ST Telemedia will be supervised by their respective boards, being subject to the legal and statutory governance required of listed entities. Financial risk management at the operating companies that are not subsidiary companies of ST Telemedia are reviewed and managed by their respective management and supervised by the respective Boards. ST Telemedia has board representations in the operating companies. Management of each operating company under ST Telemedia is responsible and accountable for the risk management processes of its company. The financial risk management disclosures relating to ST Telemedia and certain significant operating companies are extracted from the financial risk management section in their respective financial statements are disclosed below.

**ST Telemedia, STT Communications Ltd ("STTC") and Asia Mobile Holdings Pte Ltd ("AMH") (collectively known as ("the holding subsidiary companies"))**

*Financial risk management objectives and policies*

The holding subsidiary companies have principal activities of that of an investment holding company that owns and manages its operating subsidiary companies and affiliated companies on an arm's length and commercial basis. In general, the holding companies do not guarantee the financial obligations of their portfolio companies.

The holding subsidiary companies have risk guidelines for approval authorities, reporting requirements and procedures for managing its financial risks. The management teams operate the risk management framework within the risk guidelines established and approved by their Board of Directors.

Exposure to credit, liquidity, market, interest rate and currency risks arises in the normal course of business. The holding subsidiary companies have risk management guidelines which set out its tolerance of risk and their general risk management philosophy, and have a framework to monitor the exposures and ensure appropriate measures are implemented in a timely and effective manner. The management of these risks is discussed below:

(a) *Credit risk*

A credit guideline is in place and the exposure to credit risk is monitored on an ongoing basis. Limits are set for counterparties of different credit standing and also varies with the type of transaction. These limits will cap the credit risk exposure to any single counterparty.

*(b) Liquidity risk*

The holding subsidiary companies monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance their operations and to mitigate the effects of fluctuations in cash flows. As far as possible, the holding subsidiary companies will always raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

*(c) Market risk*

The holding subsidiary companies are exposed to investment risks from their investment portfolio, which are largely long term investments. These investments are concentrated in the telecommunication sector. The market value of the listed portfolio is subject to fluctuations due to volatility of the stock markets.

The holding subsidiary companies mitigate these investment risks through stringent selection of investment opportunities and proper structuring of the investment transactions. Changes in the share prices of the listed investments are monitored for divestment decision-making as well as provision for any potential impairment loss.

*(d) Interest rate risk*

The holding subsidiary companies exposure to market risk for changes in interest rates relates primarily to its debt obligations. The holding subsidiary companies' policy is to manage interest rates through a combination of fixed and floating rate debt. Derivative financial instruments such as interest rate swaps may also be used, when appropriate and based on market conditions, to reduce exposure to floating interest rate risk.

*Sensitivity analysis*

AMH's borrowings at variable rates are denominated in Singapore Dollar and US Dollar. An increase/(decrease) in the interest rates by 100 bps with all other variables remaining constant, will result in AMH's profit before taxation to be lower/higher by \$5.7 million (2008: \$14.1 million). At the balance sheet date, ST Telemedia and STTC do not have any borrowings.

*(e) Currency risk*

The holding subsidiary companies are exposed to foreign currency risk on transactions that are denominated primarily in currencies other than the functional currency of these companies. It is the holding subsidiary companies' policy to hedge these risks as they arise whenever possible. The holding subsidiary companies may use currency swaps and forward exchange contracts to hedge the foreign currency risk on committed currency exposures. At the balance sheet date, the currency giving rise to this risk is primarily the US Dollar.

The holding subsidiary companies do not hedge the foreign exchange exposure with respect to their venture and long-term strategic capital investments made in various countries as forecasts of the timing and quantum of the realisable proceeds cannot be reasonably determined. This exposure is regarded as an integral part of the holding subsidiary companies' investment risks and any gain or loss forms part of these companies' investment returns.

The holding subsidiary companies incur foreign exchange risk on loans, sales and purchases that are denominated in currencies other than the functional currency. The currency giving rise to this risk is primarily the US Dollar.

*Sensitivity analysis*

At the balance sheet date, a 1% (2008: 1%) strengthening/weakening of Singapore Dollar against the US Dollar would increase/(decrease) profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	ST Telemedia		STTC		AMH	
	2009	2008	2009	2008	2009	2008
	\$million	\$million	\$million	\$million	\$million	\$million
Profit before taxation	(2)	(2)	(12)	(17)	1	(4)

**StarHub Ltd ("StarHub") and its subsidiary companies ("StarHub Group")**

*Financial risk management objectives and policies*

Exposure to credit, interest rate and currency risk arises in the normal course of StarHub Group's business. StarHub Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

StarHub Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, StarHub Group does not hold or issue derivative financial instruments for trading purposes.

*(a) Credit risk*

StarHub Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis, through frequent credit reviews and counterparty credit limits.

StarHub Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

StarHub Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

There is no significant concentration of credit risk. The maximum credit risk exposure is represented by the carrying value of each financial asset in the balance sheet.

*(b) Liquidity risk*

StarHub Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. StarHub Group also maintains sufficient level of cash and cash equivalents to meet its working capital requirements. StarHub Group regularly reviews its credit lines from banks to ensure its ability to access funding at any time with the best possible rates.

*(c) Interest rate risk*

StarHub Group's exposure to market risk for changes in interest rates relates primarily to StarHub Group's debt obligations.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

StarHub Group adopts a policy of ensuring that at least 50% of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore Dollar, have been entered into to achieve this purpose.

At the balance sheet date, StarHub Group had outstanding interest rate swap agreements in cash flow hedges against borrowings with notional principal amounts totalling \$430.0 million (2008: \$460.0 million). These interest rate swaps will mature over the remaining term ranging from 1 year to 3.5 years (2008: 1 month to 5 years) to match the underlying hedged cash flows arising on the borrowings consisting of semi-annual interest payments. The fixed interest payable are at interest rates ranging from 2.2% to 5.0% per annum (2008: 1.9% to 5.0% per annum).



*Sensitivity analysis*

StarHub Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated in Singapore Dollar. An increase/decrease in the interest rates by 100 bps with all other variables remaining constant, will result in StarHub Group's profit before taxation to be lower/higher by \$4.8 million (2008: \$5.1 million).

(d) *Foreign currency risk*

StarHub Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than Singapore Dollar. The currency giving rise to this risk is primarily the US Dollar.

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk on forecasted payment obligations.

In respect of other monetary liabilities held in foreign currencies, StarHub Group ensures that the net exposure is kept to an acceptable level by buying foreign currencies at spot rates where necessary to address any shortfalls.

*Sensitivity analysis*

At the balance sheet date, a 1% (2008: 2%) strengthening/weakening of Singapore Dollar against the US Dollar would increase/decrease profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>StarHub Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$million</b>	<b>\$million</b>
Profit before taxation	*	2

\* Amount is less than \$1 million

**TeleChoice International Limited ("TeleChoice") and its subsidiary companies ("TeleChoice Group")**

*Overview*

The TeleChoice Group's activities expose it to credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The TeleChoice Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. TeleChoice's management continually monitors the TeleChoice Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the TeleChoice Group's activities.

*(a) Credit risk*

Credit risk is the risk of financial loss to the TeleChoice Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the TeleChoice Group's receivables from customers.

*Trade and other receivables*

The TeleChoice Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the balance sheet date, the TeleChoice Group has 79% (2008: 81%) of total receivables due from two major receivables, and approximately 51% (2008: 49%) of the TeleChoice Group's revenue is attributable to sales transactions with these two customers.

The TeleChoice Group has a credit policy under which each new customer is analysed individually for creditworthiness before the TeleChoice Group's standard payment and delivery terms and conditions are offered. The TeleChoice Group's review includes external ratings, where available, and in some cases bank references. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers. Credit exposure to customers is restricted by credit limits that are approved by the TeleChoice Credit Control Committee at the entity level and the continuous monitoring by the committee.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a multinational corporation, wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the TeleChoice Group's related parties.

The TeleChoice Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

There are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

*(b) Liquidity risk*

The TeleChoice Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the TeleChoice Group's operations and to mitigate the effects of fluctuations in cash flows. The TeleChoice Group maintains sufficient level of cash and cash equivalent to meet its working capital. When required, the TeleChoice Group also obtains short-term bridging arrangement with banks to pay for their purchases of handset equipment.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. At the balance sheet date, 30% (2008: 75%) of cash and fixed deposits are placed with a bank.

In addition, the TeleChoice Group maintains total lines of credit of \$44.0 million for short term loans and working capital line facilities, at a margin over cost of funds.

(c) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The TeleChoice Group's exposure to cash flow interest rate risks arises mainly from short-term floating rate borrowings.

*Sensitivity analysis*

The TeleChoice Group's borrowings and short-term deposits at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollar. The fluctuation in interest rates does not have material impact to the financial statements.

(d) *Currency risk*

The TeleChoice Group incurs foreign currency risk in respect of bank deposits as well as sales and purchases that are denominated in a currency other than the TeleChoice Group entities functional currencies. The currency giving rise to this risk is primarily the US Dollar and the risk arises mainly from timing mismatches between such sales and purchases denominated in US Dollar. The TeleChoice Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The TeleChoice Group's investments and long term loan to its subsidiary companies are not hedged as those currency positions are considered to be long-term in nature.

*Sensitivity analysis*

At the balance sheet date, a 10% (2008: 10%) strengthening/weakening of Singapore Dollar against the US Dollar and Hong Kong Dollar would increase/decrease profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	TeleChoice Group	
	2009	2008
	\$million	\$million
Profit before taxation		
- US Dollar	1	*
- Hong Kong Dollar	1	-

\* Amount is less than \$1 million

***Global Crossing Limited ("GCL") and its subsidiary companies ("Global Crossing Group")***

*Financial risk management objectives and policies*

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of Global Crossing Group's business. Global Crossing Group has risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates.

Global Crossing Group uses interest rate caps, interest rate swaps, forward foreign exchange contracts and cross-currency swaps to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities.

*(a) Credit risk*

Global Crossing Group is subject to concentrations of credit risk in its trade receivables. Although its receivables are geographically dispersed and include customers both large and small and in numerous industries, its receivables from its carrier sales channels are generated from sales of services to other carriers in the telecommunications industry. At the balance sheet date, its receivables related to its carrier sales channels represented approximately 46% (2008: 43%), of its consolidated receivables. At the balance sheet date, its receivables due from various agencies of the U.K. Government together represented approximately 6% (2008: 14%), of its consolidated receivables.

*(b) Liquidity risk*

GCL monitors its liquidity risk through regular review of expected future cash flows. The review factors include the maturity and servicing of its existing debt and the availability of new debt, together with the projected cash flows from operations.

Minimum cash levels are determined, taking into account operational needs and debt compliance considerations. The cash levels serve to fund operating needs, investment and servicing of debt.

*(c) Interest rate risk*

Global Crossing Group's exposure to market risk for changes in interest rates relates primarily to its debt obligations. Global Crossing Group's policy is to manage interest rates through a combination of fixed and floating rate debt with an objective to managing exposure to changes in interest rates and reduce volatility on earnings and cash flow associated with such changes. At the balance sheet date, approximately 75% of the total debt was at fixed interest rates.

Derivative financial instruments such as interest rate swaps and interest rate caps may also be used, when appropriate and based on market conditions, to reduce exposure to floating interest rate risk.

In satisfaction of an obligation under the Term Loan Agreement, Global Crossing Group entered into an agreement in July 2007 to mitigate the risk arising from the floating rate debt by hedging the term loans against interest rate volatility. The hedge consisted of two types of instruments: an interest rate swap for approximately one year of floating for fixed rate debt, and interest rate caps for the ensuing two years.

*Sensitivity analysis*

Global Crossing Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated in US Dollar. Fluctuations in the interest rates do not have material impact to the financial results of Global Crossing Group.

(d) *Currency risk*

Global Crossing Group incurs foreign exchange risk on sales, purchases and debt securities that are denominated in currencies other than US Dollar. The currencies giving rise to this risk are primarily the Pound Sterling and Euro.

Global Crossing Group's policy prohibits speculative activities but provides for the use of spot market transactions, forward contracts and derivative instruments to minimise known risk.

Forecast currency mismatches, currency positions with third parties and forecast foreign exchange rates to budget are reported quarterly. At the balance sheet date, Global Crossing Group has only one open position with a third party - a cross-currency swap converting, the GCUK US Dollar denominated bond coupon to Pound Sterling up to end 2009.

In order to better manage Global Crossing Group's foreign currency risk, it entered into a cross-currency swap transaction which expires in 2009 with an affiliate of Goldman, Sachs & Co. to minimise exposure of any US Dollar/Pound Sterling currency fluctuations related to payments on the US\$199.0 million (equivalent to \$289.0 million) US Dollar denominated GCUK Notes. The swap transaction converts the US Dollar to Pound Sterling at a rate of GBP1 to \$1.945. The notional value of the cross-currency swap is equal to the US Dollar denominated GCUK Notes principal. At the balance sheet date, the fair value of the cross-currency swap was an asset of US\$4.0 million (equivalent to \$6.0 million).

*Sensitivity analysis*

At the balance sheet date, a 1% (2008: 1%) strengthening/weakening of the US Dollar against the Pound Sterling and Euro would increase/decrease profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>Global Crossing Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$million</b>	<b>\$million</b>
Profit before taxation		
- Pound Sterling	2	3
- Euro	*	3

\* Amount is less than \$1 million

Singapore Power Limited ("S Power") and its subsidiary companies ("S Power Group")

S Power Group's activities expose it to foreign currency, interest rate, credit and liquidity risks which arise in the normal course of business. S Power Group manages its exposure to these risks in accordance with the risk management policies. The Finance Committee and Board Risk Management Committee review and approve risk management policies. The Board Risk Management Committee assists the Board of Directors in managing the risks in S Power Group.

S Power Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts;
- interest rate swaps; and
- cross currency interest rate swaps.

S Power Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The material financial risks associated with S Power Group's activities are each described below, together with details of S Power Group's policies for managing the risk.

*(a) Foreign currency risk*

S Power Group is exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, and trade creditors which are denominated in a currency other than Singapore Dollar (or the functional currency in the case of a foreign subsidiary company).

The objective of S Power Group's risk management policies is to mitigate foreign exchange risk by utilising various hedging instruments. S Power Group therefore considers avoidable currency risk exposure to be minimal for S Power Group.

S Power Group enters into cross-currency swaps to manage exposures from foreign currency borrowings including US Dollar, Pound Sterling and Japanese Yen. Under cross-currency interest rate swaps, S Power Group agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a specified exchange rate. Such contracts enable S Power Group to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore Dollar or the functional currency of the subsidiary company concerned. For foreign currency swaps that do not meet the requirements of hedge accounting, changes in fair value are recorded in the income statement.

S Power Group uses forward foreign currency contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward exchange contracts are intended to match the forecast progress payments of the supply and installation contracts. Whenever necessary, the forward exchange contracts are either rolled over at maturity or translated into foreign currency deposits whichever is more cost efficient.

S Power Group's investments in its overseas subsidiary companies, which are denominated in foreign currencies, are managed on a case-by-case basis.

At the balance sheet date, if the functional currencies of S Power Group had moved against each of the currencies as illustrated in the table below, with all other variables held constant, pre-tax profit and equity would have been affected as below:

	<b>Net profit \$million</b>	<b>Equity (hedging reserve) \$million</b>
<b>Judgements of reasonably possible movements - increase/(decrease):</b>		
<b>2009</b>		
<b>US Dollar</b>		
Increase of 6.98% and 16.00% by S\$ functional currency and A\$ functional currency respectively against US\$	10.7	(29.2)
Decrease of 6.98% and 16.00% by S\$ functional currency and A\$ functional currency respectively against US\$	(9.9)	44.9
<b>Australian Dollar</b>		
Increase of 17.75% by S\$ functional currency	(8.3)	(0.6)
Decrease of 17.75% by S\$ functional currency	8.3	0.6
<b>Euro</b>		
Increase of 8.29% by S\$ functional currency	0.1	(3.1)
Decrease of 8.29% by S\$ functional currency	(0.1)	3.1
<b>Japanese Yen</b>		
Increase of 13.38% by S\$ functional currency	-	(6.0)
Decrease of 13.38% by S\$ functional currency	-	6.0
<b>Pound Sterling</b>		
Increase of 16.00% by A\$ functional currency	-	(6.3)
Decrease of 16.00% by A\$ functional currency	-	10.6



	Net profit \$million	Equity (hedging reserve) \$million
<b>Judgements of reasonably possible movements - increase/(decrease):</b>		
<b>2008</b>		
<b>US Dollar</b>		
Increase of 5.01% and 10.00% by S\$ functional currency and A\$ functional currency respectively against US\$	7.3	(17.1)
Decrease of 5.01% and 10.00% by S\$ functional currency and A\$ functional currency respectively against US\$	(7.2)	21.1
<b>Australian Dollar</b>		
Increase of 13.25% by S\$ functional currency	(8.9)	(55.6)
Decrease of 13.25% by S\$ functional currency	8.9	55.6
<b>Euro</b>		
Increase of 10.40% by S\$ functional currency	-	(4.2)
Decrease of 10.40% by S\$ functional currency	-	4.2
<b>Japanese Yen</b>		
Increase of 11.55% by S\$ functional currency	-	(5.2)
Decrease of 11.55% by S\$ functional currency	-	5.2

The judgements of reasonably possible movements were determined using statistical analysis of the 95th percentile best and worst expected outcomes having regard to actual historical exchange rate data over the previous five years. Management considers that past movements are a reasonable basis for determining possible movements in foreign currency exchange rates.

*(b) Interest rate risk*

S Power Group manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done either by (i) issuance of fixed rate debt; (ii) the use of interest rate swaps to convert variable rate debt to fixed rate debt; and (iii) the use of cross currency interest rate swaps to convert fixed or variable rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, pre-tax profit and equity would have been effected as follows:

	Net profit \$million	Equity (hedging reserve) \$million
<b>Judgements of reasonably possible movements - increase/(decrease):</b>		
<b>2009</b>		
179 bps and 204 bps increase for Singapore and Australia operations respectively	(64.4)	440.4
179 bps and 204 bps decrease for Singapore and Australia operations respectively	66.2	(512.9)
<b>2008</b>		
155 bps and 63 bps increase for Singapore and Australia operations respectively	(2.2)	215.3
155 bps and 63 bps decrease for Singapore and Australia operations respectively	(35.0)	(251.7)

The judgements of reasonably possible movements were determined using statistical analysis of the 95th percentile best and worst expected outcomes having regard to actual historical interest rate data over the previous five years based on the six month Singapore swap offer rate (for Singapore operation) and three month bank bill swap rate (for Australia operations). S Power's management considers that past movements are a reasonable basis for determining possible movements in interest rates.

