

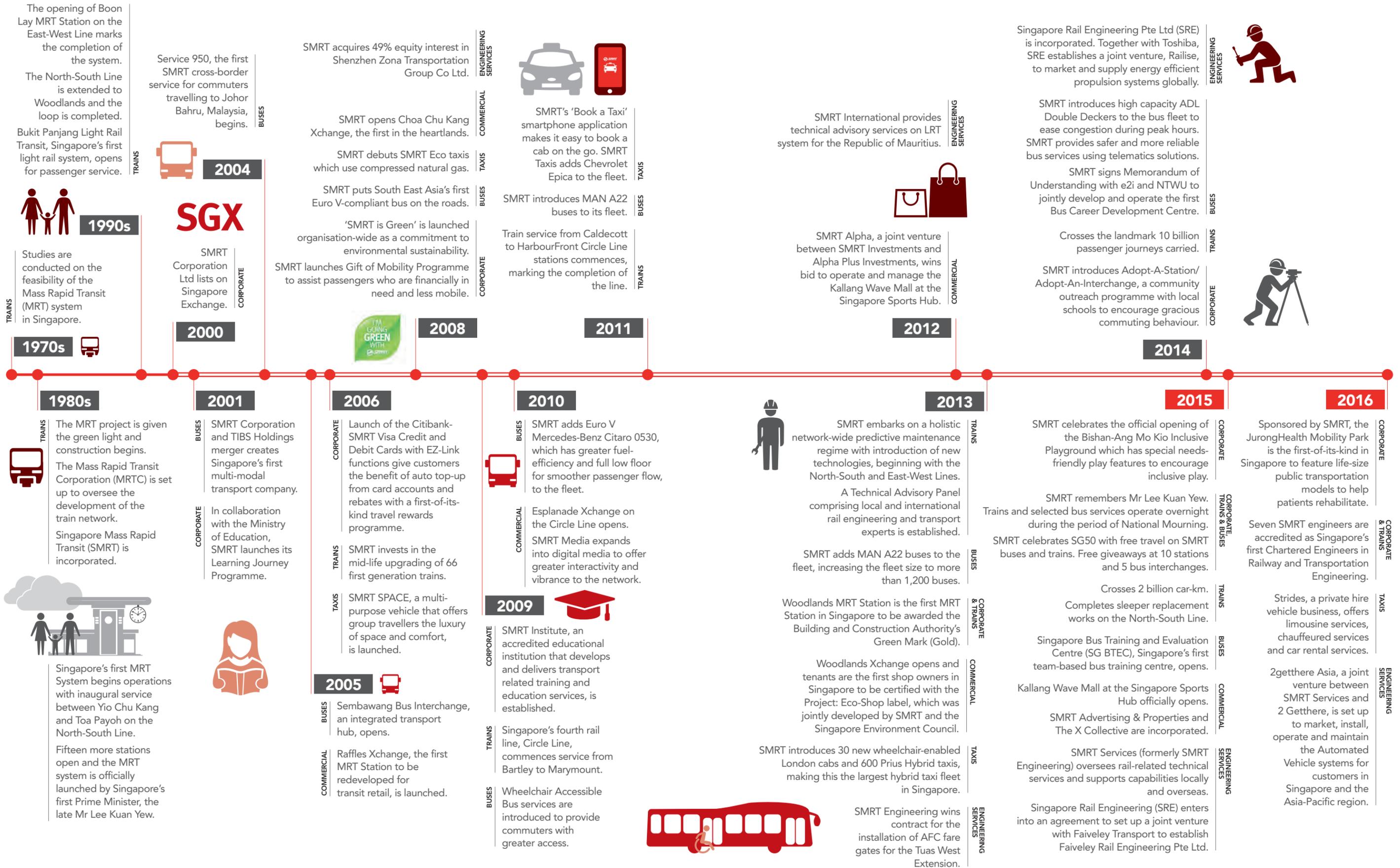


SMRT Corporation Ltd
Annual Report 2016

Twin Tracks to Performance and Growth



Milestones





SMRT Corporation Ltd (SMRT) is Singapore's premier multi-modal land transport provider. Our core businesses are in rail operations, maintenance and engineering as well as in bus, taxi and automotive services.

Complementing these are our integrated businesses in retail, media and marketing, as well as properties and retail management. We are committed to sustainable development and corporate social responsibility.

SMRT was established in 1987 and was listed on the Singapore Exchange in July 2000. As of 31 March 2016, our market capitalisation stood at around \$2.3 billion.

Our Vision

Moving People, Enhancing Lives

Our Mission

To be the people's choice by delivering a world-class transport service and lifestyle experience that is safe, reliable and customer-centric.

Our Core Values

Service Excellence, **M**astery, **R**esponsibility and Respect, **T**eamwork, **N**urture and Integrity.

GROUP OVERVIEW

i	Milestones
01	Group at a Glance
06	Business Model
08	Group Financial Highlights
10	Market Review and Outlook
12	Chairman's Message
14	President and Group CEO's Message
16	Our Strategy
18	Board of Directors
22	Group & Organisational Structures
24	Group Senior Management
28	Corporate Information

GROUP FINANCIAL REVIEW

30	Company Overview
33	Group Performance
39	Value Added and Economic Value Added Analysis
41	Our Shareholders

GROUP OPERATING REVIEW

44	Rail Operations
52	Non-Rail Operations

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

68	Chairman's Q&A
70	Corporate Governance
99	Key Dynamics & Risk Management
103	Human Resources
106	Corporate Social Responsibility
109	Awards & Accolades

FINANCIAL REPORT

112	Financial Statements
173	Group Properties & Interested Person Transactions
174	Shareholding Statistics
175	Notice of Seventeenth Annual General Meeting