S Power Group's excess funds are invested principally in bank deposits of varying maturities to match its cash flow needs.

(c) *Credit risk*

Credit risk is the risk of financial loss to S Power Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from S Power Group's financial assets, comprising cash and cash equivalents, trade and other receivables and other financial instruments.

Surplus funds are invested in interest bearing deposits with financial institutions with high credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. S Power Group's portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, S Power Group enters into derivatives only with financial institutions with high credit ratings assigned by international credit rating agencies. Therefore the possibility of a material loss arising from the non-performance by a counterparty is considered remote.

There is no significant concentration of credit risk of trade debts. In addition to customers' deposits, S Power Group holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

(d) *Liquidity risk*

Liquidity risk is the risk that S Power Group will not be able to meet its financial obligations as they fall due. S Power Group adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate level of bank credit lines and the establishment of medium term note programmes.

PT Bank Danamon Indonesia Tbk ("Danamon") and its subsidiary companies ("Danamon Group")

Danamon has established an integrated risk management function by bringing credit, market, liquidity and operational risk under one umbrella. The function is headed by the Integrated Risk Director and fully staffed with experienced risk managers. The integrated risk management function is a centralised and independent function which is clearly separated from all businesses and has no profit responsibility. A Risk Management Committee, chaired by the Integrated Risk Director, closely supervises and manages all key risk issues of Danamon, including legal risks. On a monthly basis, the Risk Monitoring Committee and the Audit Committee chaired by the Independent Commissioner review and discuss the national credit portfolios and related risk issues. In addition, during the last quarter of 2007, Danamon had set up a Working Group which is chaired by the Operational Risk Management Division Head. The Working Group oversees strategic and reputational risks and presents these to the Operating Committee and Risk Monitoring Committee on a quarterly basis.

(a) *Credit risk*

Credit risk is the risk that a counterparty or customer will be unable to pay amounts in full when due.

Danamon classifies credit exposures into the following three categories:

(i) *Wholesale Credit*

This category comprises credit facilities granted to corporate, commercial, and finance companies, as well as financial institutions.

(ii) *Small Medium Enterprises ("SME") and Retail Credit*

This category comprises credit facilities granted to SME and individuals in the form of mortgage loans, personal loans, credit cards and Sharia businesses.

(iii) *Mass Market Credit*

This category covers Self Employed Mass Market, Consumer Mass Market, Motorcycle & Automobiles (Adira Finance) and Consumer goods (Adira Quantum) segments.

Credit risk is managed through established policies and procedures covering credit acceptance criteria, origination, approval, pricing and monitoring, problem loan management process and portfolio management.

A credit risk management function is in place for each line of business ("LOB") including Danamon's subsidiary companies. Each LOB has its own specific risk management function with the integrated risk management function acting as an oversight function for the respective risk portfolios.

A general credit policy has been established and each business uses that framework to set up specific credit policies and procedures for their respective businesses. Each LOB also prepares specific product programs for products that are handled in that business.

A comprehensive Management Information System is in place to detect any adverse movement in portfolio quality at an early stage. This allows measures to be set up on a timely basis to counteract any credit quality deterioration and thereby minimise credit losses.

In addition, Danamon is currently refining its internal rating models for the corporate and commercial segments. This will enable Danamon to estimate the probability of any default by its obligators as well as by its facilities.

*Maximum exposure to credit risk*

Danamon's off-balance sheet exposures predominantly relate to counterparties in Indonesia.

The following table presents Danamon's maximum credit risk exposure for off-balance sheet financial instruments, before taking into account any collaterals held or other credit enhancements. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that Danamon would have to pay if the guarantees are called upon. For loan commitments and other credit-related commitments, the maximum exposure to credit risk is the full amount of the facilities granted to customers.

	2009 \$million	2008 \$million
Irrevocable letters of credit	64.2	241.0
Guarantees and standby letters of credit	291.3	369.2
Undrawn credit facilities	-	2,095.6

*Credit quality of financial assets*

At current and prior financial year end, Danamon's financial assets are neither past due<sup>#</sup> nor impaired except as disclosed below:

	Loans to and bills receivable from non-bank customers \$million	Investment securities \$million	Financial assets at fair value through profit or loss \$million	Derivative receivables \$million
<b>2009</b>				
<b>Carrying amount</b>				
Individually impaired	197.7	-	-	138.9
Collectively impaired	8,525.6	-	-	172.0
Neither past due <sup>#</sup> nor impaired	-	111.0	-	-
Fair value through profit or loss	-	-	-	-
Impairment	(163.0)	-	-	(83.3)
<b>Total</b>	<b>8,560.3</b>	<b>111.0</b>	<b>-</b>	<b>227.6</b>
<b>2008</b>				
<b>Carrying amount</b>				
Individually impaired	301.5	-	-	-
Collectively impaired	7,925.5	297.4	-	-
Neither past due <sup>#</sup> nor impaired	-	-	-	51.7
Fair value through profit or loss	-	-	15.4	-
Impairment	(156.6)	(*)	-	-
<b>Total</b>	<b>8,070.4</b>	<b>297.4</b>	<b>15.4</b>	<b>51.7</b>

<sup>#</sup> Past due refers to receivables that are overdue by one day or more.

\* Less than \$0.1 million.

At current and prior financial year end, Danamon's financial assets have been classified as pass except as disclosed below:

	Loans to and bills receivable from non-bank customers \$million	Financial assets at fair value through profit or loss \$million	Derivative receivables \$million	Others \$million
<b>2009</b>				
<b>Carrying amount</b>				
Pass	7,738.9	-	209.6	353.5
Special mention	704.8	-	15.8	1.9
Substandard	63.0	-	-	0.1
Doubtful	32.2	-	2.2	-
Loss	21.4	-	-	-
<b>Total</b>	<b>8,560.3</b>	<b>-</b>	<b>227.6</b>	<b>355.5</b>
<b>2008</b>				
<b>Carrying amount</b>				
Pass	7,257.0	15.3	51.7	609.2
Special mention	759.3	0.1	-	0.9
Substandard	36.3	-	-	-
Doubtful	16.6	-	-	-
Loss	1.2	-	-	*
<b>Total</b>	<b>8,070.4</b>	<b>15.4</b>	<b>51.7</b>	<b>610.1</b>

\* Less than \$0.1 million.

Included in "Others" are irrevocable letter of credit, guarantees and standby letter of credit.

The credit quality of government securities, financial assets at fair value through profit or loss, and investment securities is further illustrated as follows:

	Government securities \$million	Financial assets at fair value through profit or loss \$million	Investment securities \$million
<b>2009</b>			
AA- to AA+	-	-	24.1
A- to A+	-	-	37.8
Lower than A-	-	-	40.1
Unrated	2,051.7	-	9.0
Total	2,051.7	-	111.0
<b>2008</b>			
AA- to AA+	-	-	28.6
A- to A+	-	7.8	134.7
Lower than A-	-	7.6	91.7
Unrated	2,708.1	-	42.4
Total	2,708.1	15.4	297.4

*Impaired financial assets*

Impaired financial assets (other than those carried at fair value through profit or loss) are those which the subsidiary determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the agreement(s) underlying the financial assets. Financial assets carried at fair value through profit or loss are not assessed for impairment since the measure of fair value reflects their credit qualities. For the monitoring of the credit quality of the financial assets not carried at fair value through profit or loss, the subsidiary follows the Bank Indonesia guidelines.

Credit quality is determined based on three pillars: namely business prospect, financial performance and repayment capacity of the debtor. The credit quality in relation to loans and advances in particular are differentiated as follows:

Pass represents credit facilities which demonstrate borrowers' financial conditions, risk factors, and capacity to repay that rate from good to excellent.

Special mention represents credit facilities which require closer monitoring. These facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the borrower at a future date.

Substandard represents credit facilities that require varying degrees of special attention. These credit facilities exhibit definable weaknesses, either in respect of the business, cash flow or financial position of the borrower which may jeopardise repayment based on existing terms.

Doubtful represents credit facilities that demonstrate severe weaknesses, such that the prospect of a full recovery of the amount outstanding is questionable and the prospect of a loss is high.

Loss loan represents credit facilities that exhibit more severe weakness than those "Doubtful", such that the outstanding amounts are not collectible and little or nothing can be done to recover the outstanding amounts from any collateral or from the assets of the borrowers generally.

*Allowance for impairment*

The subsidiary establishes an allowance for impairment losses on financial assets carried at amortised cost or classified as available for sale that represents its evaluation of the collectibility of each financial asset. The main components of this allowance are a specific impairment loss allowance and a collective impairment loss allowance.

There were no loans and advances which were past due and not impaired at balance sheet date.

*Loans with renegotiated terms*

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the subsidiary has made concessions that it would not otherwise consider. There were no loans with renegotiated terms, that were not past due or impaired at balance sheet date.

*Fair value of collateral and other security enhancements held*

Danamon holds collaterals against loans to and bills receivable from non-bank customers in the form of mortgage interests over properties, ships, machine equipment and cash collaterals.

Generally, collaterals are not held in relation to loans and placements to banks (except when securities are held as part of reverse repurchase). At balance sheet date, there was no such collateral held in relation to loans and placements to banks.

An estimate of the fair value of collateral and other security enhancements held as at the balance sheet date is shown below. This excludes the value of collaterals and other security enhancements that are determined by Danamon's management not to be enforceable (legally or practically) by Danamon.

	2009 \$million	2008 \$million
Land and buildings	1,350.4	1,500.2
Ships	114.6	69.8
Heavy equipment	96.4	685.3
Material handling	9.1	4.5
Cash collaterals	294.1	233.0
Others	17.3	20.3
	<u>1,881.9</u>	<u>2,513.1</u>



Details of financial and non-financial assets obtained during the year by taking possession of collateral held as security are shown below:

	2009 \$million	2008 \$million
Property	6.6	8.4
Other	6.0	9.4
	<u>12.6</u>	<u>17.8</u>

Reposessed assets acquired in conjunction with the settlement of loans and consumer financing receivables are stated at the lower of the related loans and consumer financing receivables' carrying value or the net realisable value of the reposessed assets. In the case of default, the consumer gives the right to Danamon to sell the reposessed assets or take any other actions to settle the outstanding consumer financing receivables. Consumers are entitled to the positive differences between the proceeds from sales of motor vehicles and the outstanding consumer financing receivables. If the differences are negative, Danamon will record those differences as losses from disposal of reposessed assets.

Concentration of credit risk by sector and industry of issuer

	← 2009 →		← 2008 →	
	Loans to and bills receivable from non-bank customers \$million	Others \$million	Loans to and bills receivable from non-bank customers \$million	Others \$million
<b>Concentration by sector</b>				
Manufacturing	1,239.4	-	1,291.9	-
Electricity, gas and water	6.5	-	2.3	-
Agriculture, farming	122.3	-	128.3	-
Business services	1,116.9	-	740.0	-
Public services	68.8	-	102.7	-
Transportation, warehousing	210.4	-	154.4	-
Mining	280.2	-	274.2	-
Construction	121.0	-	118.3	-
Banks	-	722.8	-	719.6
Retail	2,560.3	-	2,612.8	-
Others	2,997.5	355.4	2,802.1	610.1
Impairment	(163.0)	-	(156.6)	-
	<u>8,560.3</u>	<u>1,078.2</u>	<u>8,070.4</u>	<u>1,329.7</u>

Included in "Others" are placements and balances with other banks, irrevocable letters of credit, and guarantees and standby letter of credit.

Industry of issuer	2009			2008		
	Investment securities \$million	Derivative receivables \$million	Others \$million	Investment securities \$million	Derivative receivables \$million	Others \$million
Agriculture, mining and quarrying	40.6	14.8	-	80.2	0.9	-
Manufacturing	1.9	110.9	-	2.3	9.4	-
Building construction	1.3	-	-	1.5	-	-
Property development	-	1.0	-	-	0.2	-
General commerce	1.9	33.5	-	2.3	14.4	-
Transport, storage and communications	2.6	19.7	-	6.9	0.3	-
Business services	12.5	*	-	8.4	-	-
Financial institutions	42.5	75.0	-	173.2	23.0	-
Individuals	-	17.8	-	-	-	-
Others	7.7	38.2	2,051.7	22.6	3.5	2,723.5
Impairment	-	(83.3)	-	(*)	-	-
	111.0	227.6	2,051.7	297.4	51.7	2,723.5

\* Less than \$0.1 million

Industry of issuers in relation to government securities and financial assets at fair value through profit or loss are included in "Others".

(b) *Market risk*

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk management in Danamon encompasses two broad areas:

A. *Trading book market risk management*

Trading book market risk arises out of changes in market factors which impacts the proprietary positions taken by the trading desk of the subsidiary. The positions taken by the traders are mostly limited to bonds, foreign exchange ("FX"), swaps and options. Accordingly, market risk factors which have the most impact on the subsidiary's positions are FX rate, interest rate and volatility. The main tools used for managing trading book market risks are sensitivity analyses on fluctuation in profit or loss from 1 basis point ("bp") movement in the market factor across curve and currency stress tests, VaR and Management Action Triggers.

The above risk parameters are monitored daily by the Market Risk Management department. Any breach in limit will be reported to the Asset and Liability Committee ("ALCO") immediately with defined action plan for resolution.

	DV01		Stress Scenario		
	2009	2008	Shock	2009	2008
IDR interest rate (in Indonesian Rupiah trillion)	(77.25)	(427.03)	200 bps	(15,451)	(85,405)
US\$ interest rate (in US Dollar thousand)	(4.74)	(32.23)	50 bps	(237)	(1,611)

	Vega		Stress Scenario		
	2009	2008	Shock	2009	2008
FX option US Dollar/ Indonesian Rupiah (in US Dollar thousand)	7.62	2.31	20%	152	46

B. Banking book market risk management

Banking book market risk arises due to mismatch in the asset and liability repricing profile of Danamon. As its core business is to grant loans and accept deposits, mismatches in the asset/liability profile is inevitable, and coupled with a change in the yield curve, it leads to a widening or shortening of the margin and therefore a change in the net interest revenue.

Danamon measures the interest rate sensitivity of its banking book by calculating the interest rate sensitivity (i.e. profit or loss from 1 bp movement in the interest rates). It establishes limits on each major currency in which it operates the non-trading book and tracks its daily utilisation. Market Risk Management department is responsible for completing an extensive analysis on the calculation for all interest rate sensitive liabilities in the subsidiary.

	DV01		Stress Scenario		
	2009	2008	Shock	2009	2008
IDR (in Indonesian Rupiah million)	(826)	(2,473)	200 bps	(165,259)	(494,621)
US\$(in US Dollar thousand)	(93)	(165)	50 bps	(4,642)	(8,238)

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the provision of a variety of banking services to customers as well as proprietary trading and investment activities and is caused by adverse movements in the market interest rates against the entity's positions or transactions.

The main objective of the management of interest rate risk is to limit the adverse effect of interest rate movements on profit and to enhance earnings within defined parameters.

(ii) *Currency risk*

Currency risk is the risk to earnings and value of financial instruments caused by fluctuations in foreign exchange rates.

Danamon's currency risk arises primarily from proprietary trading in the interbank foreign currency market. Trading activities include spot and forward foreign exchange transactions and currency swaps. Currency risk is managed within "pre-defined" limits. According to Bank Indonesia regulations on Capital Adequacy Ratio of Commercial Banks, Danamon should maintain net open positions for all foreign currencies at a maximum of 20% of its previous month's end position of Tier I and Tier II capital. In general terms, net open position is the sum of the absolute values of the difference between assets and liabilities at balance sheet for each foreign currencies, receivables and liabilities in the form of commitment and contingencies (i.e. both on and off-balance sheet items).

The Net Open Position ("NOP") ratio of Danamon at Danamon's balance sheet date, based on Bank Indonesia's prevailing regulations are as follows:

	2009	2008
NOP Ratio (On-balance sheet)	1.70%	5.83%
NOP Ratio (On and Off-balance sheet)	7.83%	1.64%

(c) *Liquidity risk*

Liquidity risk for Danamon arises primarily through the mismatch in asset and liability maturity profiles. Danamon's liquidity policy is based on ensuring that funding requirements can be met, both to replace existing deposits as they mature and to satisfy the demands for additional borrowings. Appropriate levels of liquid assets are held to ensure a prudent level of liquidity is maintained at all times. Liquidity risk management is managed by Danamon's Treasury and ALCO function. Danamon's Treasury function is responsible for liquidity risk management up to the first three months, while ALCO is responsible for structural liquidity risk management over the medium to long term.

Based on the above segregation of responsibilities, Danamon's Treasury function is responsible for monitoring the daily cash-flow gap limits, which incorporate statistical analysis on core calculation, especially for non contractual items. On the other hand, ALCO is guided by a set of structural ratios for liquidity risk management over the medium to long term.

The above risk parameters are monitored by liquidity risk management department on a daily basis. Any inadvertent breach in limit is immediately reported to ALCO with defined action plan for resolution. In addition, the liquidity risk management department reports the stress test results to the ALCO on a monthly basis. Assumptions on the stress test are approved by the ALCO. The stress test results show the extent of vulnerability in the balance sheet at any given time in case of sudden extreme stress.

*(d) Operational risk*

Operational risk is defined as the risk of losses resulting from inadequate or failure of internal control processes, people and systems or from external events. Operational risk includes legal risk but exclude reputation and strategic risk. This type of risk is inherent in every business processes, operational activities and products of Danamon, from Head Office Units to micro branches located in remote areas of Indonesia. Failure to manage operational risks correctly could lead to financial losses.

Danamon designates all parties their respective roles in the management of operational risk. The Board of Directors as well as the Board of Commissioners perform the overseeing functions while the Operational Risk Management ("ORM") Division facilitates the ORM practices in the Bank. Each LOB and the respective System of Internal Control are actively involved in the day to day enforcement of ORM cycle. Internal Auditor will then take their independent role in ensuring the effectiveness of overall components of the framework.