Visit our corporate website for more information at www.smrt.com.sg

Join us on SMRTCorpSG @SMRT_Singapore SMRT SMRT Corporation Ltd

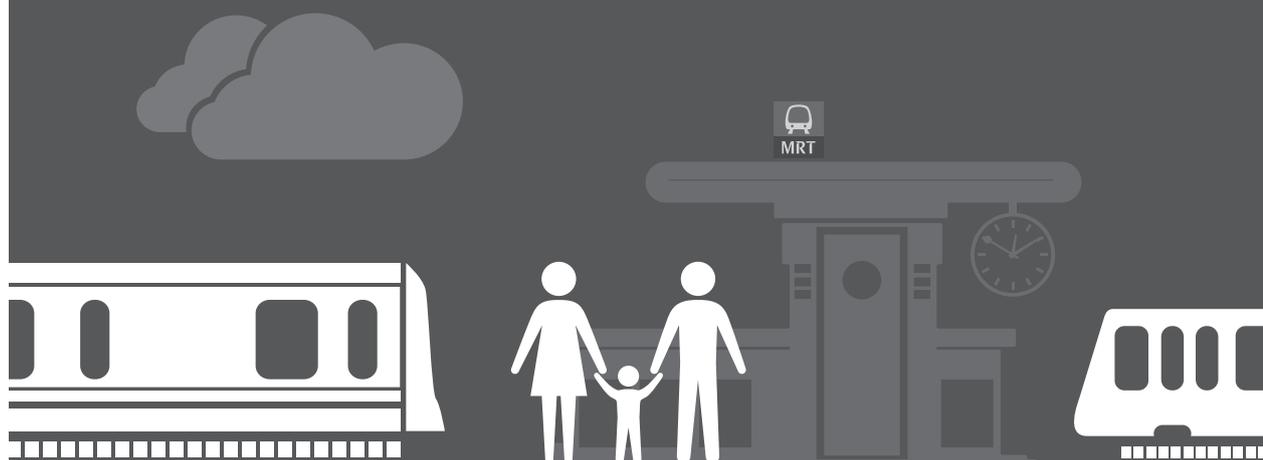
Rail Operations:

Rail

SMRT Trains and SMRT Light Rail provide MRT and LRT services.

Rail Transit-Oriented Rental & Advertising

SMRT Commercial manages the retail and advertising spaces within the SMRT network of stations and trains.



Group at a Glance

Non-Rail Operations:

Buses

SMRT Buses provides public bus services.

Taxis

SMRT Taxis provides taxi services through taxi rental and sale of diesel to taxi hirers.

Other Services

SMRT Automotive Services provides repairs and maintenance services for SMRT Roads' vehicles as well as for corporate and private vehicle fleet.

Bus-Plus Services provides charter hire services.

Other Transit-Oriented Rental & Advertising

SMRT Commercial manages the retail and advertising spaces within the SMRT network of bus interchanges, buses and taxis.

Commercial Business

SMRT Commercial contributes to the Group's non-fare revenue and profit through its out-of-network businesses in media and marketing, as well as properties and retail management.

Engineering Services

Singapore Rail Engineering provides rail engineering services.

SMRT Services provides transport-related technical services and support capabilities.

SMRT International provides mass transit solutions to rail and road transport owners and operators.



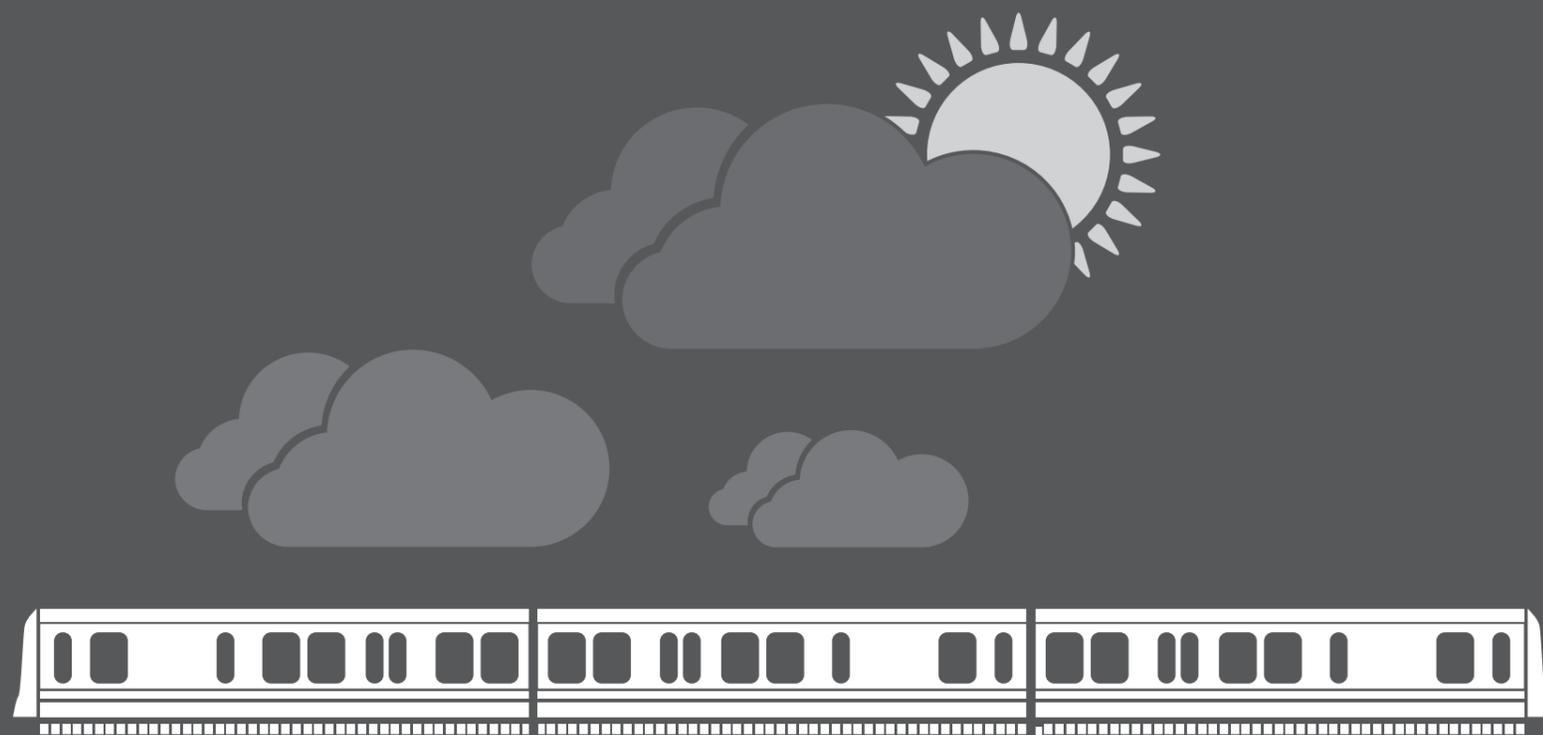
Rail Operations



Rail

- Dominant rail operator in Singapore.
- Operates and maintains the North-South and East-West Lines (NSEWL) and the Circle Line (CCL) with a total route length of 129.8km across 84 stations.
- Operates and maintains the Bukit Panjang Light Rail Transit (BPLRT) system, comprising 7.8km of elevated guideways across 14 stations.
- Average daily ridership of about 2 million passenger trips.