An Operational Risk Management Framework is in place to provide an integrated management process comprising risk identification, measurement/assessment, monitoring and controlling. Measurement of operational risk is consistently conducted through a quarterly Risk Control Self Assessment ("RCSA") exercises and the recording of loss or risk event performed by all working units. Subsequent corrective actions are immediately taken to rectify the processes containing control weakness. The implementation of the cycle is enabled by Operational Risk Management System ("ORMS"), an internally designed online real-time tool. ORMS enhances the capture, reporting and analysis of operational risk data by enabling risk identification, measurement/assessment, monitoring and controlling to be done in an integrated manner, thereby improving the effectiveness of operational risk management. The ORMS is currently operational at all working units within Danamon as well as all its subsidiaries.

Danamon has also constructed disaster recovery plans within a comprehensive Business Continuity Management ("BCM") framework which provide guidance for procedures to be implemented before, during and after an extreme event in order to ensure continued operations during conditions such as natural disasters and non-conducive business environment.

**36. Fair values of financial assets and liabilities**

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying values of the financial assets and liabilities approximate their fair values, unless disclosed separately in the respective notes in the financial statements.

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying values of each financial asset presented on the balance sheet.

**37. Related party transactions**

For the purpose of these financial statements, parties are considered to be related to the Group if they are subsidiary companies or associated companies of the Group, or if they are directors or senior executives of THPL.

The Group engages in various transactions in the ordinary course of business with companies related to or associated with the Group at their prevailing market rates or prices and on customary terms and conditions. These related party transactions would have been required to be, and could have been, replaced with transactions with other parties on similar terms.

In addition to the information disclosed elsewhere in the financial statements, the significant transaction between the Group and related parties relates to senior management personnel compensation.

Senior management personnel compensation of the Group is as follows:

	Financial year ended 31 March 2009 Compensation				Financial year ended 31 March 2008 Compensation				Financial year ended 31 March 2007 Compensation			
	Paid <sup>(ii)</sup> \$million	Deferred incentives <sup>(iii)</sup> \$million	R-Scope units awarded <sup>(iv)</sup> million	T-Scope units awarded <sup>(v)</sup> million	Paid <sup>(ii)</sup> \$million	Deferred incentives <sup>(iii)</sup> \$million	T-Scope units awarded <sup>(v)</sup> million		Paid <sup>(ii)</sup> \$million	Deferred incentives <sup>(iii)</sup> \$million	T-Scope units awarded <sup>(v)</sup> million	
THPL Directors' remuneration <sup>(i)</sup>	7.5	(1.5)	-	-	11.1	17.0	9.2		8.7	13.9	8.3	
THPL Senior management personnel remuneration	36.1	10.5	1.1	15.4	60.2	110.6	93.7		47.6	90.5	49.3	
Total THPL Senior management personnel remuneration	43.6	9.0	1.1	15.4	71.3	127.6	102.9		56.3	104.4	57.6	
Remuneration for Senior management personnel in major Group subsidiary companies <sup>(vi)</sup>	251.9		NA	NA		267.1	NA			204.4	NA	
Total Senior management personnel remuneration of the Group <sup>(vii)</sup>	304.5		NA	NA		466.0	NA			365.1	NA	



**Notes:**

- (i) THPL Directors' remuneration includes directors' fees payable to Non-Executive Directors and remuneration payable to Executive Directors of THPL.
- (ii) Paid compensation includes:
- directors' fees
  - salary and allowances
  - annual wage supplement
  - performance target bonuses achieved for the year before (i.e. bonuses paid in financial year ended 31 March 2009 were based on targets achieved in financial year ended 31 March 2008)
  - sign-on, guaranteed cash bonuses and paid out portion of the sign-on and guaranteed wealth added bonuses
  - employer's contributions to Central Provident Fund ("CPF") in Singapore, where applicable
  - all benefits-in-kind, including car benefits, club memberships, drivers, medical benefits, housing, children's education, home trips, and others.
- (iii) Deferred incentives include:
- unutilised annual leave accrual
  - deferred portion of the sign-on and guaranteed wealth added bonuses retained in the Wealth Added Based Bonus bank ("WABB") balances\*
  - negative wealth added bonuses allocated in financial year ended 31 March 2009 in respect of the negative wealth added performance for financial year ended 31 March 2008. This negative amount is deducted from the individual's WABB balance accumulated in prior years
  - fair value of the unvested Restricted Staff Co-investment Plan ("R-Scope")\* units which includes the fair value of units granted during the financial year and the decrease in value of units granted prior to this financial year. R-Scope units take 3 years to vest and its value is amortised over 3 years
  - fair value of unvested Temasek Staff Co-investment Plan ("T-Scope")\* units which includes the fair value of units granted during the financial year and the decrease in value of units granted prior to this financial year. T-Scope units take 7 to 9 years to vest depending on satisfaction of performance conditions and its value is amortised over 7 years.
- (iv) R-Scope units are the number of co-investment units awarded under the Restricted Temasek Staff Co-investment Plan during the financial years, the fair value of which has been included in the deferred compensation amount.
-

- (v) T-Scope units are the number of co-investment units awarded under the Temasek Staff Co-investment Plan during the financial years, the fair value of which has been included in the deferred compensation amount.

- \* THPL's staff incentive system links variable compensation to the achievement of annual performance targets, as well as the wealth creation for THPL's shareholder on a sustainable basis.

For each year that THPL achieves positive wealth added ("WA"), a portion of THPL's attributable wealth added or excess returns is set aside for THPL's staff incentive pool.

One part of the staff incentive pool is used to fund THPL's variable wealth added bonus plan, where part of the earned bonus is paid in cash and a significant balance is deferred in the form of R-Scope units and WABB balances, especially for senior management. Payout from the WABB balances is subject to THPL's future wealth added performance. This creates alignment for sustainable wealth added performance.

Another part of the staff incentive pool funds "performance-based co-investment units" under the Temasek Staff Co-investment Plan or T-Scope for eligible employees. Such units will only start to vest when THPL exceeds specified multi-year performance hurdles over a term of 3 to 5 years.

In the event of a negative WA for the year, a corresponding negative share will be deducted from the individual WA bonus bank before further payouts are made. No new T-Scope units for the year will be awarded.

- (vi) Remuneration for senior management personnel in major Group subsidiary companies is based on information from their respective financial reports, and includes:
- directors' fees and other remuneration
  - annual salaries and allowances
  - annual wage supplement
  - bonuses
  - deferred payment or fair value of equity-based incentives, where applicable
  - employer's contributions to defined contribution and benefit plans and post employment plans, including employer's CPF contributions in Singapore, where applicable
  - certain share-based compensation
  - benefits-in-kind and other short-term employee benefits.
- (vii) Total senior management personnel remuneration includes paid as well as deferred compensation for directors and senior management of THPL as well as directors and other senior management personnel of major subsidiary companies of the Group.

### 38. Capital and other commitments

Capital and other commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2009 \$million	2008 \$million	2007 \$million
Share of associated companies' capital commitments	23,894.9	28,121.2	26,220.1
Share of joint ventures' capital commitments	1,606.3	1,548.2	1,482.0
Property, plant and equipment	14,642.7	17,099.3	16,125.5
Investment commitments	5,043.9	8,352.3	2,230.7
Credit commitments	64.2	2,119.9	2,061.8
Development expenditure	398.8	712.7	133.7
Intangible assets	702.8	380.9	36.4

#### Gas Supply Pte Ltd ("GASSUP")

On 12 February 2001, GASSUP entered into a Gas Sales Agreement ("GSA") with Perusahaan Pertambangan Minyak dan Gas Bumi Negara of Indonesia ("Pertamina") to purchase 2,380 trillion British thermal unit of natural gas with a plateau daily contracted quantity of 350 million standard cubic feet a day for a period of 20 years from the first delivery in August 2003 at an agreed pricing formula.

On the same date, GASSUP entered into a Singapore Gas Transportation Agreement with a related company, PowerGas Limited, and Pertamina for the delivery and transportation of natural gas.

The first delivery took place subsequently on 12 September 2003.

In accordance with the GSA, GASSUP is required to pay for a minimum quantity of natural gas ("take-or-pay" or "TOP" quantity) per annum over the contract period of approximately 20 years. If the GASSUP's gas offtake, for a given year, is less than the TOP quantity, GASSUP is liable to pay for the difference (called the Annual Deficiency). The volume of gas so paid for, from any one year, can be taken in the next five years provided the gas offtake in a particular year is above the TOP quantity.

#### Hazeltree Holdings Private Limited ("Hazeltree") and its subsidiary companies

A subsidiary company of Hazeltree, Singex Venues Pte Ltd, ("Singex Venues"), entered into a Licence Agreement on 28 September 1999 with the Government of the Republic of Singapore ("the Government") to operate and manage Singapore Expo, a convention and exhibition centre, for 10 years commencing 1 March 1999. Pursuant to this Licence Agreement, Singex Venues shall pay an annual licence fee to the Government calculated based on certain pre-determined agreed formula.

Singapore Technologies Engineering Ltd ("ST Engineering") and its subsidiary companies

On 3 September 2007, a subsidiary company of ST Engineering, ST Aerospace Engineering Pte Ltd ("STA Engineering") signed an agreement with Aviation Training Academy (Singapore) Pte Ltd ("ATAS") to set up a commercial pilot training academy in Singapore known as ST Aviation Training Academy Pte Ltd ("STATA") with a 66% and 34% shareholding respectively.

Pursuant to the agreement, if STATA and its subsidiary companies are able to achieve the agreed profit before tax excluding minority interests for the second and fifth financial years, STA Engineering will grant two independent options which will entitle ATAS to purchase STA Engineering's shareholders of STATA, amounting to 5% of the total share capital of STATA for each option on the date of the exercise of the option ("First Option" and "Second Option"). If ATAS does not exercise the First Option by the expiry date, the First Option shall lapse and will not be carried forward to the Second Option.

The First Option may be exercised at any time during a 6-month period from the date of the audited financial statements of STATA for the second financial year, while the Second Option may be exercised at any time during a 6-month period from the date of the audited financial statements of STATA for the fifth financial year.

The price for the shares of the First Option and Second Option shall be at fair values as determined by an appraiser to be jointly appointed by its shareholders and the appraiser shall determine the fair value in accordance with the principles set out in the agreement.

Singapore Technologies Semiconductors Pte Ltd ("STSPL") and its subsidiary companies

- (i) A subsidiary company of STSPL, Chartered Semiconductor Manufacturing Ltd ("CHRT") has a patent license agreement with LSI Technology (Singapore) Pte Ltd ("LSI") under which the parties grant to one another a license to use certain of each other's patents. Under the terms of the patent license agreement, CHRT may provide wafer capacity in lieu of payment for royalties. Such royalties under the patent license agreement are waived until such time as the interest of LSI in Silicon Manufacturing Partners Pte Ltd ("SMP") falls below 49%. In exchange, CHRT has waived capacity shortfall obligations from LSI should the interest of LSI in SMP fall below 49%, CHRT may be required to make royalty payments to LSI under this patent license agreement. The patent license agreement continues for as long as the joint venture agreement between the parties remains.
- (ii) CHRT has entered into agreements to purchase technology licenses, jointly perform research and development, and swap capacity commitments. The future payment obligations under these agreements is \$509 million (2008: \$378 million).

- (iii) In March 2006, CHRT entered into a call option transaction ("2006 Option") with Goldman Sachs International ("GS"), to replace the call option transaction that CHRT had previously entered into with GS in August 2004 with an expiration date of 2 April 2006. Under the 2006 Option, GS could purchase up to 214.8 million of CHRT's ordinary shares at \$1.60 per share should CHRT early terminate the 2006 Option in the first year and \$2.15 per share thereafter. Under the terms of the 2006 Option, if the option was exercised, CHRT had the right either to issue new shares to GS or to settle the transaction in cash. On 9 March 2007, CHRT modified the terms of the 2006 Option by simultaneously terminating the Singapore Dollar-denominated option and entering into a US Dollar-denominated option. The modification was based on the exchange rate of \$1.5268 per US\$1.00 on 9 March 2007. Under the modified terms of the 2006 Option, GS is entitled to purchase up to 214.8 million of new ordinary shares at US\$1.408 per share and CHRT may terminate the transaction early, in whole or in part, if the closing price of CHRT's ordinary shares is equal to or higher than US\$1.760 (equivalent to 125% of the US\$1.408 strike price) on each of any 20 business days in any consecutive 30 business-day period. Should CHRT exercise this right and opt for settlement in shares, GS will be required to buy the number of new ordinary shares relating to the terminated portion of the 2006 Option at US\$1.408 per share. CHRT continues to have the right to cash settle the 2006 Option. If the 2006 Option is not exercised or terminated earlier, it will expire on 29 March 2011. The closing prices of CHRT's ordinary shares since CHRT entered into the 2006 Option to the end 2008 have not triggered the early termination provisions. GS had also not exercised its rights under the 2006 Option.

### 39. Contingent liabilities

	2009 \$million	2008 \$million	2007 \$million
Guarantees in respect of:			
- subsidiary companies	165.9	2,147.2	152.0
- associated companies	-	-	165.4
- joint ventures	-	-	17.2
- others	321.9	161.0	435.8
Contingent liabilities arising from activities undertaken by banking subsidiary companies:			
- acceptances and endorsements	193.8	72.5	483.3
- guarantees and standby letters of credit	520.8	801.0	369.6
- others	6.9	-	14.1
Share of contingent liabilities of associated companies	4,599.1	4,443.6	3,965.6

Accuron Technologies Limited ("Accuron") and its subsidiary companies

In September 2008, Dornier MedTech America Inc ("DMTA") was served a legal suit by VNUS Medical Technologies Inc. for alleged patent infringement. Accuron's management was advised and believes that the plaintiff's claims lacked basis. Accordingly, no provision has been made.

CapitaLand Limited ("CapitaLand") and its subsidiary companies

- (i) During the financial year ended 31 March 2009, CapitaLand has provided several undertakings on cost overrun, interest shortfall, completion and annualised gross rental, on a joint or several basis, in respect of term loan and revolving credit facilities amounting to \$1,560.0 million, granted to a jointly-controlled entity. At the balance sheet date, \$1,275.4 million (2008: \$1,097.8 million) of the facilities has been drawn.
- (ii) During the financial year ended 31 March 2009, a subsidiary company of the CapitaLand Group has provided several undertakings on cost overrun, security margin, interest shortfall and an indemnity for bankers' guarantee issuance on a several basis as well as a project completion undertaking on a joint and several basis, in respect of a term loan facility amounting to \$1,862.1 million and bankers' guarantee facility amounting to \$133.9 million granted to its associated company. At the balance sheet date, \$870.1 million of the term loan facility has been drawn.
- (iii) A subsidiary company of the CapitaLand Group has provided several undertakings on cost overrun, security margin, interest shortfall and an indemnity for bankers' guarantee issuance on a several basis as well as a project completion undertaking on a joint and several basis, in respect of a term loan facility amounting to \$393.0 million and bankers' guarantee facility amounting to \$42.0 million granted to its jointly-controlled entity. At the balance sheet date, \$355.0 million of the term loan facility has been drawn.
- (iv) A subsidiary company of the CapitaLand Group has granted to Front Winners Sdn Bhd (the "Vendor"), a party unrelated to CapitaLand, a put option to require its subsidiary company to purchase the Gurney Plaza Extension and the Car Park Lot within 5 years from 15 August 2007 at the put option price to be determined on an agreed basis. In return, the Vendor has granted this subsidiary company an option to purchase the same property at the same agreed terms within 1 year of the expiry of the put option in the event the Vendor does not exercise the put option.

Pine Investments Holdings Pte Ltd ("Pine") and its subsidiary companies

- (i) Aspen Holdings Limited ("Aspen") and Cedar Holdings Limited ("Cedar"), a subsidiary company and an associated company of Pine respectively, have entered into an agreement involving Aspen, Cedar, Shin Corporation Public Company Limited ("Shin") and SingTel Strategic Investments Private Limited ("SSI") whereby Aspen and Cedar, have agreed to guarantee SSI the performance of Shin's obligations under the shareholders agreement between Shin and SSI in relation to Shin and SSI's equity investment in Advanced Info Service Public Company Limited and to indemnify SSI for certain consequences arising from any breach by Shin.
- (ii) ITV Public Company Limited ("ITV") is a subsidiary company of Shin, which in turn is an associated company of Pine Group. During the operation of ITV's television business, ITV attempted on several occasions to negotiate unsuccessfully with the Prime Minister's Office ("PMO") of Thailand for compensation and to amend the ITV Operating Agreement for television in UHF System (the "ITV Operating Agreement") on the ground that the PMO has breached the ITV Operating Agreement. In accordance with the ITV Operating Agreement, ITV subsequently began arbitration proceedings in 2002 requesting compensation for ITV's damages. ITV succeeded in the arbitration and as a result of the arbitration award, ITV began paying a reduced annual concession fee with effect from 1 January 2004 and began changing its programming mix with effect from 1 April 2004.

However, the PMO instituted legal proceedings in the Central Administrative Court ("CAC") of Thailand requesting the revocation of the arbitration award, which the Court did on 9 May 2006. Then, on 7 June 2006, ITV appealed against the CAC decision with the Supreme Administrative Court ("SAC") of Thailand, but the SAC upheld the verdict of the CAC. ITV then had to comply with the original terms and conditions as specified in the ITV Operating Agreement regarding payment of the concession fee and programming mix on 14 December 2006.

Subsequently, the PMO sent a written notice to ITV requesting payment of (1) the shortfall in concession fees for 2004, 2005 and 2006 amounting to an aggregate of THB 2,210 million (\$91.4 million); (2) interest from 2004; and (3) a fine for breaching the programming portion of 70% of news and documentary required under the ITV Operating Agreement as a result of the programming reschedule totalling THB 97,760 million (\$4,042.4 million), by 6 March 2007. ITV attempted to negotiate with the PMO regarding the calculation of interest and fine, but was unsuccessful.

Consequently, the PMO revoked the concession on 7 March 2007 on the grounds that ITV did not pay the concession shortfall including interest and fine and ITV had to cease operations of its UHF system television station. The PMO also ordered ITV to transfer the remaining assets under the ITV Operating Agreement back to PMO.



ITV filed a claim against the PMO pursuant to the arbitration provisions in the ITV Operating Agreement and sought compensation in the form of monetary damages to be payable to ITV. There are three claims in the dispute settlement process:

- (1) the case ITV filed against the PMO at Arbitration Institute claiming that the fine and interest on the concession shortfall was unreasonable;
- (2) the case ITV filed against the PMO for wrongful termination of the ITV Operating Agreement, claiming damages in the amount of THB 21,814 million (\$902.0 million); and
- (3) the case the PMO filed against the ITV claiming damages to be paid by ITV in the amount of THB 101,865 million (\$4,212.1 million) which previously was filed at the CAC but it was dismissed and on 19 December 2007 it was affirmed by the SAC so the PMO had to process the claim at the Arbitration Institute. This claim is currently proceeding through the dispute settlement process at the Arbitration Institute.