See pp 44 for more information



The Right Balance Rail and Non-Rail Operations

Non-Rail Operations



Buses

- Manages a fleet of over 1,400 buses, providing 106 bus services connecting the Western and North-Western areas with the rest of Singapore.
- Average daily ridership of about 1 million passenger trips.

See pp 55 for more information



Taxis

- Third largest taxi operator in Singapore with over 20 years of experience in taxi operations.
- Manages a fleet of more than 3,500 taxis.
- Launched Strides Transportation to provide chauffeured and limousine services and car rental.

See pp 58 for more information



Other Services

Automotive Services

- Market leader in corporate fleet maintenance.
- Engineering arm of SMRT Roads, providing repairs and maintenance services for approximately 5,000 SMRT vehicles and 2,000 corporate and private vehicles.
- Authorised workshop for accident repair for several insurance companies.

See pp 60 to 61 for more information



Bus-Plus Services

- Premium private bus service operator with a fleet of about 80 buses including mini-buses and 12-metre buses.
- Provides 45 bus services to corporate clients such as Singapore General Hospital and Nanyang Polytechnic.
- Offers premium bus services that connect passengers between residential areas and the Central Business District during the morning and evening peak hours on weekdays.



Rail Operations

Rail Transit-Oriented Rental & Advertising

- Rental network occupancy of 98%.
- Optimised short-term lease space for higher rental yield.
- Brought smiles to commuters with popular Disney franchises and movies on advertising and retail spaces.
- Celebrated SG50 through engaging advertisements.

See pp 50 for more information



Revenue (\$m)		Operating Profit (\$m)	
FY2016	174.6	FY2016	106.1
FY2015	156.6	FY2015	101.5

Note: Revenue and Operating Profit figures comprise Rail and Non-Rail Transit-Oriented Rental & Advertising and Commercial Business

Discover **How We Create Value** on the next page

Non-Rail Operations

Other Transit-Oriented Rental & Advertising

- Manages retail and advertising spaces within the network of bus interchanges, buses and taxis.

See pp 50 for more information

Commercial Business

Properties & Retail Management

- Leased more than 90% of space at Singapore Sports Hub.

Media & Marketing

- Launched WINK⁺, first-of-its-kind loyalty app for retailers, out-of-home and digital advertisers to integrate their offline and online campaigns with real-time return on investment tracking and analytics.

Partnerships

- Enhanced consumer lifestyle offerings and rewards through partnerships with Citibank, Football Association of Singapore, Maybank, The Walt Disney Company (Southeast Asia) and Warner Bros.

See pp 52 for more information

Engineering Services

Singapore Rail Engineering

- Rail engineering solutions provider to mass transit operators locally and internationally.
- Joint ventures with Toshiba to market and supply energy-efficient propulsion systems to mass transit operators globally (excluding Japan), and with Faiveley Transport to provide Maintenance, Repairs and Overhaul (MRO) services for rolling stock components in South East Asia (excluding Thailand).

SMRT Services

- Provides transport-related technical services and support capabilities both locally and overseas.
- Joint venture with 2 Getthere Holding B.V. to market, install, operate and maintain their Automated Vehicle systems in Singapore and the Asia-Pacific region.

SMRT International

- Provides operations and maintenance, engineering consultancy and project management services overseas.

Revenue (\$m)

FY2016	11.3
FY2015	15.2

See pp 62 to 64 for more information

Operating Profit (\$m)

FY2016	(0.03)
FY2015	(2.4)

Rail Operations

See Group Operating Review on pp 44 to 51 for more information



Rail Operations



Rail Transit-Oriented Rental & Advertising



How We Create Value

Our business model is underpinned by our vision, mission and core values. We are focused on our purpose of building trust and bringing smiles, every day and in everyone who journeys with us. We are committed to creating value for our commuters, employees, shareholders and the communities in which we operate.

SMRT is responsible for operating the transport networks that keep Singapore moving, and plays a significant role in the social and economic development of Singapore. SMRT's financial and operational performances are driven by both our Rail and Non-Rail Operations.

Non-Rail Operations

See Group Operating Review on pp 50 to 64 for more information



Buses



Taxis



Other Services



Other Transit-Oriented Rental & Advertising



Commercial Business



Engineering Services



How We Do It

Our businesses focus on Rail and Non-Rail operations and are driven by our strategic priorities and supporting thrusts. We align our activities towards building on our strengths and capabilities to enable growth and sustainable stakeholder value. Every individual at SMRT has an integral role to play in the successful and responsible delivery of our strategy.

See pp 16 to 17 for more information



Our Strategic Priorities



IMPROVING OPERATIONAL PERFORMANCE



ENSURING SUSTAINABLE GROWTH

Our Supporting Thrusts



ENHANCING CUSTOMER EXPERIENCE



ENTRENCHING ORGANISATIONAL EXCELLENCE



STRENGTHENING WORKFORCE HEALTH

In the Business of Service

When meeting the needs of all our key stakeholders, we are guided by standards and values that focus on Safety, Reliability, Care and Comfort.

See Sustainability Report pp 18 for more information

Business Partners

Strategic partnerships give us a competitive advantage and an opportunity to provide a broader range of products, services and expertise. Together with our business partners, we offer clients distinctive skill sets and product lines.

Employees & Union

We employ over 9,500 people. We invest in staff training and engagement initiatives to develop our people's expertise and skills. Our people are engaged, energised, empowered and proud to belong to SMRT.

Customers & Community

We provide our commuters with a high quality, affordable, safe and reliable public transport system. Our focus is to continue to innovate and improve on our services to enhance our customers' experience and satisfaction. We recognise that we play a critical role for a more inclusive society through accessible transport for everyone.

Shareholders, Investors & Analysts

We deliver value to investors through maintaining active engagement, communications and financial returns. This value is preserved through our strong corporate governance and risk management culture.

Regulators

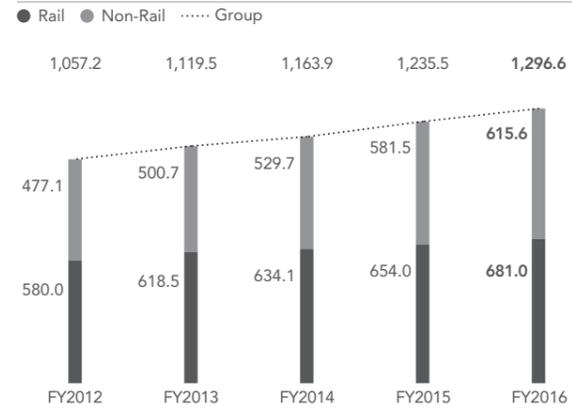
We engage with our regulators to ensure that we meet the standards of our industry to create value for society.