The various claims above are currently undergoing arbitration in the Arbitration Institute. Shin had indicated that it was unable to foresee the result of the Arbitration Institute or the Court verdict (should the Arbitration award be appealed).

*Neptune Orient Lines Limited ("NOL") and its subsidiary companies*

*Protection and indemnity insurance*

Protection and Indemnity ("P&I") insurance has been arranged to cover the legal liability of the NOL Group for its shipping operations. Vessels operated by the NOL Group are entered in P&I Clubs which are mutual protection and indemnity associations. In addition, these clubs are also members of the International Group of P&I Clubs. A member of the mutual association is subjected to calls payable to the associations based on the member's claims records as well as the claim records of all other members in the International Group of P&I Clubs. In a mutual association, premiums are paid as advance calls during the policy year and these premiums form a basic fund out of which claims and other outgoings are met. This fund is invested and any income earned is added to it. This fund is supplemented, if necessary, by calls made after the end of the policy year so that when the policy year is finally closed, there is neither profit nor loss. A contingent liability (unsecured) exists for the NOL Group to the extent that the aggregate claims records of all the members of the associations show significant deterioration which may result in additional calls on the members, the quantum of which is not ascertainable at the present time.

Sembcorp Industries Ltd ("Sembcorp") and its subsidiary companies

- (i) A Wayleave Agreement was entered into between a subsidiary company of Sembcorp, Sembcorp Gas Pte Ltd ("SembGas") and the Government of Singapore with respect to certain pipelines where SembGas would indemnify the Government of Singapore against all claims, actions, demands, proceedings, liabilities, damages, costs and expenses arising out of or in connection with any occurrence during the use, maintenance or operations of these pipelines. No such claim has arisen to date.
- (ii) A subsidiary company of Sembcorp, SembCorp Air Products (Hyco) Pte Ltd's ("SembAP") Synthesis Gas and Hydrogen Plant had an unplanned shutdown from 26 June 2008 to 4 August 2008 which gave rise to a claim by its main customer for termination based on non-supply of synthesis gas and hydrogen during this period. SembAP is disputing the claim on the basis that the shutdown was an event of force majeure and accordingly no provision has been made for the claim pending resolution of the dispute.

Singapore Airlines Limited ("SIA") and its subsidiary companies

(i) *Cargo: Investigations by competition authorities*

A subsidiary company of SIA, Singapore Airlines Cargo Pte Ltd ("SIA Cargo") is one of several airlines to have received notice of criminal and/or regulatory investigations by competition authorities in the US, European Union, Switzerland, Australia, New Zealand and South Africa regarding whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined. These investigations remain ongoing. SIA Cargo is cooperating in relation to these inquiries concerning air cargo services.

In addition to the aforesaid notices, SIA Cargo is amongst numerous airlines to have received a Statement of Objections ("SO") from the European Commission ("EC"). The SO sets out the EC's preliminary view of its case against the airlines with respect to alleged competition law infringements but does not prejudice the outcome. No fine amount is mentioned in the SO. SIA Cargo and SIA provided their written response to the SO on 21 April 2008 and its related oral submissions during the EC Oral Hearing held from 30 June 2008 to 4 July 2008. The timing of any decision by the EC in this case is uncertain, but deliberations are expected to take several months.

In December 2008, the competition authorities in New Zealand and Australia initiated civil penalty proceedings concerning the air cargo issues. In New Zealand, a statement of claim was issued against 14 airlines including both SIA Cargo and SIA. In Australia, a statement of claim was issued against only SIA Cargo, but the competition authority has indicated that proceedings will be brought against other carriers. These proceedings are at a preliminary stage focused on procedural issues and preliminary objections to the statements of claim.

After the investigations commenced, civil class-action suits were filed in the US, Canada and Australia by external parties against several airlines, including SIA Cargo. These cases still remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

As the EC is still analysing the case, the civil penalty proceedings in Australia and New Zealand are at a preliminary stage, the investigations by the competition authorities in other jurisdictions are still ongoing and the civil class-action suits have neither been tried on their respective substantive legal merits nor have damages been quantified, it is premature to make a determination regarding whether the investigations, proceedings or civil suits can be regarded as contingent liabilities and, therefore, no provision has been made in the financial statements.

*(ii) Passengers: Civil actions in the US*

SIA and several airlines have been named in civil anti-trust class-action law suits in the US alleging an unlawful agreement to fix surcharges on transpacific flights to and from the US. These cases are currently in procedural stages and none have been tried so far.

The investigations by the competition authorities in other jurisdictions are ongoing and the civil class-action suits have neither been tried on their respective substantive legal merits nor have damages been quantified. It is therefore premature to make a determination regarding whether the investigations or civil suits can be regarded as contingent liabilities and, therefore no provision has been made in the financial statements.

*(iii) Australian travel agents' representative actions*

A former Australian travel agent, Leonie's Travel Pty Limited, filed a representative action in the Federal Court of Australia (New South Wales District Registry) on 15 December 2006 naming seven respondents [International Air Transport Association ("IATA"), Qantas Airways Limited, British Airways plc, Air New Zealand Limited, SIA, Malaysian Airline System Berhad, and Cathay Pacific Airways Limited] in a claim on behalf of Australian travel agents for alleged non-payment of commissions on fuel surcharges applied to passenger tickets issued in Australia from May 2004 onwards. IATA was subsequently removed from the proceedings.

In May 2007, the applicant's solicitors filed a fresh similar representative application on behalf of Paxtours International Travel Pty Ltd, another Australian travel agent, against SIA and Cathay Pacific Airways Limited. SIA denies the claims and, along with each of the named airlines, is defending the actions.

The court delivered its judgment in the claim against another airline on 30 March 2009. There are no substantive developments in the claim against SIA.

Singapore Power Limited ("S Power") and its subsidiary companies

*Victorian February bushfires*

In early February 2009, the state of Victoria was impacted by the bushfires. The Victorian Government subsequently established a Royal Commission of Inquiry into the Victorian bushfire crisis and a subsidiary company of the S Power Group, SP AusNet, is extending its full support and assistance to the Inquiry.

On 16 April 2009, SP AusNet was served with a writ, an earlier version of which was previously filed in the Supreme Court of Victoria on 16 February 2009, and other associated documents. The writ alleges that "faulty and/or defective power lines" caused loss and damage. SP AusNet believes the claim is both premature and inappropriate, given the establishment of the 2009 Victorian Bushfires Royal Commission. SP AusNet will vigorously defend the claim.

It is too early for SP AusNet to provide any reliable estimate as to the prospects of success or the quantum of damages, if any, that may be awarded in either this claim or any other claim which may be instituted by third parties. If the claim is pursued, SP AusNet has liability insurance which provides cover for bushfire liability. SP AusNet reviews its insurance cover annually and ensures the cover commensurate with the scale and size of its operations and the risks assessed to be associated with its operations and with industry standards and practice. SP AusNet's bushfire mitigation and vegetation management programs fully comply with Electricity Safety (Bushfire Mitigation) Regulations and are audited annually by Energy Safe Victoria.

All bushfire mitigation and vegetation management programs were completed prior to the declaration of the bushfire season in December 2008.

Singapore Technologies Semiconductors Pte Ltd ("STSPL") and its subsidiary companies

A subsidiary company of STSPL, STATS ChipPAC Ltd ("STATS") is subject to claims and litigations, which arise in the normal course of business. These claims may include allegations of infringement of intellectual property rights of others as well as other claims of liability. STATS accrues liabilities associated with these claims and litigations when they are probable and reasonably estimable.

In February 2006, STATS, ChipPAC Inc. ("ChipPAC") and STATS ChipPAC (BVI) Limited were named as defendants in a patent infringement lawsuit filed in US Federal Court for the Northern District of California (the "California Litigation"). The plaintiff, Tessera Technologies, Inc. ("Tessera"), has asserted that semiconductor chip packaging, specifically devices having Ball Grid Array ("BGA") and multi-chip BGA configurations used by the defendants infringe certain patents of Tessera. Tessera has further asserted that STATS is in breach of an existing license agreement entered into by Tessera with ChipPAC, which agreement has been assigned by ChipPAC to STATS.

In May 2007, at Tessera's request, the US International Trade Commission (the "ITC") instituted an investigation (the "First ITC Investigation") of certain of STATS co-defendants in the California Litigation and other companies, including certain of STATS customers. In addition, in April 2007, Tessera instituted an action in Federal District Court for the Eastern District of Texas (the "Texas Action") against certain of STATS co-defendants in the California Litigation and other companies. In the First ITC Investigation, Tessera seeks an order preventing the named companies from importing certain packaged semiconductor chips and products containing them into the US. The Texas Action seeks damages and injunctive relief against the named defendants. Both the First ITC Investigation and the Texas Action allege infringement of two of the same patents asserted by Tessera in the California Litigation, and may involve some of the same products packaged by STATS that are included in the California Litigation. The target date currently set by the ITC for the conclusion of the First ITC Investigation is April 2009.

In May 2008, the ITC instituted an investigation (the "Second ITC Investigation") of STATS and other semiconductor package assembly service providers that are included in the California Litigation. In the Second ITC Investigation, Tessera seeks an order to prevent STATS and other named companies (collectively, the "Respondents") from providing packaging or assembly services for certain packaged semiconductor chips incorporating small format non-tape BGA semiconductor packages and products containing them, for importation into the US. In addition, Tessera seeks a general exclusion order excluding from importation all small format non-tape BGA semiconductor packages (and downstream products containing such packages), regardless of whether such packages are assembled by the Respondents. The Second ITC Investigation alleges infringement of three of the same patents asserted by Tessera in the California Litigation. STATS responded to the complaint in June 2008. In February 2009, the Second ITC Investigation was stayed pending the outcome of the First ITC Investigation. The target date currently set by the ITC for the conclusion of the Second ITC Investigation is February 2010.

The district court in the California Litigation has vacated the trial schedule and stayed all proceedings pending a final resolution of the First ITC Investigation. The U.S. Patent and Trademark Office ("PTO") has also instituted reexamination proceedings on all of the patents Tessera has asserted in the California Litigation and the Second ITC Investigation. It is not possible to predict the outcome of the California Litigation or the Second ITC Investigation, the total costs of resolving the California Litigation and the Second ITC Investigation, or when the stay in the California Litigation will be lifted; nor is it possible to predict the outcome of the First ITC Investigation or the Texas Action. Nor is it possible to predict the outcome of the PTO proceedings or their impact on the California Litigation, the First ITC Investigation and the Proposed Second ITC Investigation.

STATS believes that it has a meritorious defense to these claims and intends to defend the lawsuit(s) vigorously. A court or ITC determination that STATS products or processes infringe the intellectual property rights of others could result in significant liability and/or require STATS to make material changes to its products and/or processes. Due to the inherent uncertainties of the lawsuit(s) and investigation(s), STATS cannot accurately predict the ultimate outcome and it could result in significant liability and/or injunction and could have a material adverse effect on the business, financial condition and the results of operations of STATS.

In addition, STATS is subject to various taxes in the different jurisdictions in which it operate. These include taxes on income, property, goods and services, and other taxes. STATS submits tax returns and claims with the appropriate government taxing authorities, which are subject to examination and agreement by those taxing authorities. STATS regularly assess the likelihood of adverse outcomes resulting from these examinations to determine adequacy of provision for taxes.

Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") and its subsidiary companies

- (i) *Komisi Pengawas Persaingan Usaha Republik Indonesia ("KPPU") (Republic of Indonesia Commission for Supervision of Business Competition) (the "Commission") and institution of class action suits*

In its decision of 19 November 2007, KPPU ruled that ST Telemedia and certain other parties including THPL, Singapore Telecommunications Ltd (together with ST Telemedia, the "Parties") are part of an alleged "THPL Business Group" that had violated Article 27(a)<sup>1</sup> of Indonesia's Anti-Monopoly Law. This article relates to a prohibition against business actors owning majority shares in more than one similar business in the same market. On 19 December 2007, ST Telemedia appealed to the Central Jakarta District Court against the KPPU's decision.

In its decision of 9 May 2008, the Central Jakarta District Court (1) ruled that ST Telemedia and the other Parties had violated Article 27(a)<sup>1</sup> of the Anti-Monopoly Law, (2) ordered the Parties to either divest all of their shares in PT Telekomunikasi Selular ("Telkomsel") or PT Indosat Tbk ("Indosat"), or to reduce 50% of the shareholding in both Telkomsel and Indosat, in either case within 12 months from the decision becoming final and binding upon a Supreme Court affirmation of the same, (3) ordered that each purchaser be subject to a 10% limit on the shares to be divested and not be affiliated to THPL (the "Divestment Terms"), and (4) ordered ST Telemedia and the other Parties to each pay a fine of Rp 15.0 billion (equivalent to \$1.9 million). On 22 May 2008, ST Telemedia appealed to the Supreme Court against the District Court's ruling.

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<sup>1</sup> Article 27(a) relates to the ownership of majority shares in several similar companies conducting business activities in the same field in the same market.



On 6 June 2008, Qatar Telecom (Qtel) Q.S.C. ("Qtel") entered into a share purchase agreement with STT Communications Ltd ("STTC"), pursuant to which all the shares in Indonesia Communications Limited and Indonesia Communications Pte. Ltd. were divested. Thereupon, ST Telemedia ceased to hold its entire indirect shareholding interest in Indosat.

In its decision of 10 September 2008, the Supreme Court affirmed the District Court's ruling, but set aside the Divestment Terms.

ST Telemedia is evaluating its available options and will continue to take all necessary steps to protect its interests.

- (ii) On 22 August 2008, a complaint was filed in the state courts of Hawaii, US, against 34 named individuals and entities including STTC (collectively, the "Defendants"). The complaint arises out of the transaction, which completed on 1 January 2003, where the businesses of Pihana Pacific, Inc. ("Pihana") and i-STT Pte Ltd were combined with that of Equinix, Inc., through a merger and an acquisition, respectively. New complainants were added and by an additional complaint, which contained substantially similar allegations. All the complainants, who were allegedly holders of Pihana common stock, allege that their rights as shareholders were violated, and the transaction was improperly effected. The complainants are seeking unspecified punitive damages, equitable relief, fees and costs, and compensatory damages in an amount they allegedly "believe may be all or a substantial portion of the approximately US\$725.0 million (equivalent to \$1,053.0 million) value of the Equinix, Inc. held by Defendants". STTC is of the view that the complainants' claims against STTC are without merit and it intends to vigorously defend the claim. However, due to the inherent uncertainties of litigation, there is no assurance that STTC would prevail in the proceedings contemplated.

Singapore Telecommunication Limited ("SingTel") and its subsidiary companies

- (i) *Appeal against the decision by KPPU*

SingTel announced on 29 June 2007 that SingTel and its wholly-owned subsidiary company, Singapore Telecom Mobile Pte Ltd ("SingTel Mobile"), had been called by the Commission to attend before it for an examination concerning the allegation of a violation by THPL Business Group of Article 27(a)<sup>1</sup> of Law No. 5 of 1999 (the "Law") relating to business competition matters.

On 20 November 2007, SingTel announced that the Commission had issued its decision (the "Decision"). The Decision states that SingTel and SingTel Mobile together with other parties to the proceedings (the "Parties") are in violation of Article 27(a)<sup>1</sup> of the Law and that PT Telekomunikasi Selular ("Telkomsel") is in violation of Article 17(1)<sup>2</sup> of the Law.

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<sup>2</sup> Article 17(1) relates to the control of the production and or marketing of goods and or services which may result in monopolistic practices and or unfair business competition.



The Decision orders, amongst other things, that (1) the Parties divest either Telkomsel or PT Indosat Tbk ("Indosat") within 2 years, (2) Telkomsel reduces tariffs by at least 15% and (3) each of the Parties and Telkomsel pay Rp 25.0 billion (approximately \$4.0 million) in fines.

SingTel and SingTel Mobile filed an appeal to the District Court of Central Jakarta on 19 December 2007. The District Court announced its ruling on 9 May 2008 dismissing SingTel's and SingTel Mobile's appeal, but (1) setting aside the order that Telkomsel reduce tariffs by at least 15%; and (2) reducing the fine for each of the Parties and Telkomsel to Rp 15.0 billion (approximately \$2.0 million). SingTel and SingTel Mobile appealed to the Supreme Court of the Republic of Indonesia on 22 May 2008.

By a written decision dated 9 September 2008, of which official notification was given to SingTel and SingTel Mobile on 25 November 2008, the Supreme Court dismissed the appeal.

SingTel and SingTel Mobile are evaluating the available options moving forward and will continue to take all necessary steps to protect their interests.

Two class action suits have been filed in Indonesia, in the Tangerang and Central Jakarta District Courts, against SingTel, SingTel Mobile, PT Telekomunikasi Indonesia Tbk, Indosat, the State Ministry of State Owned Enterprises of the Government of Indonesia and other parties largely similar to the Parties.

The Plaintiffs to the suits are consumers of cellular mobile services and have made their claims pursuant to the Consumer Protection Law and the Telecommunication Law.

The Plaintiffs seek interim relief which includes, amongst other things, an order for an attachment of shares in Telkomsel and Indosat and the assets of Telkomsel and Indosat. The Plaintiffs also seek substantial damages, amongst other things, as final relief.

By an order of the Central Jakarta District Court, the two class actions were consolidated and ordered to be heard together in the Tangerang District Court. The consolidated action has been stayed pending an appeal by the Central Jakarta Plaintiffs against the consolidation order.

SingTel and SingTel Mobile have been advised by its legal advisers that the Plaintiffs' claims are without merit and will take all necessary steps to protect their interests.

(ii) *Disputes concerning international telecommunications traffic*

As previously reported, a subsidiary company of SingTel, SingTel Optus Pty Limited ("Optus") is in dispute with an international carrier regarding amounts due under contract. Judgement has been received in Optus' favour. The carrier subsequently obtained leave to re-open the judgement. The Court has reserved its decision on whether the judgement should be altered. A notice of intention to appeal has also been filed by the carrier.

(iii) *Disputes concerning content supply*

Optus is in dispute with The Movie Network Channels Pty Limited ("Movie Network"), a content supplier, regarding licence fees under a content supply agreement. Judgement has been received in Optus' favour. Movie Network has filed a notice of intention to appeal an aspect of the case.

(iv) *Other commercial disputes*

Optus (and certain subsidiary companies) is in dispute with third parties regarding certain transactions entered into in the ordinary course of business. Some of these disputes involve legal proceedings relating to the contractual obligations of the parties and/or representations made, including the amounts payable by Optus' companies under the contracts and claims against Optus' companies for compensation for alleged breach of contract and/or representations. Optus is vigorously defending all these claims.

(v) *Significant disputes at joint venture companies*

In January 2008, TOT Public Company Limited and CAT Telecom Public Company Limited demanded additional payments of revenue share from Advanced Info Service Public Company Limited ("AIS") and its subsidiary company, Digital Phone Company Limited ("DPC") respectively. SingTel Group holds an equity interest of 21.4% in AIS Group.

AIS and DPC have stated that in their opinion, the amounts demanded are the same as the excise taxes that they have submitted to the Excise Department in prior years, according to the resolution of the Thai Cabinet dated 11 February 2003, and believe that the rulings of the Arbitration Panel shall have no impact to their financial statements. Both cases are in the arbitration process and it could take several years before an arbitral award is rendered.

THPL

- (i) THPL entered into a sale and purchase agreement dated 12 February 1996 with a subsidiary company, Singapore Technologies Construction Pte Ltd ("STC") for the sale of a subsidiary company, Construction Technology Pte Ltd and its subsidiary companies (except Sentosa Adventure Golf Pte Ltd) to STC.

Pursuant to the agreement, subject to certain qualifications, THPL is currently liable to indemnify STC for calls on bankers' guarantees and performance bonds for the current projects and work-in-progress and for any breach of warranties.

- (ii) THPL entered into an agreement with Mass Transit Railway-Corporation, Hong Kong on 11 March 1996 to guarantee that its subsidiary company, Hong Lim Investments Pte Ltd ("HLI") will observe the guarantee of up to 20% of the estimated \$292.0 million (2008: \$292.0 million) development obligations of one of the associated companies of HLI for a construction project undertaken by the associated companies.
- (iii) THPL has agreed to indemnify a certain subsidiary company for any claims made by a third party against this subsidiary company with regard to the Gas Sales Agreement entered into between the third party and another subsidiary company of THPL. This other subsidiary company has been assigned a Moody's rating of Aa2 and A1 in June 2006 and December 2008 respectively, pursuant to Clause 15.14 of the Gas Sales Agreement.

**40. Significant subsequent events**

Singapore Technologies Semiconductors Pte Ltd and its subsidiary companies

STATS ChipPAC Ltd ("STATS")

Subsequent to the balance sheet date, STATS announced that it will not proceed with its proposed capital reduction as previously approved at the March 2008 shareholders meeting, given the current economic environment, STATS has not been able to obtain financing to fund the cash distribution and the repayment of certain outstanding debts on terms and conditions acceptable to STATS.

THPL

KPPU investigations

KPPU in Indonesia had in November 2007 made a finding that THPL and two of its telecommunications subsidiary companies (Singapore Telecommunications Limited ("SingTel") and Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") had carried on anti-competitive practices in Indonesia's telecommunications industry through 2 Indonesian telcos (PT Telekomunikasi Selular ("Telkomsel") and PT Indosat) which THPL allegedly controlled.

THPL, SingTel and ST Telemedia had appealed against the KPPU's decision to the Central Jakarta District Court. On 9 May 2008, the Central Jakarta District Court affirmed the KPPU's finding that THPL, SingTel and ST Telemedia had carried on anti-competitive practices. THPL, SingTel and ST Telemedia filed appeals to the Indonesian Supreme Court to overturn the Central Jakarta District Court's decision. On 19 November 2008, the Indonesian Supreme Court dismissed these appeals. In May 2009, THPL, SingTel and ST Telemedia filed applications for Civil Review by the Indonesian Supreme Court of its decision in the preceding appeals. The Civil Review proceedings have not concluded.

THPL does not have shares in Telkomsel and PT Indosat. It is SingTel and ST Telemedia which have and had stakes of less than 50% in Telkomsel and PT Indosat respectively (further, ST Telemedia on 7 June 2008 announced that it had disposed of its stake in PT Indosat to Qatar Telecom and the transaction was completed on 22 June 2008). THPL's position is that the KPPU's allegations are misconceived. THPL does not control, direct or manage the affairs of its subsidiary companies, SingTel and ST Telemedia, let alone companies that these 2 subsidiary companies invest in. Telkomsel, in particular, is majority owned by PT Telkom, which in turn is majority owned and controlled by the Indonesian Government. The Indonesian Government owns 14.3% of PT Indosat including a golden share which gives it special powers including veto rights.

#### Class action suits

THPL and two of its telecommunications subsidiary companies (SingTel and ST Telemedia), and other parties are also defendants in class action suits commenced in the Tangerang District Court (West Java, Indonesia) and the Central Jakarta District Court (another class action suit commenced in the Bekasi District Court (West Java, Indonesia) has been withdrawn). The plaintiffs are mobile phone pre-paid card users, and their claim is for compensation for consumer loss suffered by such card users arising from alleged price-fixing committed by PT Indosat and Telkomsel. These actions are being defended.

#### **41. New accounting standards and interpretations not yet adopted**

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- *Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*

- *Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
- *Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate*
- *Amendments to FRS 102 Share-based Payment - Vesting Conditions and Cancellations*
- *FRS 27 (amended 2008) Consolidated and Separate Financial Statements*
- *FRS 108 Operating Segments*
- *Improvements to FRSs 2008*
- *INT FRS 113 Customer Loyalty Programmes*
- *INT FRS 116 Hedges of a Net Investment in a Foreign Operation*
- *INT FRS 118 Transfers of Assets from Customers*

FRS 1 (revised 2008) will become effective for the Group's financial statements for the financial year ending 31 March 2010. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 (revised 2007) will become effective for financial statements for the year ending 31 March 2010. FRS 23 (revised 2007) removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy to capitalise borrowing costs is consistent with the requirement in the revised FRS 23.

The amendments to FRS 32 and FRS 1 on puttable financial instruments will become effective for the Group's financial statements for the year ending 31 March 2010. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions. The Group does not issue such puttable financial instruments and thus the application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 March 2011. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in 2 particular situations: (i) the designation of a one-sided risk in a hedged item; and (ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary company, jointly controlled entity or associated company will become effective for THPL's financial statements for the year ending 31 March 2010. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary company, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividends is established. The application of these amendments is not expected to have any significant impact on THPL's financial statements.

The amendments to FRS 102 on vesting conditions and cancellations will become effective for the Group's financial statements for the year ending 31 March 2010. The amendments clarify the definition of vesting conditions and provide the accounting treatment for non-vesting conditions and cancellations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an entity transaction. When the Group loses control of a subsidiary company, any interest retained in the former subsidiary company will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to FRS 27 are not expected to have a significant impact on the consolidated financial statements.

FRS 108 will become effective for Group's financial statements for the year ending 31 March 2010. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 31 March 2010, except for the amendment to FRS 105 Non-current Assets Held for Sale and Discontinued Operations which will become effective for the year ending 31 March 2011. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

INT FRS 113 will become effective for the Group's financial statements for the year ending 31 March 2010. INT FRS 113 concludes that where entities grant award credits as incentives to customers to buy their goods or services (e.g. loyalty points or free products), such customer loyalty programmes should be accounted for by taking a multiple sales approach, i.e. by deferring some of the revenue received from the initial sales transaction, to be recognised as revenue as and when the entity provides the goods or services promised under the customer loyalty programmes. The Group does not grant award credits to customers and thus the application of this interpretation is not applicable to the Group.

INT FRS 116 will become effective for the Group's financial statements for the year ending 31 March 2010. INT FRS 116 provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The application of this interpretation is not expected to have any significant impact on the Group's financial statements.

INT FRS 118 clarifies the accounting for agreements where an entity receives an item of property, plant and equipment (or cash to construct such an item) from a customer and this equipment in turn is used to connect a customer to the network or to provide ongoing access to supply of goods or services. As revenue earned from customer contributions is in exchange for connection to the network, this interpretation will result in a change in our accounting for customer contributions. Instead of recognising customer contribution as deferred income and amortising the deferred income as income over the life of the assets, the contribution is recognised immediately in the income statement as revenue once the asset is constructed and customer connected to the network. This interpretation is to be applied prospectively to transfers of assets from customers received on or after 1 July 2009.

Other than the requirements of INT FRS 118 and improvements to FRSs 2008 and changes in disclosures relating to FRS 1 (revised 2008) and FRS 108, the initial application of the other standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.



## 42. Comparative figures

Certain comparative figures in the consolidated financial statements have been adjusted to conform with changes in presentation in the financial year ended 31 March 2009 as follows:

### Balance sheet

#### (i) *Inventories*

Inventories and contracts-work-in-progress of \$2,589.4 million and development properties held for sale of \$29.8 million as previously reported separately on the balance sheet of the audited statutory consolidated financial statements as at 31 March 2007 have been aggregated and re-presented as inventories.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Inventories and contracts-work-in-progress	2,589.4	(2,589.4)	-
Development properties held for sale	29.8	(29.8)	-
Inventories	-	2,619.2	2,619.2

#### (ii) *Trade and other receivables*

Trade receivables of \$9,757.4 million and other current assets of \$8,795.9 million as previously reported separately on the balance sheet of the audited statutory consolidated financial statements as at 31 March 2007 have been aggregated and re-presented as trade and other receivables of \$18,530.5 million and assets classified as held for sale of \$22.8 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Trade receivables	9,757.4	(9,757.4)	-
Other current assets	8,795.9	(8,795.9)	-
Trade and other receivables	-	18,530.5	18,530.5
Assets classified as held for sale	-	22.8	22.8

#### (iii) *Provisions and other long-term liabilities (Non-current liabilities)*

Provisions and other long-term liabilities of \$9,005.9 million as previously reported on the balance sheet of the audited statutory consolidated financial statements as at 31 March 2007 have been re-presented as provisions of \$329.1 million and other non-current liabilities of \$8,139.6 million after reclassification of \$537.2 million to deferred income and liabilities (note 42(iv)).

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Provisions and other long-term liabilities	9,005.9	(9,005.9)	-
Provisions	-	329.1	329.1
Other non-current liabilities	-	8,139.6	8,139.6

(iv) *Deferred income and liabilities (Non-current liabilities)*

The amounts of deferred income of \$1,045.5 million, deferred liabilities of \$881.1 million as previously reported separately on the balance sheet of the audited statutory consolidated financial statements as at 31 March 2007, and the amount of \$537.2 million reclassified from provisions and other long-term liabilities (note 42(iii)) have been aggregated and re-presented as deferred income and liabilities of \$2,463.8 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Deferred income	1,045.5	(1,045.5)	-
Deferred liabilities	881.1	(881.1)	-
Deferred income and liabilities	-	2,463.8	2,463.8

(v) *Trade and other payables*

Trade payables of \$7,714.8 million and other current payables of \$24,991.4 million as previously reported separately on the balance sheet of the audited statutory consolidated financial statements as at 31 March 2007 together with an amount of \$279.7 million reclassified from provisions for other liabilities and charges under current liabilities (note 42(vi)) have been aggregated and re-presented as trade and other payables of \$31,752.8 million and deferred income and liabilities of \$1,233.1 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Trade payables	7,714.8	(7,714.8)	-
Other current payables	24,991.4	(24,991.4)	-
Trade and other payables	-	31,752.8	31,752.8
Deferred income and liabilities	-	1,233.1	1,233.1

(vi) *Provisions (current liabilities)*

Provisions for other liabilities and charges of \$2,160.0 million as previously reported on the balance sheet of the audited statutory consolidated financial statements as at 31 March 2007; less amount of \$279.7 million reclassified to trade and other payables (note 42(v)) has been re-presented as provisions of \$1,880.3 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Provisions for other liabilities and charges	2,160.0	(2,160.0)	-
Provisions	-	1,880.3	1,880.3

Statement of changes in equity

(vii) *Share of associated companies', partnerships' and joint ventures' reserves*

The share of associated companies', partnerships' and joint ventures' revenue, capital, revaluation and currency translation reserves were previously reported individually in the statement of changes in equity of the audited statutory consolidated financial statements for the financial year ended 31 March 2007. The share of the various reserves were aggregated and re-presented as a single line item of share of associated companies', partnerships' and joint ventures' reserves of \$63.9 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Share of associated companies', partnerships' and joint ventures' revenue reserves	(142.6)	142.6	-
Share of associated companies', partnerships' and joint ventures' capital reserves	141.5	(141.5)	-
Share of associated companies', partnerships' and joint ventures' currency translation reserves	(62.8)	62.8	-
Share of associated companies', partnerships' and joint ventures' reserves	-	(63.9)	(63.9)

Cash flow statement

(viii) *Proceeds from borrowings*

Proceeds from bank loans and other loans of \$7,744.3 million and proceeds from fixed rate bonds/notes of \$2,661.0 million as previously reported separately on the cash flow statement of the audited statutory consolidated financial statements for the financial year ended 31 March 2007 have been aggregated and re-presented as proceeds from borrowings of \$10,405.3 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Proceeds from bank loans and other loans	7,744.3	(7,744.3)	-
Proceeds from fixed rate bonds/notes	2,661.0	(2,661.0)	-
Proceeds from borrowings	-	10,405.3	10,405.3

(ix) *Repayment of borrowings*

Repayment of fixed rate bonds/notes of \$2,449.9 million, repayment of floating rate bonds/notes of \$25.7 million and repayment of amount due to minority shareholders of \$23.0 million as previously reported separately on the cash flow statement of the audited statutory consolidated financial statements for the financial year ended 31 March 2007 have been aggregated and re-presented as repayments of borrowings of \$2,498.6 million.

	Previously reported \$million	Effects of change \$million	Restated \$million
<b>2007</b>			
Repayment of fixed rate bonds/notes	(2,449.9)	2,449.9	-
Repayment of floating rate bonds/notes	(25.7)	25.7	-
Repayment of amount due to minority shareholders	(23.0)	23.0	-
Repayments of borrowings	-	(2,498.6)	(2,498.6)

**43. Significant subsidiary companies**

Details of significant subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity held by the Group		
		2009 %	2008 %	2007 %
<b><i>Held by THPL</i></b>				
Accuron Technologies Limited	Singapore	100.0	100.0	100.0*
Ambrosia Investment Pte. Ltd.	Singapore	100.0*	100.0 *	100.0*
Fullerton (Private) Limited	Singapore	100.0	100.0	100.0
Fullerton Fund Investments Pte Ltd	Singapore	100.0	100.0	100.0
Fullerton Management Pte Ltd	Singapore	100.0	100.0	100.0
Gas Supply Pte Ltd	Singapore	100.0	100.0	100.0
Maju Holdings Pte. Ltd.	Singapore	100.0	100.0	100.0
MediaCorp Pte. Ltd.	Singapore	100.0	100.0	100.0
National University Hospital (Singapore) Pte Ltd	Singapore	100.0	100.0	100.0
<sup>1</sup> Neptune Orient Lines Limited	Singapore	65.7 *	65.9 *	66.3 *
Pine Investments Holdings Pte. Ltd.	Singapore	100.0 *	100.0 *	100.0 *
<sup>2</sup> PowerSeraya Limited	Singapore	-	100.0	100.0
PSA International Pte Ltd	Singapore	100.0 *	100.0 *	100.0 *
<sup>2</sup> Senoko Power Limited	Singapore	-	100.0	100.0
Singapore Airlines Limited	Singapore	54.6	54.4	55.5
Singapore Power Limited	Singapore	100.0	100.0	100.0
Singapore Technologies Engineering Ltd	Singapore	50.0 *	50.1 *	53.4 *
Singapore Technologies Pte Ltd	Singapore	100.0	100.0	100.0 *
Singapore Technologies Semiconductors Pte Ltd	Singapore	100.0 *	100.0 *	100.0 *
Singapore Technologies Telemedia Pte Ltd	Singapore	100.0 *	100.0 *	100.0 *

Name of subsidiary companies	Country of incorporation	Effective equity held by the Group		
		2009 %	2008 %	2007 %
Singapore Telecommunications Limited	Singapore	54.4	54.8	55.9
SMRT Corporation Ltd	Singapore	54.4	54.4	54.5
Surbana Corporation Pte Ltd	Singapore	100.0	100.0	100.0
Temasek Capital (Private) Limited	Singapore	100.0	100.0	100.0
Temasek Financial (I) Limited	Singapore	100.0	100.0	100.0
Temasek Management Services Pte Ltd	Singapore	100.0	100.0	100.0
Tembusu Capital Pte. Ltd.	Singapore	100.0	100.0	100.0
<sup>3</sup> Tuas Power Ltd	Singapore	-	-	100.0
Wildlife Reserves Singapore Pte Ltd	Singapore	87.9	87.9	87.9
<b><i>Held by subsidiary companies</i></b>				
<u>Held by Fullerton Management Pte Ltd and its subsidiary companies</u>				
<sup>4</sup> PT Bank Danamon Indonesia Tbk	Indonesia	74.3 *	74.5 *	75.8 *
<sup>2,5</sup> PT Bank Internasional Indonesia Tbk	Indonesia	-	43.6 *	41.2 *
<u>Held by Neptune Orient Lines Limited and its subsidiary companies</u>				
APL (Bermuda), Ltd	Bermuda	65.7 *	65.9 *	66.3 *
APL Logistics Ltd	Singapore	65.7 *	65.9 *	66.3 *
<u>Held by PSA International Pte Ltd and its subsidiary companies</u>				
Hesse-Noord Natie N.V.	Belgium	100.0 *	100.0 *	100.0 *
PSA Corporation Limited	Singapore	100.0 *	100.0 *	100.0 *
PSA Marine (Pte) Ltd	Singapore	100.0 *	100.0 *	100.0 *
<u>Held by Singapore Airlines Limited and its subsidiary companies</u>				
SIA Engineering Company Limited	Singapore	44.0	44.1	45.4
Singapore Airlines Cargo Pte Ltd	Singapore	54.6	54.4	55.5
Singapore Airport Terminal Services Limited	Singapore	44.0	44.0	45.4

Name of subsidiary companies	Country of incorporation	Effective equity held by the Group		
		2009 %	2008 %	2007 %
<u>Held by Singapore Power Limited and its subsidiary companies</u>				
SP Australia Networks (Distribution) Ltd	Australia	51.0	51.0	51.0
SP Australia Networks (Finance) Trust	Australia	51.0	51.0	51.0
SP Australia Networks (Transmission) Ltd	Australia	51.0	51.0	51.0
SP PowerAssets Limited	Singapore	100.0	100.0	100.0
SP Services Limited	Singapore	100.0	100.0	100.0
SPI (Australia) Assets Pty Ltd	Australia	100.0	100.0	100.0
<u>Held by Singapore Technologies Telemedia Pte Ltd and its subsidiary companies</u>				
Global Crossing Limited	Bermuda	63.4 *	65.3 *	65.7 *
<sup>2</sup> PT Indosat Tbk	Indonesia	-	30.6 *	40.8 *
<sup>6</sup> StarHub Ltd.	Singapore	44.4 *	44.6 *	56.8 *
TeleChoice International Limited	Singapore	50.5 *	50.7 *	50.9 *
<u>Held by Singapore Telecommunications Limited and its subsidiary companies</u>				
Singapore Telecom Mobile Pte Ltd	Singapore	54.4	54.8	55.9
SingTel Optus Pty Limited	Australia	54.4	54.8	55.9
<u>Held by Temasek Capital (Private) Limited and its subsidiary companies</u>				
Aranda Investments Pte Ltd	Singapore	100.0	100.0	100.0
Seletar Investments Pte Ltd	Singapore	100.0	100.0	100.0
Baytree Investments (Mauritius) Pte Ltd	Mauritius	100.0	100.0	100.0

<sup>1</sup> Held through THPL - 26.0% (2008: 26.1%; 2007: 26.3%), Tembusu Capital Pte. Ltd. - 39.7% (2008: 39.8%; 2007: 40.0%).