Suppliers & Contractors

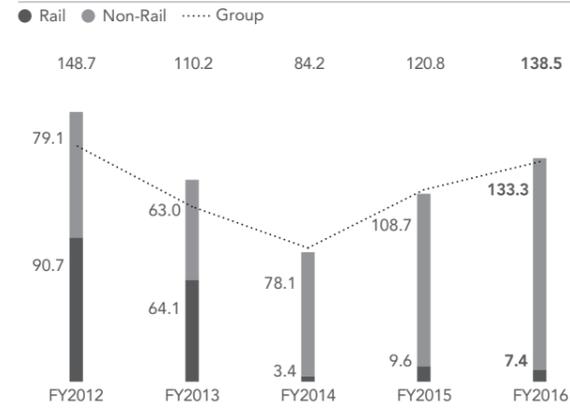
We work with suppliers and contractors with proven track records that underscore our standards for Safety, Reliability, Care and Comfort. Our procurement policies contain requirements to ensure suppliers and contractors adhere to the highest standards of ethics. Our suppliers and contractors are critical to the execution of our growth plans and our operational performance.

A Year of Driven Performance

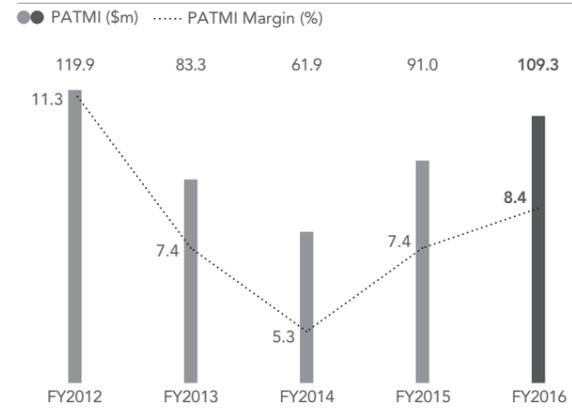
Revenue (\$m)



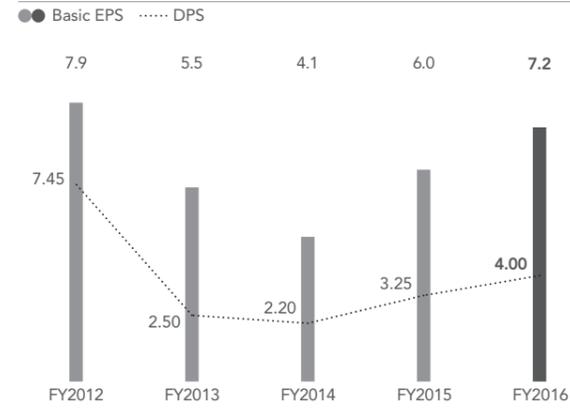
EBIT (\$m)



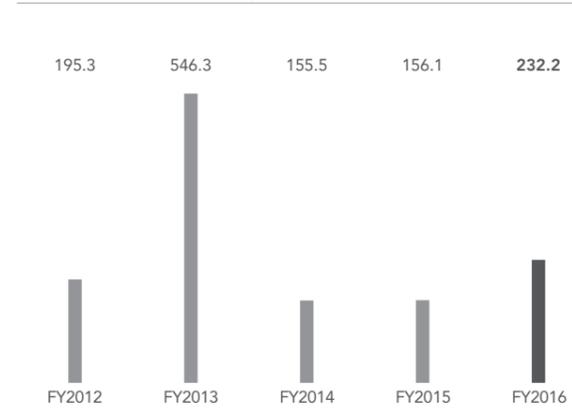
PATMI (\$m)



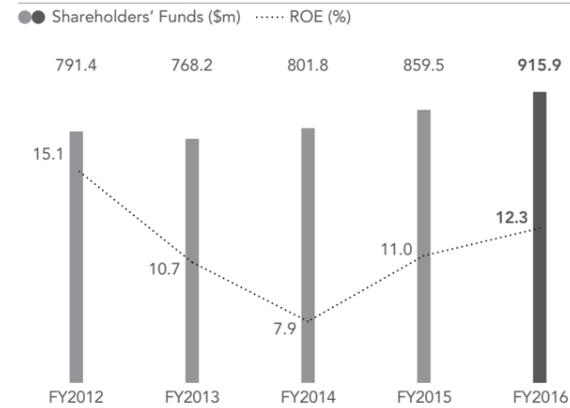
Earnings and Dividend Per Share (cents)



Cash and Cash Equivalents (\$m)



Return on Equity (%)



Group Financial Highlights

	FY2012	FY2013	FY2014	FY2015	FY2016
Income Statement (\$m)					
Revenue	1,057.2	1,119.5	1,163.9	1,235.5	1,296.6
- Rail ¹	580.0	618.5	634.1	654.0	681.0
- Non-Rail ²	477.1	500.7	529.7	581.5	615.6
Other Operating Income	22.0	36.3	42.1	58.0	77.3
EBITDA ³	300.0	278.1	255.5	313.9	342.1
EBIT ⁴	148.7	110.2	84.2	120.8	138.5
- Rail	90.7	64.1	3.4	9.6	7.4
- Non-Rail	79.1	63.0	78.1	108.7	133.3
Profit after Tax and Minority Interest (PATMI)	119.9	83.3	61.9	91.0	109.3
Economic Value Added	92.2	56.1	7.3	28.9	42.8
Balance Sheet (\$m)					
Total Assets	1,755.9	2,224.4	2,072.5	2,537.2	2,720.0
Total Borrowings	150.0	609.5	636.4	821.6	821.2
Shareholders' Funds	791.4	768.2	801.8	859.5	915.9
Cash and Cash Equivalents	195.3	546.3	155.5	156.1	232.2
Capital Expenditure ⁵	496.1	266.1	397.7	619.2	351.9
Cash Flow (\$m)					
Operating Cash Flow	282.1	260.2	234.4	277.4	329.9
Free Cash Flow ⁶	47.8	11.9	(414.9)	(183.5)	75.0
Key Ratios (%)					
EBITDA Margin	28.4	24.8	22.0	25.4	26.4
EBIT Margin	14.1	9.8	7.2	9.8	10.7
- Rail	15.6	10.4	0.5	1.5	1.1
- Non-Rail	16.6	12.6	14.7	18.7	21.7
PATMI Margin	11.3	7.4	5.3	7.4	8.4
Return on Total Assets ⁷	7.1	4.2	2.9	3.9	4.1
Return on Equity ⁸	15.1	10.7	7.9	11.0	12.3
Net Gearing (times)	Net Cash	0.08	0.60	0.77	0.64
Interest Cover (times)	48.6	39.4	24.5	25.1	27.1
Per Share (cents)					
Basic Earnings per share	7.9	5.5	4.1	6.0	7.2
Net Asset Value per share	52.1	50.5	52.7	56.5	60.1
Net Tangible Asset per share ⁹	51.2	49.6	51.8	55.6	59.2
Dividend per share	7.45	2.50	2.20	3.25	4.00

Notes:

- Rail includes Train and LRT.
- Non-Rail includes Bus, Taxi, Rental, Advertising, Engineering Services and Other Services, but excludes Investment Holding and Support Services, elimination, impairment of goodwill and impairment of interest in associate.
- Earnings before interest, tax, depreciation and amortisation. Excludes impairment of goodwill and impairment of interest in associate.
- Earnings before interest and tax.
- Capital expenditure refers to the total cost incurred during the year to acquire assets that are expected to be used for more than one year.
- Free cash flow equals cash flow from operating activities minus purchase of property, plant and equipment plus proceeds from disposal of property, plant and equipment.
- Return on total assets equals PAT divided by average of total assets as at end of the previous and current financial year.
- Return on equity equals PATMI divided by average of equity attributable to equity holders of SMRT as at end of the previous and current financial year.
- Net tangible asset per share excludes intangible asset.

Twin Tracks to Performance and Growth

Rail Operations

Increasing shift to higher model share in public transportation

Singapore is aiming for an even bigger and bolder rail network by 2030. The Government has plans to double the rail network to 360km, with five new lines added at an estimated cost of \$60 billion. The target is for 8 in 10 households to be within a 10-minute walk of an MRT station. As part of efforts to improve connectivity and comfort, an additional 200km of sheltered walkways will be built, linking to MRT stations and transport interchanges. It is envisioned that 85% of all public transport journeys in the country will be completed within an hour, with 75% of all peak hour journeys made on public transport.



In 1983, with limited land space and a burgeoning population, work on Singapore's Mass Rapid Transit system commenced. At \$5 billion, the proposed North-South and East-West Lines were Singapore's largest infrastructure development at that time.

Today, at close to 720 square kilometres, Singapore is slightly smaller than New York City and about two-thirds the size of Hong Kong. We have a density of about 7,900 persons living in every square kilometre. The rail network has become an integral part and a symbol of the modern metropolis, here in Singapore.

While the strategic considerations in the early years were about our ability to deliver a large public infrastructure project in a cost-effective and timely manner, today's considerations are more multi-faceted and complex, centred on the demands for greater passenger convenience and mobility. Alongside these concerns, we must also ensure a sustainable public-private partnership that addresses sustainable financing and effective whole life cycle asset management of the network, with an integrated approach across the entire value chain from designing and building, to operating and maintaining the system, as well as in renewing an ageing network.

As the rail network expands and ages, the industry has to ensure its workforce is equipped with relevant knowledge. This is paramount in order to remain sustainable. Nurturing talent and developing a pipeline of talent are essential to meeting current and future needs. Employers have a responsibility to hone the necessary technical competencies to fulfil the increasingly complex functions through comprehensive training and career development.

Non-Rail Operations

Rapidly changing technologies require us to better engage with our stakeholders.

Fuelled by the convergence of social media, mobile technologies, cloud communications, big data, and growing demand for ready access to information, technology is changing the way businesses operate and interact with stakeholders. The challenge lies in recognising how best to take advantage of these opportunities and enter new markets, transform existing products, and introduce new business and delivery models. However, technology also brings with it new competition, changing customer engagement and business models, as well as challenges such as privacy concerns and cybersecurity threats.



The Non-Rail businesses complement SMRT's Rail operations.

With bus and taxi business arms, we became Singapore's first multi-modal transport operator. This allowed us to shape the transport landscape in Singapore and provide more travel options to our customers.

The public transport landscape is changing yet again. Under the Government contracting model, the authorities will determine the bus services and the service standards. Bus operators will bid for the right to operate these services. The operators will be paid to run the services, while the Government will own all bus infrastructure and retain the fare revenue. While overseas-based operators have won the first two of three contracts under the new model, the other nine packages will be run by incumbent operators, as negotiated bus contracts for about five years. Once these contracts expire, more bus services will gradually be tendered out.

With Singapore's ageing population and a greater awareness for environmental sustainability, there is a need to cater to the changes in travel habits with the community we serve. For this reason, we are progressively adding more elderly friendly and greener vehicles to our fleet.

The Group is mindful of the Transport Masterplan for Singapore and the Government's push to make a quantum leap in improving the first and last mile connectivity to MRT stations and bus interchanges. We see ourselves as playing a part in making the Government's broader vision possible, and are uniquely placed to provide high quality transport solutions locally and internationally.



Reflection

We celebrated Singapore's 50 years of independence last year. SMRT and the MRT system are an important part of Singapore and Singapore's history. Amongst other things, we mooted a Free Travel Day for travel on our public transport network on National Day. We had a record 4.5 million passenger trips on our buses and trains as commuters chose to travel with us to participate in the events for National Day 2015.

More than 3 million commuters ride in the MRT system across Singapore every day. As the dominant rail operator, ensuring the continuing high reliability of the MRT system that we operate is of paramount concern to us. We will continue to expend the necessary resources to achieve this. Over the last three years, SMRT grew the number of rail maintenance staff by almost a quarter. For executive rail engineers alone, the figure grew by 80%. With this added resources we have been improving on our rail reliability, but unfortunately our overall performance was severely marred by a power fault which caused the major disruption to service in July 2015. Over half of our MRT lines are now well over 25 years old. We will continue to work closely with the authorities to enhance the monitoring of our rail system to identify potential faults early and take necessary preventive maintenance, including the early replacement of equipment.

As we work on reliability we will not compromise on safety. In March 2016, the SMRT family was devastated. We lost two of our own, Nasrulhudin and Muhammad Asyraf, both trainees with SMRT Trains in a tragic accident. We will do everything possible to ensure that such a tragic accident must never ever happen again.

Commuter experience is another area of attention. We strive for excellence in serving commuters and delivering a consistently high quality experience for them on our SMRT system. The SMRT Customer Experience Innovation (CXI) Conference in January 2016 emphasises our determination to continue innovating and improving in this area.

Year in Review

We ended the financial year (FY) with a total Group revenue of \$1.30 billion. Our Group Profit (PATMI) was \$109.3 million, which was 20.1% higher than the previous FY, \$19.0 million of which was, however, attributable to a net property tax refund relating to prior years' over-assessment.