<sup>2</sup> Disposed during the financial year ended 31 March 2009.

<sup>3</sup> Disposed during the financial year ended 31 March 2008.

<sup>4</sup> Held through Temasek Capital (Private) Limited - 5.5% (2008: 5.5%; 2007: 5.6%) and Fullerton Management Pte Ltd - 68.8% (2008: 69.0%; 2007: 70.2%).

<sup>5</sup> Held through Temasek Capital (Private) Limited - Nil% (2008: 11.9%; 2007: 12.0%) and Fullerton Management Pte Ltd - Nil% (2008: 31.7%; 2007: 29.2%).

<sup>6</sup> Held through Singapore Technologies Telemedia Pte Ltd - 36.9% (2008: 37.1%; 2007: 49.3%) and MediaCorp Pte. Ltd. - 7.5% (2008: 7.5%; 2007: 7.5%).

\* Financial year ended on December.



**44. Significant associated companies**

Name of associated companies	Country of incorporation	Effective equity held by the Group		
		2009 %	2008 %	2007 %
<b><i>Held by the THPL</i></b>				
CapitaLand Limited*	Singapore	39.6	39.8	40.1
<sup>1</sup> DBS Group Holdings Ltd*	Singapore	27.6	27.7	27.8
Keppel Corporation Limited*	Singapore	21.2	21.3	21.4
Sembcorp Industries Ltd*	Singapore	49.0	49.0	49.1
<b><i>Held by subsidiary companies</i></b>				
<u>Held by Pine Investments Holdings Pte. Ltd. and its subsidiary companies</u>				
<sup>2</sup> Shin Corporation Public Company Limited*	Thailand	42.0	42.0	42.1
<u>Held by PSA International Pte Ltd and its subsidiary companies</u>				
HIT Investments Limited*	British Virgin Islands	33.3	33.3	33.3
Hutchison Port Holdings Limited*	British Virgin Islands	20.0	20.0	20.0
Hutchison Ports Investments S.à r.l.*	Luxembourg	20.0	20.0	20.0
Vopak Terminals Singapore Pte Ltd*	Singapore	30.5	30.5	30.5
<sup>1</sup> Held through THPL - 12.2% (2008: 12.2%; 2007: 12.3%) and Maju Holdings Pte. Ltd. - 15.4% (2008: 15.5%; 2007: 15.5%).				
<sup>2</sup> Held through Pine Investments Holdings Pte. Ltd. - 41.7% (2008: 41.7%; 2007: 41.8%) and Temasek Capital (Private) Limited - 0.3% (2008: 0.3%; 2007: 0.3%).				
* The associated companies had been equity accounted for in the consolidated financial statements based on results ended, or position as at 31 December, the financial year end of the associated companies.				

**45. Significant joint ventures**

Name of joint ventures	Country of incorporation	Effective equity held by the Group		
		2009 %	2008 %	2007 %
<b><i>Held by subsidiary companies</i></b>				
<u>Held by PSA International Pte Ltd and its subsidiary companies</u>				
Dalian Container Terminal Co., Ltd.*	People's Republic of China	34.6	34.6	34.6
Mersin Uluslararası Liman İşletmeciliği A.S. *	Turkey	50.0	50.0	-
Tianjin Port Pacific International Container Terminal Co., Ltd.*	People's Republic of China	49.0	49.0	49.0
International Trade Logistics S.A.*	Argentina	40.0	-	-
<u>Held by Singapore Power Limited and its subsidiary companies</u>				
ActewAGL Distribution Partnership	Australia	50.0	50.0	-
<u>Held by Singapore Telecommunications Limited and its subsidiary companies</u>				
Advanced Info Service Public Company Limited *	Thailand	11.7	11.7	12.0
<sup>1</sup> Bharti Airtel Limited	India	21.5	21.7	17.1
<sup>2</sup> Bharti Telecom Limited	India	28.9	29.0	18.3
Globe Telecom, Inc.	Philippines	25.8	24.4	24.9
PT Telekomunikasi Selular	Indonesia	19.1	19.2	19.6
<sup>1</sup> Held through Singapore Telecommunications Limited - 16.5% (2008: 16.7%; 2007: 17.1%) and Temasek Capital (Private) Limited - 5.0% (2008: 5.0%; 2007: 0.0%).				
<sup>2</sup> Held through Singapore Telecommunications Limited - 17.9% (2008: 18.0%; 2007: 18.3%) and Temasek Capital (Private) Limited - 11.0% (2008: 11.0%; 2007: 0.0%).				
* The joint ventures had been equity accounted for in the consolidated financial statements based on results ended, or position as at, 31 December, the financial year end of the joint ventures.				

## **Annex A —**

### **Global clearance and settlement**

The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of DTC, CDP, Euroclear and Clearstream (together, the “Clearance Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearance Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearance System. None of the Issuer, Temasek, the Arrangers, any Dealer, the Trustee and any exchange, paying or transfer agent (each an “Agent”) or party to the Indenture and/or Trust Deed will be held responsible or bear any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearance System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The relevant Pricing Supplement will specify the Clearance System(s) applicable for the relevant series.

#### **The Clearance Systems**

##### ***DTC***

DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions among participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (“indirect participants”).

DTC will take any action permitted to be taken by the holder of a beneficial interest in a Registered Global Note (including, without limitation, the presentation of a Registered Global Note for exchange) only at the direction of one or more participants to whose account with DTC interests in such Registered Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes in respect of which such participant or participants has or have given such direction. If an Event of Default under the Notes occurs, DTC reserves the right to exchange the Registered Global Notes for Definitive Registered Notes bearing the appropriate legend, which it will distribute to the relevant participants. DTC makes payments only in U.S. dollars.

##### ***CDP***

In respect of Notes which are accepted for clearance by CDP in Singapore (subject to the agreement of CDP and any restrictions or conditions as specified in the relevant Pricing Supplement), clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “Depository System”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

*Clearance and Settlement under the Depository System.* In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP (the “Depositors”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositories (the “Depository Agents”) approved by CDP under the Singapore Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

*General.* CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, Temasek, the Paying Agent in Singapore or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### ***Euroclear and Clearstream***

Euroclear and Clearstream each holds securities for participating organizations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with each other. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

A participant’s overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

## **Book-Entry Ownership**

### ***Bearer Notes***

The Issuer will make applications to CDP, Euroclear and/or Clearstream for acceptance in their respective book-entry systems of any Bearer Series of Notes. In respect of Bearer Notes, as may be specified in the relevant Pricing Supplement, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with CDP or with a common depository on behalf of Euroclear and Clearstream. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal market debt securities operating procedures of CDP, Euroclear and Clearstream.

### ***Registered Notes***

The Issuer will make applications to CDP, Euroclear and/or Clearstream or DTC for acceptance in their respective book-entry systems of the Regulation S Global Notes. Each Regulation S Global Note will have

an ISIN or Common Code and will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under “Notice to purchasers and Holders of Registered Notes and transfer restrictions”.

The Issuer will make applications to DTC for acceptance in its book-entry settlement system of the DTC Restricted Global Notes. Each DTC Restricted Global Note will have a CUSIP number and will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under “Notice to purchasers and Holders of Registered Notes and transfer restrictions”. The custodian with whom the DTC Restricted Global Notes are deposited and DTC will electronically record the principal amount of the DTC Restricted Notes held within the DTC system.

Investors may hold their interests in a Regulation S Global Note only through CDP, Euroclear or Clearstream, as the case may be, directly through such Clearance System if they are participants in such Clearance System, or indirectly through organizations that are participants of such Clearance System. Investors may hold their interests in a DTC Restricted Global Note directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC, Euroclear, Clearstream or CDP, or their respective nominee, is the registered owner or holder of a Global Note, DTC, Euroclear, Clearstream, CDP, or their respective nominee, will be considered as the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture or the Trust Deed (as applicable) and such Notes. Accordingly, each owner of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearance System and, if a person is not a participant in the relevant Clearance System, on the procedures of the participant through which the person owns its interest in order to exercise any rights of a Noteholder under the Indenture or the Trust Deed (as applicable).

Payments in U.S. dollars of principal and interest in respect of DTC Restricted Global Notes registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered holder of such DTC Restricted Global Note. In the case of any such payments which are denominated other than in U.S. dollars, payment of such amounts will be made to the Paying Agent who will make payment of all or part of the amount to the beneficial holders of interests in such DTC Restricted Global Note directly, in the currency in which such payment was made and/or cause all or part of such payment to be converted into U.S. dollars and credited to the relevant participant’s DTC account as aforesaid, in accordance with instructions received from DTC. The Issuer expects that the nominee will upon receipt of any such payment, immediately credit DTC participants’ accounts with any such payments denominated in U.S. dollars in amounts proportionate to their respective beneficial interests in the principal amount of the relevant DTC Restricted Global Note as shown on the records of DTC. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such DTC Restricted Global Note held through such DTC participants will be governed by standing instructions and customary practices between the participants and owners of beneficial interests, as is the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants and not of the Agents, the Trustee, the Issuer or Temasek.

The laws in some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, these laws may impair the ability to transfer a beneficial interest in a Registered Global Note to such persons. Because DTC can only act on behalf of participants in DTC, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Registered Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest may be limited by the lack of a Definitive Registered Note in respect of such interest. The ability of the holder of a beneficial interest in any Registered Note represented by the Registered Global Notes to resell, pledge or otherwise transfer such interest may also be impaired if the proposed transferee of such interest is not eligible to hold the same through a participant or indirect participant in DTC.

None of the Issuer, Temasek, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

### ***Definitive Registered Notes***

Registration of title to Registered Notes in a name other than CDP or its nominee or a depository for Euroclear and Clearstream or DTC will not be permitted unless (i) in the case of DTC Restricted Global

Notes or Regulation S Global Notes deposited with a custodian for DTC, an event of default with respect to such series has occurred or DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the DTC Restricted Global Notes or Regulation S Global Notes deposited with a custodian for DTC, or ceases to be a “clearing agency” registered under the Exchange Act, or is at any time no longer eligible to act as such, (ii) in the case of Regulation S Global Notes an event of default with respect to such series has occurred, or Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (iii) in the case of Regulation S Global Notes deposited with CDP, an event of default with respect to such series has occurred or CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or CDP has announced an intention permanently to cease business and no alternative clearing system is available or CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the relevant Master Depository Services Agreement as amended, varied or supplemented from time to time and no alternative clearing system is available or (iv) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of holders of the Notes under the Notes and the Trustee has been advised by counsel that in connection with such proceeding it is necessary or appropriate for the Trustee to obtain possession of the Notes. In such circumstances, the Issuer will cause sufficient Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holder(s) of the Notes.

A person having an interest in the relevant Registered Global Note must provide the Registrar with:

- (i) written instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Registered Notes; and
- (ii) in the case of a DTC Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

### ***Trading within same Clearance System***

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC’s rules and will be settled in immediately available funds using DTC’s Same-Day Funds Settlement System. Secondary market trading between Euroclear and/or Clearstream participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream and will be settled using procedures applicable to conventional Eurobonds in immediately available funds.

### ***Trading between Clearance Systems***

#### ***Trading between a Euroclear or Clearstream seller and a DTC purchaser involving only Registered Global Notes***

Due to time zone differences in their favor, Euroclear and Clearstream participants may employ their customary procedures for transactions in which interests in a Registered Global Note are to be transferred by Euroclear or Clearstream (as the case may be) to a participant in DTC. The seller must send instructions to Euroclear or Clearstream through a Euroclear or Clearstream participant (as the case may be) at least one business day prior to settlement. In these cases, Euroclear or Clearstream will instruct its respective depository to deliver the interests in the Registered Global Note to the DTC participant’s account against payment. Payment will include interest (if any) accrued on such interests in the Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. The payment will then be reflected in the account of the Euroclear or Clearstream participant the following day, and receipt of cash proceeds in the Euroclear or Clearstream participant’s account would be back-valued to the value date (which would be the preceding day when settlement occurred in New York). Should the Euroclear or Clearstream participant have a line of credit in its respective Clearance System and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream participant’s account would be valued instead as of the actual settlement date.



*Trading between a DTC seller and a Euroclear or Clearstream purchaser involving only Registered Global Notes*

When interests in a Registered Global Note are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the purchaser must send instructions to Euroclear or Clearstream through a Euroclear or Clearstream participant, as the case may be, at least one business day prior to settlement. Euroclear or Clearstream, as the case may be, will then instruct its respective depository to receive such interests against payment. Payment will include interest (if any) accrued on such interest in the Registered Global Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. Payment will then be made by the depository to the participant's account against delivery of the interests in the Note. After settlement has been completed, the interests will be credited to the respective Clearance System, and by the Clearance System, in accordance with its usual procedures, to the Euroclear or Clearstream participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and any interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e. the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear or Clearstream participants will need to make available to the respective Clearance System the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on-hand or existing lines of credit, as such participants would for any settlement occurring within Euroclear or Clearstream. Under this approach, such participants may take on credit exposure to Euroclear or Clearstream until the interests in the Note are credited to their accounts one day later.

Alternatively, if Euroclear or Clearstream has extended a line of credit to a Euroclear or Clearstream participant, as the case may be, such participant may elect not to preposition funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear or Clearstream participants purchasing interests in the Note held in DTC would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the Note were credited to their accounts. However, any interest on the Note would accrue from the value date. Therefore, in many cases the investment income on the interests in the Note held in DTC earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement takes place during New York business hours, DTC participants can employ their usual procedures for transferring interests in Registered Global Notes to the respective depositories of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently from a trade between participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Registered Global Notes among participants and accountholders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, Temasek, the Trustee and any Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.



## Annex B —

### Form of Pricing Supplement

The form of Pricing Supplement that will be issued in respect of each series of Notes, subject only to the deletion of non-applicable provisions or modifications, as appropriate, is set out below:

Pricing Supplement dated

**Temasek Financial (I) Limited**  
**Issue of [Aggregate Nominal Amount of Series] [Title of Notes]**  
**unconditionally and irrevocably guaranteed by**  
**Temasek Holdings (Private) Limited**  
**Under the US\$5,000,000,000 Guaranteed Global Medium Term Note Program**  
**Series Number**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular dated . This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated .

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- |          |  |   |
|----------|--|---|
| <b>1</b> | (i) Issuer:  | Temasek Financial (I) Limited   |
|          | (ii) Guarantor:  | Temasek Holdings (Private) Limited  |
| <b>2</b> | (i) Series Number:   |   |
|          | (ii) [Tranche Number:  |   |
|          | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)] |   |
| <b>3</b> | Specified Currency or Currencies:  |   |
| <b>4</b> | Aggregate Nominal Amount:  |   |
|          | (i) Series:  |   |
|          | (ii) [Tranche:]  |   |
| <b>5</b> | Issue Price:   | % of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| <b>6</b> | Specified Denominations:   |   |
| <b>7</b> | (i) Issue Date:  |   |
|          | (ii) Interest Commencement Date:   |   |
| <b>8</b> | Maturity Date:   | [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]            |

- 9 Interest Rate Basis: [ % Fixed Rate]  
[[specify reference rate] +/- %  
Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (specify)]  
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at Par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Installment]  
[Other (specify)]
- 11 Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
- 12 (i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]  
(ii) Status of the Guarantee: [Senior/[Dated/Perpetual]/Subordinated]
- 13 Listing: [SGX-ST/Other (specify)/None]
- 14 Method of distribution: [Syndicated/Non-syndicated]

### Provisions Relating to Interest (if any) Payable

- 15 Fixed Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Rate: % per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (iii) Fixed Coupon Amount [(s)]: per in nominal amount
- (iv) Broken Amount: [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]
- (v) Day Count Fraction: (Day count fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. dollars)
- (vi) Determination Date(s): in each year. [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]\*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

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\* Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA.