Our Rail business continues to be under pressure under the current financing framework. Although Rail revenue rose 4.1% to \$681.0 million in FY2016, mainly due to higher ridership and average fares, we recorded a lower operating profit of \$7.4 million, even after including a net property tax refund of \$17.1 million (attributable to our Rail business) relating to prior years' over-assessment. Without that our Rail business would have suffered an operating loss of \$9.6 million.

Our Non-Rail business revenue rose 5.9% to \$615.6 million. Overall earnings was supported by robust performance in the Bus, Rental, and Taxi segments of our business, which saw the Group's Non-Rail business' operating profit increase 22.6% to \$133.3 million in FY2016. Our Rental and Advertising businesses continued to be major contributors. 79.6% of the Group's Non-Rail Business' operating profit came from them.

The Group's cash balance increased to \$232.2 million, from \$156.1 million at the start of the FY. We had cash inflow of \$329.9 million from our businesses offset by net cash outflows of \$249.9 million in investing and \$3.8 million in financing activities. The Group's total borrowings stood at \$821.2 million. Consequently, our net gearing has decreased to 64%.

The Board of Directors has proposed a final dividend of 2.5 cents per ordinary share for approval at the forthcoming annual general meeting. With the inclusion of an interim dividend of 1.5 cents, the total dividend for the full year is 4.0 cents. This represents a 55.8% payout from FY2016 PATMI, compared to 54.4% the previous year.

Pursuing Sustainable Business Growth

We have been in discussion with the authorities on the transition to the new rail financing framework (NRFF). We look forward to transiting to a new financing framework where SMRT Trains will become asset light and will focus on the operations and maintenance of its rail lines.

With fare adjustments not keeping pace with rising operating costs, the sustainability of our Rail business will continue to be challenging under the current financing framework. In addition to incurring higher operating expenses due to intensive maintenance and renewal programmes of the ageing network, we are running an enlarged train fleet and an extended East-West Line with the commencement of the Tuas West Extension by end 2016.

Rail operations and maintenance services will remain core to the Group's multi-modal transport business. We will leverage on this to pursue sustainable business growth based on our experience in rail operations and engineering expertise and services. We are making good progress in developing indigenous rail engineering capabilities and becoming a leading rail engineering group. We are making significant investments in our engineering human resources. Seven SMRT senior engineers were recently accredited as Singapore's pioneer batch of Chartered Engineers in Railway and Transportation Engineering.

Beyond rail, we will leverage on our experience in our commercial and road-related businesses to expand our road-related operational footprint, and extend our commercial out-of-network reach.

Sustainability is Key

The imperative for SMRT is the long term sustainability of our public transport-related businesses with appropriate financing frameworks. We recognise that while sustainable growth and financial health are central to our business, good corporate governance is fundamental for the long term success of the Group. Our business is atypical in many respects. To be effective stewards, we must act responsibly taking account the interests of all our stakeholders and striking a balance between business,

social and environmental objectives. We look forward to the publication of our first Sustainability Report which when read alongside this Annual Report, will provide stakeholders a holistic view of the economic, social and environmental dimensions the Group operates in.

Moving Forward

The Group is fully committed to deliver higher rail reliability and service quality, and complying with the heightened operating and maintenance standards set by the authorities. We will continue to work closely with the authorities to strengthen the robustness and resilience of the rail network. It is also imperative that we continue to work with the authorities on a sustainable financing framework.

In our Bus operations, we are finalising with the authorities the proposed contract terms of the Government Contracting Model which will commence in September 2016 for our existing bus services.

While we invest in rail reliability, the Group will continue to pursue further cost efficiencies from productivity improvements across the organisation.

In the non-public transport related businesses, we will seek new business opportunities whilst continuing to leverage on our core strengths.

In the coming year, the planned transition to the new rail financing framework will need the Board's closest attention. Board continuity is important at this stage so we have decided to defer the planned Board renewal.

A Note of Appreciation

We appreciate the support of all our key stakeholders and business partners.

The Board would also like to express our appreciation to the CEO, Management and all our staff for their dedicated service and commitment, in particular their perseverance and drive to overcome numerous challenges in the past year.

Koh Yong Guan
Chairman



We continued on the twin tracks of delivering higher operational performance and sustaining growth on all our business fronts. These were supported by concerted efforts to empower our workforce, excel in organisation, and enhance the quality of commuter experience. As SMRT Corporation enters its 30th year of operations in 2017, our actions in transforming the Group will place us in good stead to overcome the immediate operational challenges of an ageing and expanded rail network, transit smoothly and in good time to new transport models in the rail and bus businesses, and seize new business growth opportunities at home and abroad.

Ensuring Operational Excellence

The train withdrawal rate per 100,000 kilometres improved to 0.9 in 2015 for the North-South and East-West Lines (NSEWL), which is more than three-fold since 2012. Similarly, the train withdrawal rate for the Circle Line improved to 0.45 in 2015, nearly five-fold since 2012. Another international measure for reliability is Mean Kilometre Between Failure (MKBF) for delays lasting longer than 5 minutes. Despite the network's ageing and intensified loading, our NSEWL steadily improved from 65,000 kilometres in 2012 to 140,000 kilometres last year. This is an encouraging trend as we strive to be best in class in the world in our performance standards.

To do so, we have placed emphasis on more preventive and prediction-based maintenance, and will continue our ongoing effort to invest in sensors to monitor in real-time the condition of critical component systems. The Maintenance Operations Control Centre has attained its initial operational capability, allowing more effective harnessing of expertise and resources for fault recovery and emergency responses. We have initiated strategic tie-ups with tertiary and research institutions, including a \$60 million Corporate Laboratory with Nanyang Technological University supported by the National Research Foundation, to develop implementable solutions that will increase the safety and efficiency of our rail operations and maintenance.

Steady progress has been made in the upgrade and renewal of our ageing systems. Despite the technical complexities and challenges of working on a live system with limited engineering hours, the concrete re-sleeping of the North-South Line was completed on schedule, and we are now more than half-way through the works on the East-West Line. Our new signalling system, to shorten the headway between trains so that capacity can be increased, will undergo operational testing this year on the North-South Line. We also commenced replacing the Third Rail system that provides power to our rolling stock during operations, and expect to complete works early next year.

However, even as we look forward to higher reliability with the completion of these renewal projects, we are mindful that longer service delays lasting more than 30 minutes have greatly inconvenienced our commuters. A number of these in the past year have been power-related, most prominent being the incident on 7 July 2015 when repeated power trips, at multiple locations across the 100-kilometre long NSEWL, led to our decision to halt all train services to ensure the safety of passengers and enable their safe detrainment at station platforms. We are working closely with the Land Transport Authority on the expansion and resilience of the network power infrastructure and capacity to better cope with the increased system loading, and these upgrades will be implemented expeditiously, while maintaining high reliability and availability.