## 16 Floating Rate Provisions

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Interest Period(s):
- (ii) Specified Interest Payment Dates:
- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s):
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Interest Period Date(s): [Not Applicable/specify dates]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):
- (viii) Screen Rate Determination:
  - Relevant Time:
  - Interest Determination Date: [ [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
  - Primary Source for Floating Rate: [Specify relevant screen page or "Reference Banks"]
  - Reference Banks (if Primary Source is "Reference Banks"):
  - Relevant Financial Centre: [Specify four]
  - Benchmark: [The financial centre most closely connected to the Benchmark — specify if not London]
  - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
  - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
  - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
  - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (ix) ISDA Determination:
  - Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
  - ISDA Definitions: (if different from those set out in the Conditions):
- (x) Margin(s): [+/-]% per annum
- (xi) Minimum Rate of Interest: % per annum
- (xii) Maximum Rate of Interest: % per annum

- (xiii) Day Count Fraction:
- (xiv) Rate Multiplier:
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

#### 16A Singapore Dollar Notes

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Floating Rate Notes (Condition 4(m)(ii)):
  - Manner in which the Rate of Interest is to be determined: [SIBOR Notes/Swap Rate Notes/Variable Rate Notes/Other]
  - Calculation Amount: [Specify]
  - Denomination Amount: [Specify]
  - Interest Commencement Date: [Specify date(s)]
  - Interest Payment Date: [Specify date(s)]
  - Interest Period: [Specify]
  - Interest Denomination Date: [ Business Days in [Singapore] prior to [specify date(s)]]
  - Relevant Time: [11.00 a.m. (Singapore time)/Other]
  - Relevant Business Day: [Specify]
  - Spread: [Give details]
  - FRN Day Basis: [Specify]
- (ii) SIBOR Notes:
  - Screen Page: [Give details]
  - Reference Banks: [Specify]
- (iii) Swap Rate Notes:
  - Discount/Premium: [Specify]
  - Other terms or special conditions: [Not applicable/give details]
- (iv) Variable Rate Notes:
  - Interest Commencement Date: [Specify date(s)]
  - Interest Payment Date: [Specify date(s)]
  - Interest Period: [Specify dates]
  - Relevant Dealer: [Specify]
  - Other terms or special conditions: [Not applicable/give details]
- (v) Calculation Agent: [Specify]

#### 17 Zero Coupon Note Provisions

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Amortization Yield: % per annum
- (ii) Day Count Fraction:
- (iii) Any other formula/basis of determining amount payable:

<b>18</b>	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(i) Index/Formula:	[Give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	
	(iv) Interest Period(s):	
	(v) Specified Interest Payment Dates:	
	(vi) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(vii) Business Centre(s):	
	(viii) Minimum Rate of Interest:	% per annum
	(ix) Maximum Rate of Interest:	% per annum
	(x) Day Count Fraction:	
<b>19</b>	<b>Dual Currency Note Provisions</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	
	(iv) Person at whose option Specified Currency(ies) is/are payable:	
	(v) Day Count Fraction:	
<b>Provisions Relating to Redemption</b>		
<b>20</b>	<b>Optional Redemption</b>	[Applicable/Not Applicable]
<b>21</b>	<b>Optional Tax Redemption</b>	[Applicable/Not Applicable]
<b>22</b>	<b>Additional Call Options</b>	[Applicable. See "Important Information for Investors Relating to the U.S. — Ability of the Issuer to Compel Sale of or Redeem Rule 144A Notes" below.][Not Applicable]
<b>23</b>	<b>Put Option</b>	[Applicable/Not Applicable] (If applicable, provide further details)
<b>24</b>	<b>Final Redemption Amount of each Note</b>	[ per Note of specified denomination/Other/See Appendix]

## **25 Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or an event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [Yes/No/Not Applicable]

## **General Provisions Applicable to the Notes**

- 26** Form of Notes: Bearer Notes/Registered Notes  
[Delete as appropriate]
- (i) Form of Global Note: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on days' notice/at any time/in the limited circumstances specified in the permanent Global Note  
[Temporary Global Note exchangeable for Definitive Notes on days' notice]  
[Permanent Global Note exchangeable for Definitive Notes on days' notice/at any time/in the limited circumstances specified in the permanent Global Note]  
[Regulation S Global Note and DTC Restricted Global Note, each exchangeable for Definitive Registered Notes only in the limited circumstances specified in the Indenture]
- (ii) Applicable TEFRA Rules: [C Rules/D Rules/Not Applicable]
- 27** Financial Center(s) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate]]
- 28** Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 29** Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Yes/No. If yes, give details]

- |            |  |  |
|------------|--|--|
| <b>30</b>  | Details relating to Instalment Notes:                            | [Not Applicable/give details]  |
|            | (i) Instalment Amount(s):  |  |
|            | (ii) Instalment Date(s):   |  |
|            | (iii) Minimum Instalment Amount:                                 |  |
|            | (iv) Maximum Instalment Amount:                                  |  |
| <b>31</b>  | Redenomination, renominalization and reconventioning provisions: | [Not Applicable/The provisions [in Condition ] [annexed to this Pricing Supplement] apply] |
| <b>32</b>  | Consolidation provisions:  | [Not Applicable/The provisions [in Condition ] [annexed to this Pricing Supplement] apply] |
| <b>33</b>  | Other terms or special conditions:                               | [Not Applicable/give details]  |
| <b>33A</b> | Governing Law:   |  |

### **Distribution**

- |           |                                       |   |
|-----------|---------------------------------------|---|
| <b>34</b> | (i) If syndicated, names of Managers: | [Not Applicable/give names]   |
|           | (ii) Stabilising Manager (if any):    | [Not Applicable/give name]  |
|           | (iii) Dealer's Commission:            |   |
| <b>35</b> | If non-syndicated, name of Dealer:    | Not Applicable/give name]   |
| <b>36</b> | Additional selling restrictions:      | [Not Applicable/The Notes are Section 3(c)(7) securities issued in reliance on an exemption under the U.S. Investment Company Act of 1940, as amended. The eligible investors and transfer restrictions described below in the section entitled "Important Information for Investors Relating to the U.S." apply. Purchasers of the Notes will be required to execute and deliver a purchaser's letter in the form attached hereto as Appendix A./give details] |

### **Operational Information**

- |           |   |   |
|-----------|---|---|
| <b>37</b> | ISIN Code:  |   |
| <b>38</b> | Common Code:  |   |
| <b>39</b> | CUSIP No.:  |   |
| <b>40</b> | Any clearing system(s) other than Euroclear and Clearstream, and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |
| <b>41</b> | Delivery: Delivery  | [against/free of] payment                   |
| <b>42</b> | The Agents appointed in respect of the Notes are:   |   |

### **General**

- |           |   |                               |
|-----------|---|-------------------------------|
| <b>43</b> | Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with :  | [Not Applicable/give details] |
| <b>44</b> | The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of , producing a sum of (for Notes not denominated in U.S. dollars): | [Not Applicable/US\$ ]        |



## **[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the Issuer's US\$5,000,000,000 Guaranteed Global Medium Term Note Program.]

## **[STABILIZING**

In connection with the issue of the Notes, one or more Dealers named as stabilizing manager (the "Stabilizing Manager(s)") (or persons acting on behalf of any Stabilizing Manager) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.]

## **[IMPORTANT INFORMATION FOR INVESTORS RELATING TO THE U.S.**

As described more fully below, there are certain restrictions regarding the Notes which affect potential investors. These restrictions modify the restrictions set forth in the section entitled "Plan of distribution — Selling restrictions — United States" in the Offering Circular dated . These restrictions include prohibitions on sale or transfer in the offering of the Notes and thereafter to persons in circumstances which would cause either the Issuer or the Guarantor to be required to be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), or the Notes to be required to be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act").

### ***Eligible Investors***

The Notes may only be offered or sold (A) to U.S. persons or persons in the United States who (i) are both "qualified institutional buyers" (each a "QIB") as defined in Rule 144A under the Securities Act ("Rule 144A") and "qualified purchasers" (each, a "QP") as defined in the Investment Company Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) have executed a Purchaser's Letter in the form set forth in Appendix A hereto, or (B) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). The terms "U.S. person" and "offshore transaction" have the meanings set forth in Regulation S. Neither the Issuer nor the Guarantor will be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act.

Bearer Notes generally may not be offered or sold to a person within the United States or its possessions or to a United States person (as defined in the U.S. Internal Revenue Code), subject to certain exceptions.

A description of the transfer restrictions applicable to the Notes, including Notes initially sold in the United States or to U.S. persons, is set forth below in the section entitled "— Transfer Restrictions".

### ***Transfer Restrictions***

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act, and have not been registered or qualified under any state securities laws in the United States or the securities laws of any other jurisdiction and, accordingly, may not be offered, resold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available, and except in accordance with the restrictions described below.

Any purchaser of DTC Restricted Global Notes may only sell, transfer, assign, pledge, or otherwise dispose of such Notes in compliance with the Securities Act and other applicable securities laws (i) to the Guarantor or any subsidiary thereof, (ii) to a U.S. person or a person in the United States whom it reasonably believes is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor the Purchaser's Letter in the form of Appendix A hereto, or (iii) outside the United States to a non-U.S. person in an offshore transaction complying with the provisions

of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), *provided* that such purchaser delivers to the Issuer and the Guarantor an Offshore Transaction Letter in the form of Annex I to Appendix A hereto. A purchaser of a DTC Restricted Global Note is deemed to represent that either (a) it is not and is not using the assets of any (i) “employee benefit plan” which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), “plan” which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (“Similar Law”), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a DTC Restricted Global Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.

Any purchaser of interests in the Regulation S Global Notes may only sell, transfer, assign, pledge, or otherwise dispose of such interests (i) to the Guarantor or any subsidiary thereof, (ii) to a non-U.S. person in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), or (iii) after the expiration of the 40-day distribution compliance period following the issue date of the Notes, to a U.S. person or a person in the United States whom it reasonably believes is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor the Purchaser’s Letter in the form of Appendix A hereto, and such transferee will then acquire such interests as interests in the DTC Restricted Global Note. Prior to the end of the expiration of the 40-day distribution compliance period, no exchange, sale, assignment, pledge, transfer or other disposal of interests in a Regulation S Global Note for interests in a DTC Restricted Global Note shall be permitted.

### ***Investor Representation Letters***

Each purchaser of Notes that is located within the United States or that is a U.S. person will be required to execute a Purchaser’s Letter in the form of Appendix A hereto. In addition, in the event that any purchaser of Notes that is located within the United States or that is a U.S. person transfers such Notes outside the United States in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on the SGX-ST), such transferor must execute an Offshore Transaction Letter in the form of Annex I to Appendix A hereto and cause such letter to be promptly delivered to the Issuer and the Guarantor.

### ***Ability of the Issuer to Compel Sale of or Redeem DTC Restricted Global Note***

The Issuer may, at its option, compel any beneficial owner of interests in the DTC Restricted Global Note to sell its interest in such Notes, or sell such interests on behalf of such holder, or redeem its interests in such Note at par, being a Redemption Amount equal to the principal amount plus any accrued and unpaid interest to (but excluding) the Redemption Date (as defined in the Indenture), if such holder is not a QIB and a QP.

### ***Legend***

Each DTC Restricted Global Note representing the Notes will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND THAT NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN “**INVESTMENT**

**COMPANY”** UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **“INVESTMENT COMPANY ACT”**), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF **“INVESTMENT COMPANY”** UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A **“QUALIFIED INSTITUTIONAL BUYER”** (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A **“QUALIFIED PURCHASER”** AS DEFINED IN THE INVESTMENT COMPANY ACT, AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A **“QUALIFIED INSTITUTIONAL BUYER”** (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A **“QUALIFIED PURCHASER”** AS DEFINED IN THE INVESTMENT COMPANY ACT (X) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER’S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, OR (3) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT (**“REGULATION S”**) TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION TO THAT EFFECT BY THE SELLER IN WRITING IN AN OFFSHORE TRANSACTION LETTER (IN THE FORM OF ANNEX I TO THE FORM OF PURCHASER’S LETTER) OR ANOTHER FORM ACCEPTABLE TO THE ISSUER. THE TERMS **“U.S. PERSON,” “OFFSHORE TRANSACTION”** AND **“DESIGNATED OFFSHORE SECURITIES MARKET”** HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. NONE OF THE TRUSTEE UNDER THE INDENTURE GOVERNING THIS NOTE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. THE ISSUER AND ITS AGENTS MAY REQUIRE ANY PERSON WHO IS REQUIRED TO BE A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER BUT WHO IS NOT A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AT THE TIME IT ACQUIRES THIS NOTE TO TRANSFER THIS NOTE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S WITHIN 30 DAYS. IF THIS NOTE IS NOT SO TRANSFERRED, THE ISSUER IS ENTITLED TO SELL THIS NOTE TO A PURCHASER SELECTED BY THE ISSUER OR REDEEM THIS NOTE FROM SUCH PERSON AT PAR, BEING A REDEMPTION AMOUNT EQUAL TO THE PRINCIPAL AMOUNT PLUS ANY ACCRUED AND UNPAID INTEREST TO (BUT EXCLUDING) THE REDEMPTION DATE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) **“EMPLOYEE BENEFIT PLAN”** AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**“ERISA”**), **“PLAN”** SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **“CODE”**), OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE (**“SIMILAR LAW”**) OR (II) SUCH PERSON’S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION

UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Each Regulation S Global Note representing the Notes will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. TERMS USED HEREIN HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT. NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN "**INVESTMENT COMPANY**" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, OR (3) AFTER THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD FOLLOWING THE ISSUE DAY OF THE NOTES, TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A "**QUALIFIED PURCHASER**" AS DEFINED IN THE INVESTMENT COMPANY ACT (X) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER'S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, AND SUCH TRANSFEREE WILL THEN HOLD THE ACQUIRED INTERESTS AS INTERESTS IN THE DTC RESTRICTED GLOBAL NOTE. THE TERMS "**U.S. PERSON**," "**OFFSHORE TRANSACTION**" AND "**DESIGNATED OFFSHORE SECURITIES MARKET**" HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH

SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO ABOVE.

NONE OF THE TRUSTEE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO ABOVE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("SIMILAR LAW") OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.]



**PURCHASER'S LETTER**

To:

Temasek Financial (I) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Issuer

Temasek Holdings (Private) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Guarantor

Re:               % Guaranteed Notes due               (the **"Notes"**) under the US\$5,000,000,000  
Guaranteed Global Medium Term Note Program

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 16, 2005, as amended and supplemented by the Supplemental Indenture, dated as of April 10, 2007, and as further amended and supplemented by the Supplemental Indenture in relation to the Notes, dated as of (collectively, the **"Indenture"**), among Temasek Financial (I) Limited, as the issuer (the **"Issuer"**), Temasek Holdings (Private) Limited, as the guarantor (the **"Guarantor"**), and Deutsche Bank Trust Company Americas, as the trustee (the **"Trustee"**). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter (**"Purchaser's Letter"**) relates to the purchase by or the transfer to the undersigned of interests in a DTC Restricted Global Note representing the Notes and is to be delivered on behalf of the person acquiring beneficial ownership of the Notes.

We make the following representations and agreements, as of the date hereof, and at the time of any purchase of the Notes during the Validity Period (as defined below), on behalf of ourselves, and, if applicable, on behalf of each account for which we are acting:

1. We hereby confirm that:

- (i) we are a "qualified institutional buyer" (**"QIB"**) as defined in Rule 144A (**"Rule 144A"**) under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**), and a "qualified purchaser" (**"QP"**) as defined in Section 2(a)(51) and related rules of the U.S. Investment Company Act of 1940, as amended (the **"Investment Company Act"**);
- (ii) we are not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers;
- (iii) we are not a participant-directed employee plan, such as a plan described in subsections (a)(1)(i)(D), (E) or (F) of Rule 144A; and
- (iv) either (a) we are not and are not using the assets of any (i) "employee benefit plan" which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (**"ERISA"**), "plan" which is subject to Section 4975 of the U.S. Internal Revenue Code or entity whose underlying assets are treated as assets of any such employee benefit plan or plan within the meaning of ERISA or the U.S. Internal Revenue Code or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (**"Similar Law"**), or entity whose assets are treated as assets of any such plan, or (b) our purchase and holding of a Note will not

constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code, or violation of applicable Similar Law.

2. We hereby confirm that: (i) we were not formed for the purpose of investing in the Issuer (unless each beneficial owner of our securities is a QP); and (ii) we are acquiring an interest in the Notes for our own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this Purchaser's Letter and for whom we exercise sole investment discretion.
3. We understand and acknowledge that the Notes have not been and will not be registered under the Securities Act and accordingly may not be offered or sold as part of their initial distribution within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
4. We understand and acknowledge that neither the Issuer nor the Guarantor has registered, and neither the Issuer nor the Guarantor intends to register, as an "investment company" (as such term is defined under the Investment Company Act and related rules) and that the Issuer and the Guarantor have imposed the transfer and offering restrictions with respect to persons within the United States and U.S. Persons described herein so that the Guarantor will qualify for the exemption provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company.
5. We agree that our Notes may only be sold, transferred, assigned, pledged or otherwise disposed of in compliance with the Securities Act and other applicable securities laws (i) to the Guarantor or any subsidiary thereof, (ii) to a U.S. Person or to a person in the United States whom we reasonably believe is a QIB that is also a QP (x) in a transaction meeting the requirements of Rule 144A or (y) pursuant to any other available exemption from the registration requirements of the Securities Act, and the transferee delivers to the Issuer and the Guarantor a representation letter substantially in the form of this letter, or (iii) outside the United States to a non-U.S. Person in an offshore transaction complying with the provisions of Regulation S under the Securities Act (including, for the avoidance of doubt, a *bona fide* sale on the Singapore Exchange Securities Trading Limited), *provided* that we deliver to the Issuer and the Guarantor an Offshore Transaction Letter in the form of Annex I hereto. The term "offshore transaction" has the meaning set forth in Regulation S. We understand that the transfer restrictions will remain in effect until the Issuer determines, in its sole discretion, to remove them.
6. We agree that our Notes may be sold, transferred, assigned, pledged or otherwise disposed of only in minimum denominations of US\$250,000.
7. We understand that, subject to certain exceptions, to be a QP, entities must have US\$25 million in "investments" as defined in Rule 2a51-1 under the Investment Company Act.
8. We agree, upon a proposed transfer of our Notes, to notify any purchaser of such Notes or the executing broker, as applicable, of any transfer restrictions that are applicable to the Notes being sold.
9. We understand and acknowledge that: (i) the Trustee, the Issuer, the Guarantor and their agents shall not be obligated to recognize any resale or other transfer of the Notes represented thereby made other than in compliance with the restrictions set forth in this Purchaser's Letter; and (ii) the Issuer and its agents may require any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Notes to transfer the Notes within 30 days to a non-U.S. Person in an offshore transaction complying with the provisions of Regulation S and if the obligation is not met, the Issuer is irrevocably authorized, without any obligation, to sell such Notes on an offshore stock exchange on such terms as the directors of the Issuer think fit, or the Issuer shall be entitled to redeem such Notes at par, being a Redemption Amount equal to the principal amount plus any accrued and unpaid interest to (but excluding) the Redemption Date.
10. We agree that neither we, nor any of our affiliates, nor any person acting on our or their behalf, will make any "directed selling efforts" as defined in Regulation S, or any "general solicitation" or "general advertising" as defined in Regulation D, with respect to the Notes.



11. We understand that the Trustee, the Issuer and the Guarantor may receive a list of participants holding positions in the Notes from one or more book-entry depositories.
12. We agree that the Issuer, the Guarantor and others may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
13. We understand and acknowledge that any Notes issued to us in certificated form will bear a legend to the following effect. In addition, we understand that the legend shall not be removed from the Notes unless the Issuer agrees, in its sole discretion, to remove the legend.