Engendering Sustainable Growth

About half of every dollar in Rail-revenue is committed to maintenance-related expenditures, and we expect that this will continue for the near term until we can extract productivity savings from the renewed systems. Our Rail business experienced an operating loss (before net property tax refund of \$17.1 million) of \$9.6 million in FY2016, primarily due to increased staff costs, higher depreciation, and an intensified repair and maintenance regime. Without a commensurate fare level, this will not be sustainable under the current license terms and conditions. We are making good progress in our discussions with the authorities on a new rail financing framework, and look forward to transitioning to an asset light model with more equitable risk-sharing.

Despite structural difficulties in our Rail business, we did well as a Group to grow revenue by 4.9% to \$1.3 billion, and increase operating profit by 14.6% to \$138.5 million. This was primarily contributed by growth of 22.6% in operating profits for our Non-Rail businesses, particularly in Bus, Rental, and Taxis segments. The Group ended the year with \$109.3 million in Profit After Tax and Minority Interest (PATMI), an improvement of 20.1% over the previous year.

In our Commercial business, we continued to optimise the yield from retail, advertising and short-term lease assets. A new wholly-owned subsidiary, The X Collective, was set up to expand out-of-network by leveraging our network capabilities in transit retail lifestyle, commercial development, media and marketing. New initiatives include our own *Pop-In* retail store, and a loyalty mobile application to reward commuters travelling with SMRT and interacting with our advertising assets. We delivered our first transit retail operations consultancy in the Middle East. At home, the Kallang Wave Mall completed its first full year of operations, and we will continue to enhance the value proposition for both tenants and visitors despite current challenging market conditions.

Our Bus business continued to do well last year, turning around from losses over the past 7 years, to an operating profit of \$5.9 million. Negotiations on the contractual terms pertaining to our existing routes under the Government's new bus contracting framework, commencing from 1 September 2016, have been completed.

Despite industry uncertainties around taxi regulations and private car hire entrants, our Taxi business maintained a high hired-out rate and achieved its highest operating profit to date of \$17 million. We will continue with our fleet replacement strategy of purchasing environmentally-friendly and economically efficient cars; and meet the needs of our taxi partners through initiatives such as long-service incentives, free health checks and bursaries.

To present our commuters and partners with more choice, given the emerging preference for on-demand point-to-point transportation, we launched STRIDES, a private hire car business offering limousine, chauffeured and car rental services. We also partnered with Grab for the use of their third party mobile application on our vehicles.

Good progress was made in seeding an indigenous rail engineering capability through our subsidiary Singapore Rail Engineering (SRE). SRE has started on the mid-life upgrade of our SIEMENS fleet and the first train will be ready for testing by the end of the year. We anticipate that the market for rail engineering and services will grow in tandem with the development of rail infrastructure in Singapore and the region, and will explore growth both locally and overseas. With the benefit of our international reputation and strong operational experience, SMRT has already been shortlisted as a qualified party in several overseas rail projects, and we are considering the opportunities with our partners.

Looking ahead, a key pillar of transport will be in autonomous transport, especially in highly urbanised environments. Building on our strategic collaboration with Dutch company 2 Getthere in Abu Dhabi, SMRT Services has established a joint venture to market, install, operate and maintain these systems for customers in Singapore and across Asia. This is aligned with the growing national push to implement future mobility solutions that can meet Singapore's first and last-mile connectivity needs.

Engaging Customers and the Community

SMRT commemorated Singapore's Golden Jubilee by reaffirming our commitment to nation building; and also offered free travel for passengers on all our bus and train services on National Day as part of the celebration.

As a public transport operator, we are dedicated to inspiring a new level of Service Excellence. The Public Transport Customer Satisfaction Survey, an annual exercise conducted to gain insights into commuter expectations, found that in 2015, 91.8% of commuters surveyed expressed satisfaction with Singapore's public transport services. This positive result is as much the outcome of staff service quality as it is the cooperation of our commuters in exemplifying safe and considerate behaviour on our trains and buses.

Our connection with the community extends beyond the commuting experience, and we are committed to working with various community groups as part of our corporate social responsibility efforts. As part of a three-year partnership with Jurong Health, we launched Singapore's first Mobility Park for rehabilitative care in Jurong Community Hospital to assist patients seeking to regain their confidence and mobility on our public transportation system. In partnership with Temasek Cares Foundation, we installed Automatic External Defibrillators in many of our taxis to provide a mobile network for first aid

response across the country. Additionally, our Adopt-a-Station initiative has been received very well by student participants, and has been expanded to over 20 schools.

Inclusivity is also a key thrust of our corporate social responsibility initiatives. We participated with our taxi partners in the Wheels@Ubin community project to bring wheelchair users on a tour of Pulau Ubin. We also engaged students at Pathlight School to draw public commuting scenes, and their works of art are proudly displayed in our transport network.

Empowering Our Organisation and People

An engaged and empowered workforce is critical to achieving all of our objectives. In recognition of our deep partnership with the National Transport Workers Union, we were awarded the 2015 May Day Plaque of Commendation (Gold) and the May Day Model Partnership Award by NTUC. Our efforts in the field of human resource development also gained us recognition on the national stage, and we will continue to benchmark ourselves against our peers to firmly instill a culture and environment that promotes ongoing staff development and engagement as a key driver of a high-performing workforce.

We continue to strive for excellence in all our corporate functions. We won the Internal Audit Excellence Award by the Security Investors Association of (Singapore) last year. We continued to further build our risk management credentials, and received recognition again this year against an international field for our approach to fusing strategy and risk management as a critical business function.

Extracting greater efficiency and productivity across the organisation remains a key priority for the company. In the past year, we launched numerous communication and information technology initiatives for greater staff efficiency and work effectiveness. The improvements to our procurement and supply chain management will also help to reap savings while upholding quality.

We deeply regret that two of our colleagues lost their lives in a tragic accident along the East-West Line this March. It is a painful reminder of the need for strong compliance in all our operational activities. Safety continues to be accorded the highest priority in SMRT, and to prevent a recurrence, we are comprehensively reviewing all safety systems and structures, with measures for stricter enforcement of procedures, as well as strengthened ownership, control and supervision across levels and within work teams.

Appreciation

I am grateful to the Board of Directors for their invaluable support and guidance, and to the management and staff who have been steadfast and committed in the face of the challenges faced over the past year. I would also like to extend my sincere appreciation to all our employees who play an integral role in keeping our systems running 24/7 every single day of the year.