THIS NOTE (OR ITS PREDECESSOR) AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND THAT NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN “**INVESTMENT COMPANY**” UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”), IN RELIANCE UPON EXEMPTIONS FROM THE DEFINITION OF “INVESTMENT COMPANY” UNDER THE INVESTMENT COMPANY ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A “**QUALIFIED PURCHASER**” AS DEFINED IN THE INVESTMENT COMPANY ACT, AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF US\$250,000 (1) TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) TO A U.S. PERSON OR A PERSON IN THE UNITED STATES WHOM THE SELLER REASONABLY BELIEVES IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A “**QUALIFIED PURCHASER**” AS DEFINED IN THE INVESTMENT COMPANY ACT (X) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (Y) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THAT DELIVERS TO THE ISSUER AND THE GUARANTOR A CERTIFICATION TO THAT EFFECT IN WRITING IN A PURCHASER’S LETTER IN THE FORM AS PROVIDED FOR IN THE INDENTURE OR ANOTHER FORM ACCEPTABLE TO THE ISSUER, OR (3) IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”) TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE SELLER TO BE A U.S. PERSON, IF EITHER (X) AT THE TIME THE BUY ORDER ORIGINATED THE PURCHASER WAS OUTSIDE THE UNITED STATES, OR THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE PURCHASER WAS OUTSIDE THE UNITED STATES OR (Y) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE SELLER TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION TO THAT EFFECT BY THE SELLER IN WRITING IN AN OFFSHORE TRANSACTION LETTER (IN THE FORM OF ANNEX I TO THE FORM OF PURCHASER’S LETTER) OR ANOTHER FORM ACCEPTABLE TO THE ISSUER. THE TERMS “**U.S. PERSON**,” “**OFFSHORE TRANSACTION**” AND “**DESIGNATED OFFSHORE SECURITIES MARKET**” HAVE THE MEANINGS SET FORTH IN REGULATION S. THE HOLDER AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. NONE OF THE TRUSTEE UNDER THE INDENTURE GOVERNING THIS NOTE, THE ISSUER, THE GUARANTOR OR THEIR AGENTS SHALL

BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS NOTE AND THE GUARANTEE MADE OTHER THAN IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS REFERRED TO IN (B) ABOVE. THE ISSUER AND ITS AGENTS MAY REQUIRE ANY PERSON WHO IS REQUIRED TO BE A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER BUT WHO IS NOT A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AT THE TIME IT ACQUIRES THIS NOTE TO TRANSFER THIS NOTE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S WITHIN 30 DAYS. IF THIS NOTE IS NOT SO TRANSFERRED, THE ISSUER IS ENTITLED TO SELL THIS NOTE TO A PURCHASER SELECTED BY THE ISSUER OR REDEEM THIS NOTE FROM SUCH PERSON AT PAR, BEING A REDEMPTION AMOUNT EQUAL TO THE PRINCIPAL AMOUNT PLUS ANY ACCRUED AND UNPAID INTEREST TO (BUT EXCLUDING) THE REDEMPTION DATE.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("SIMILAR LAW") OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW.

THIS NOTE IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH SELLER OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE PURCHASER AND TO ANY EXECUTING BROKER.

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

14. Unless withdrawn by the undersigned, this Purchaser's Letter shall remain valid, binding and in effect until one year from the date hereof (the "**Validity Period**").

[Where there are joint applicants, each must sign this Purchaser's Letter. Applications from a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation's constitution (evidence of such authority may be required).]

Very truly yours,

[NAME OF PURCHASER]

By: \_\_\_\_\_

Name:

Title:

Address:

Date:

**Annex I to Appendix A**

**Offshore Transaction Letter For The Notes**

To:

Temasek Financial (I) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Issuer

Temasek Holdings (Private) Limited  
60B Orchard Road  
#06-18 Tower 2  
The Atrium @ Orchard  
Singapore 238891

as Guarantor

With a copy to:

Deutsche Bank Trust Company Americas  
60 Wall Street — 27th Floor  
MSNYC60-2710  
New York, New York 10005

as Trustee

Re: % Guaranteed Notes due (the **"Notes"**) under the US\$5,000,000,000  
Guaranteed Global Medium Term Note Program

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of September 16, 2005, as amended and supplemented by the Supplemental Indenture, dated as of April 10, 2007, and as further amended and supplemented by the Supplemental Indenture in relation to the Notes, dated as of (collectively, the **"Indenture"**), among Temasek Financial (I) Limited, as the issuer (the **"Issuer"**), Temasek Holdings (Private) Limited, as the guarantor (the **"Guarantor"**), and Deutsche Bank Trust Company Americas, as the trustee (the **"Trustee"**).

This letter (an **"Offshore Transaction Letter"**) relates to the sale or other transfer by us of interests in a DTC Restricted Global Note representing the Notes in an offshore transaction pursuant to Regulation S (**"Regulation S"**) under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**).

Capitalized terms used but not defined herein shall have the meanings given to them in Regulation S, except as otherwise stated herein.

We acknowledge (or if we are acting for the account of another person, such person has confirmed that it acknowledges) that the Notes have not been and will not be registered under the Securities Act and that neither the Issuer nor the Guarantor has registered, and neither the Issuer nor the Guarantor intends to register, as an "investment company" under the Investment Company Act of 1940, as amended (the **"Investment Company Act"**).

We hereby certify as follows:

1. The offer and sale of the Notes was not and will not be made to a person in the United States or to a person known by us to be a U.S. Person.
2. Either: (a) at the time the buy order for the Notes was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States; or (b) the transaction in the Notes was executed in, on or through the facilities of a designated offshore securities market (including the Singapore Exchange Securities Trading Limited), and neither we nor any person acting on our behalf knows that the transaction was pre-arranged with a buyer in the United States.

3. Neither we, nor any of our affiliates, nor any person acting on our or their behalf, has made any directed selling efforts in the United States with respect to the Notes.
4. The proposed transfer of the Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act or the Investment Company Act.
5. None of the Issuer, the Guarantor or any of their agents participated in the sale of the Notes.
6. If the transfer is in accordance with Rule 904 of Regulation S, and we are a dealer in securities or have received a selling concession, fee or other remuneration in respect of the Notes, and the transfer is to occur during the Distribution Compliance Period (as defined in the Indenture), that the requirements of Rule 904(b)(i) of Regulation S have been satisfied.
7. We agree, prior to the sale of the Notes, to notify the purchaser of such Notes or the executing broker, as applicable, of the transfer restrictions that are applicable to the Notes being sold.
8. We agree that the Issuer, the Guarantor and others may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

[Where there are joint transferors, each must sign this Offshore Transaction Letter. An Offshore Transaction Letter of a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation's constitution (evidence of such authority may be required).]

Very truly yours,

[NAME OF TRANSFEROR]

By: \_\_\_\_\_

Name:

Title:

Address:

Date:

## Annex C — Republic of Singapore

*The following information regarding the Republic of Singapore is included for information purposes only and has not been independently verified by the Issuer, Temasek, the Arrangers or the Dealers or any of their respective affiliates or advisors. All of the data and information contained below has been obtained from publicly available official sources.*

### Singapore Overview

Singapore is a Southeast Asian island city-state with a population of approximately 4.99 million in June 2009 and a GDP of approximately S\$233.5 billion at 2000 market prices for the 12 months ended December 31, 2008. Singapore has one of Asia's most developed economies and is a Southeast Asian hub for a number of industries. Key factors which have contributed to Singapore's economic growth are its strategic location, its modern infrastructure, a long record of consistent macroeconomic management, a transparent public sector, a disciplined and highly-educated workforce and a high domestic savings rate.

Singapore's economy is highly export-oriented, with a significant reliance on electronics exports, which comprised 39.9% of non-oil domestic exports in 2008. Its major trading partners are Europe, Australia, China, Malaysia, Indonesia, Hong Kong, Japan, Taiwan, Thailand, India, South Korea and the United States. Singapore's trading position is supported by strong infrastructure, a developed financial system and a good telecommunications network. In 2007, Singapore was the world's largest transshipment hub in terms of throughput (measured in TEUs), while also being well-connected through air and land transport.

According to the Ministry of Trade & Industry and the Singapore Department of Statistics, Singapore's economy is estimated to contract by 2.0% to 2.5% in 2009 compared to a growth of 1.1% in 2008, and Singapore has averaged real GDP growth of 5.5% over the previous 10 years. Singapore's per capita GDP at current market prices was S\$53,192 in 2008.

Singapore is currently assigned a long-term and short-term local and foreign currency issuer rating of "AAA" and "A-1+", respectively, by S&P and "Aaa" and "P-1", respectively, by Moody's. Singapore is the only Asian sovereign currently assigned S&P's highest credit rating.

The following table sets forth selected economic data for Singapore for the years indicated:

#### Selected economic data

	2004	2005	2006	2007	2008
	(S\$ millions, except percentages)				
GDP (base year 2000) .....	184,257	197,721	214,234	230,871	233,525
Growth in GDP (percentage change) .....	9.3%	7.3%	8.4%	7.8%	1.1%
Consumer Price Index.....	100.0	100.4	101.4	103.5	110.3
M1 Money Supply .....	44,162	46,086	52,243	63,939	75,704
Growth in M1 Money Supply (percentage change).....	14.0%	4.4%	13.4%	22.4%	18.4%
M2 Money Supply .....	206,978	219,798	262,370	297,559	333,411
Growth in M2 Money Supply (percentage change).....	6.2%	6.2%	19.4%	13.4%	12.0%
Foreign Reserves .....	183,464	192,813	208,992	234,546	250,346
Total Exports (base year 2006) .....	350,190	387,554	431,559	463,403	477,371
Growth in Exports (percentage change) .....	18.5%	10.7%	11.4%	7.4%	3.0%
Total Imports (base year 2006) .....	315,443	341,389	378,924	403,344	442,218
Growth in Imports (percentage change) .....	20.7%	8.2%	11.0%	6.4%	9.6%
Current Account Balance.....	33,617	45,722	56,222	59,092	38,177
Stock Market Turnover .....	183,423	205,164	300,018	604,599	386,558

Sources: Singapore Department of Statistics, [www.singstat.gov.sg](http://www.singstat.gov.sg); Monetary Authority of Singapore, [www.mas.gov.sg](http://www.mas.gov.sg) (Monthly Statistical Bulletin); Ministry of Trade and Industry, [www.mti.gov.sg](http://www.mti.gov.sg) (Economic Survey of Singapore)

## **Annex D —**

### **Constitutional safeguards**

*The following is a general summary of the laws of Singapore relating to Temasek as a company specified in Part II of the Fifth Schedule to the Constitution. This summary is for general information only and does not purport to be a comprehensive description or exhaustive statement of applicable laws.*

The Constitution is the supreme law of Singapore. The Constitution provides that the President of Singapore (the “President”), who shall be elected by the citizens of Singapore in accordance with any law made by the Legislature of Singapore, shall be the Head of State. A constitutional framework relating to the safeguarding of reserves (namely, the excess of assets over liabilities) of the Government of Singapore, statutory boards specified in Part I of the Fifth Schedule to the Constitution (each, a “Statutory Board”) and Government companies specified in Part II of the Fifth Schedule to the Constitution (each a “Fifth Schedule Company”) is set out in the Constitution. The Constitution provides for the President to exercise certain powers over the appointment of directors and the chief executive officer, the budget and certain proposed transactions of a Fifth Schedule Company. Temasek, being a Fifth Schedule Company specified in Part II of the Fifth Schedule to the Constitution, is subject to such powers of the President and the constitutional safeguards relating to its Past Reserves (as defined herein).

#### **Appointment of Directors and Chief Executive Officer**

The appointment or removal of any person as a director of Temasek (“Director”) or CEO is not permitted unless the President, acting in his discretion and after consultation with the Council of Presidential Advisers (constituted under Part VA of the Constitution), concurs with such appointment or removal, and without such concurrence of the President, the appointment or removal is void and of no effect. In advising or making any recommendation to the President in relation to the appointment or revocation of appointment of a Director or CEO, the Council of Presidential Advisers is required to state whether its advice or recommendation is unanimous or the number of votes for and against it. In addition, the Council of Presidential Advisers is required to, as soon as practicable after advising as such or making any such recommendation, send a copy of such advice or recommendation to the Prime Minister and the Speaker of Parliament (who shall cause the copy to be presented to Parliament of Singapore (the “Parliament”) as soon as possible). If the President, contrary to the recommendation of the Council of Presidential Advisers, refuses to concur with an appointment or removal of any person as a Director or CEO, the Parliament may, by resolution passed by not less than two-thirds of the total number of the elected Members of Parliament, overrule the decision of the President. Upon the passing of such resolution, the President shall be deemed to have concurred with such appointment or removal on the date of passing of such resolution. The term of appointment of a Director may not exceed three years. At the expiry of the term of appointment, a Director is eligible for reappointment.

#### **Annual Budgets and Certain Proposed Transactions**

Before the commencement of each financial year of Temasek, the Board of Directors is required to present to the President for his approval its annual budget (as well as any supplementary budget) for that financial year, together with a declaration (the “Declaration”) by the chairman (the “Chairman”) of the Board of Directors and the CEO whether the annual budget (or, as the case may be, supplementary budget) when implemented, is likely to draw on the reserves which were not accumulated by Temasek during the current term of office of the Government (the “Past Reserves”). The President, acting in his discretion and after consultation with the Council of Presidential Advisers, may disapprove the annual budget or supplementary budget of Temasek if, in his opinion, the budget is likely to draw on the Past Reserves, except that if he approves any such budget notwithstanding his opinion that the budget is likely to so draw on those reserves, the President is under a duty to cause his opinion to be published in the Government Gazette.

If the President has not approved the annual budget by the first day of the financial year, Temasek:

- (a) shall, within three months of that first day, present to the President a revised budget for that financial year together with the Declaration described above; and
- (b) may, pending the decision of the President, incur expenditure not exceeding one-quarter of the amount provided in the approved budget of Temasek for the preceding financial year.



In addition, if the President does not approve the revised budget, Temasek may during that financial year incur a total expenditure not exceeding the amount provided in the approved budget of Temasek for the preceding financial year; and the budget for the preceding financial year shall have effect as the approved budget for that financial year.

Within six months after the close of a financial year, the Board of Directors is required to present to the President:

- (a) an audited profit and loss account showing the revenue collected and expenditure incurred by Temasek during that financial year, and an audited balance sheet showing the assets and liabilities of Temasek at the end of that financial year; and
- (b) a declaration by the Chairman and CEO whether the audited profit and loss account and balance sheet of Temasek show any drawing on the Past Reserves.

The Board of Directors and the CEO have a duty to inform the President of any proposed transaction of Temasek, which is likely to draw on the Past Reserves. Where the President has been so informed, the President, acting in his discretion and after consultation with the Council of Presidential Advisers, may disapprove the proposed transaction (other than a proposed transaction which the Prime Minister and the Minister responsible for defence, on the recommendations of the Permanent Secretary to the Ministry of Defence and the Chief of Defence Force, certify to be necessary for the defence and security of Singapore), except that if he does not disapprove any such proposed transaction even though he is of the opinion that such proposed transaction is likely to draw on the Past Reserves, the President is under a duty to cause his decision and opinion to be published in the Government Gazette.

### **Transfer of Past Reserves**

A proposed transfer or transfer by Temasek of any of its reserves to the Government, any Statutory Board or another Fifth Schedule Company shall not be taken into account in determining whether the Past Reserves are likely to be or have been drawn on if:

- (a) in the case of a proposed transfer or transfer of reserves by Temasek to the Government, the Minister responsible for finance undertakes in writing to add those reserves of Temasek to the reserves accumulated by the Government before its current term of office;
- (b) in the case of a proposed transfer or transfer of reserves by Temasek to a Statutory Board, that Statutory Board by resolution resolves that those reserves of Temasek shall be added to the reserves accumulated by that Statutory Board before the current term of office of the Government; or
- (c) in the case of a proposed transfer or transfer of reserves by Temasek to another Fifth Schedule Company, the board of directors of that Fifth Schedule Company by resolution resolves that those reserves of Temasek shall be added to the reserves accumulated by that Fifth Schedule Company before the current term of office of the Government.

Any reserves so transferred shall be deemed to form part of the reserves accumulated by the Government, the relevant Statutory Board or, as the case may be, the relevant Fifth Schedule Company before the current term of office of the Government, on the relevant date specified in the Constitution.

Similarly, a proposed transfer or transfer by the Government, any Statutory Board or another Fifth Schedule Company of any of its respective reserves to Temasek shall not be taken into account in determining whether the reserves accumulated by the Government, that Statutory Board or, as the case may be, that Fifth Schedule Company before the current term of office of the Government are likely to be or have been drawn on if the Board of Directors by resolution resolves that those reserves shall be added to the Past Reserves. Any reserves so transferred will be deemed to form part of the Past Reserves.

### **President's Access to Information**

In the exercise of his functions under the Constitution, the President shall be entitled, at his request, to any information concerning Temasek which is available to the Board of Directors ("Temasek Information"). The President may request the CEO or a Director to furnish any Temasek Information concerning the reserves of Temasek, and the CEO or Director concerned shall be under a duty to provide the information.

**THE ISSUER**

**Temasek Financial (I) Limited**

60B Orchard Road  
#06-18 Tower 2  
The Atrium@Orchard  
Singapore 238891

**THE GUARANTOR**

**Temasek Holdings (Private) Limited**

60B Orchard Road  
#06-18 Tower 2  
The Atrium@Orchard  
Singapore 238891

**TRUSTEE UNDER THE INDENTURE, REGISTRAR AND PAYING AGENT IN NEW YORK**

**Deutsche Bank Trust Company Americas**

60 Wall Street, 27th Floor  
MSNYC60 — 2710  
New York, New York 10005

**LEGAL ADVISORS TO THE ISSUER AND GUARANTOR**

*as to Singapore law*

**Allen & Gledhill LLP**

One Marina Boulevard #28-00  
Singapore 018989

*as to English, New York and U.S. federal securities laws*

**Latham & Watkins LLP**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619

**LEGAL ADVISOR TO THE JOINT LEAD MANAGERS AND DEALERS**

*as to New York and U.S. federal securities laws*

**Davis Polk & Wardwell LLP**

18th Floor, The Hong Kong Club Building  
3A Chater Road  
Central, Hong Kong

**INDEPENDENT PUBLIC ACCOUNTANTS**

**KPMG LLP**

16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581