I would like to thank our commuters and shareholders for their support and understanding. SMRT remains committed to striving for excellence in operational performance and sustainable growth, and we remain committed to our mission "to be the people's choice by delivering a world-class transport service and lifestyle experience that is safe, reliable and customer-centric".

Desmond Kuek
President and Group Chief Executive Officer

Our 5 Strategic Thrusts

Improving Operational Performance

Operational Performance is central to the service that we provide. We are in the business of providing safe, reliable and comfortable journeys for our commuters.

Key Focus

- Improving safety and reliability
- Enhancing service delivery
- Meeting local and international benchmarks

Mean Kilometre Between Failure for delays lasting longer than 5 minutes on the NSEWL improved from 65,000km in 2012 to **140,000km** last year.

Ensuring Sustainable Growth

Sustainable Growth is a major facet of every business. Both our Rail and Non-Rail operations complement the viability and long-term sustainability of SMRT.

Key Focus

- Identifying new business ventures and models
- Sustaining local presence while extending our global footprint
- Retaining competitive advantage with strategic partnerships

Non-Rail business grew by **22.6%** in operating profits

Enhancing Customer Experience

Customer Experience in SMRT is guided by our common purpose of building trust and bringing on smiles, every day and in everyone who journeys with us.

Key Focus

- Reinforcing our customer service culture
- Enhancing customer experience
- Recognising excellent service
- Forging community partnerships
- Enhancing Lives through our three corporate social responsibility pillars

Over **1,200** SMRT employees are recognised for stellar customer service at national awards

Entrenching Organisational Excellence

Organisational Excellence guides the manner in which we operate. We look within to streamline, optimise and improve as an organisation.

Key Focus

- Streamlining processes with technology to enhance efficiency
- Pursuing innovative solutions

2nd metro in Asia to achieve ISO 55001 certification for an integrated, effective management system for asset management

Strengthening Workforce Health

A strong workforce is the backbone of SMRT. Our employees enable us to achieve our business objectives and meet the needs of our various stakeholders.

Key Focus

- Professionalising human capital and encouraging competency building
- Strengthening employee engagement and industrial relations
- Building a sustainable workforce profile

Seven SMRT engineers are Singapore's **1st** Chartered Engineers in Railway and Transportation Engineering

Our Strategic Priorities

Our Supporting Thrusts



Koh Yong Guan

Age: 70 yrs

Academic & Professional Qualifications

- Bachelor of Applied Science, Mechanical Engineering (1st Class Hons), University of Toronto, Canada
- Master of Applied Science, Mechanical & Biomedical Engineering, University of Toronto, Canada
- Master of Business Administration, Catholic University of Leuven, Belgium
- Honorary Doctorate, University of Toronto, Canada

Date first appointed
02.04.2007

Date last re-elected
16.07.2014

Present Directorships/Other Appointments (As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd (Chairman)
- SMRT Trains Ltd. (Chairman)

Others

- Governing Board of the Cancer Science Institute of Singapore (Chairman)
- Singapore Deposit Insurance Corporation Limited (Chairman)
- Phillip Bank Plc.
- Phillip Life Assurance Public Company Limited (Audit Committee Member)

Past Directorships/Other Appointments over the preceding three years (from 1 April 2013 to 31 March 2016)

- Central Provident Fund Board (Chairman)



Desmond Kuek Bak Chye

Age: 52 yrs

Academic & Professional Qualifications

- Bachelor of Arts (Honours), Engineering Science, Oxford University
- Master of Arts, Oxford University
- Master in Public Administration, Harvard University

Date first appointed
01.10.2012

Date last re-elected
07.07.2015

Present Directorships/Other Appointments (As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd (President & Group CEO)
- SMRT Trains Ltd.
- SMRT Road Holdings Ltd. (Chairman)
- SMRT Buses Ltd. (Chairman)
- SMRT Commercial Pte. Ltd.
- SMRT International Pte Ltd (Chairman)
- SMRT Taxis Pte. Ltd.
- SMRT Automotive Services Pte. Ltd.
- SMRT Far East Pte. Ltd.
- SMRT Capital Pte. Ltd.
- SMRT Institute Pte. Ltd.
- SMRT Hong Kong Limited
- Shenzhen Zona Transportation Group Co., Ltd. (Vice Chairman)

Others

- Civil Service College Board (Board Member and Chairman of Audit Committee)
- International Advisory Panel, The Lee Kuan Yew Centre for Innovative Cities (Member)
- College Advisory Committee, College of Engineering, Nanyang Technological University (Member)
- SAP Asia Pte. Ltd. (Asia Pacific Japan (APJ) Advisory Board Member)

Past Directorships/Other Appointments over the preceding three years (from 1 April 2013 to 31 March 2016)

- SMRT Services Pte. Ltd.
- Singapore Rail Engineering Pte. Ltd.



Patrick Ang Peng Koon

Age: 52 yrs

Academic & Professional Qualifications

- LLB (Hons), National University of Singapore

Date first appointed
01.04.2013

Date last re-elected
29.07.2013

Present Directorships/Other Appointments
(As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd

Others

- Rajah & Tann Singapore LLP (Deputy Managing Partner)
- Tiong Seng Holdings Limited
- Singapore Deposit Insurance Corporation Limited

Past Directorships/Other Appointments over the preceding three years
(from 1 April 2013 to 31 March 2016)

- The Esplanade Co. Ltd
- Malacca Trust Limited



Lee Seow Hiang

Age: 46 yrs

Academic & Professional Qualifications

- Bachelor of Arts (Hons), University of Cambridge, UK
- Master of Business Administration, Massachusetts Institute of Technology, USA

Date first appointed
19.01.2011

Date last re-elected
07.07.2015

Present Directorships/Other Appointments
(As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd

Others

- Changi Airport Group (Singapore) Pte. Ltd. (Chief Executive Officer)
- Changi Airports International Pte Ltd (Deputy Chairman)
- IATA-NTU Advisory Board (Member)
- ACI World Governing Board (Board Member)
- ACI Asia-Pacific Regional Board (First Vice President)
- Committee on the Future Economy (Member of Subcommittee on the Future of Connectivity)

Past Directorships/Other Appointments over the preceding three years
(from 1 April 2013 to 31 March 2016)

- Agency for Integrated Care Pte Ltd



Moliyah Hashim

Age: 58 yrs

Academic & Professional Qualifications

- Bachelor of Arts and Social Science, University of Singapore
- Diploma in Education (Merit), NIE
- Further Diploma in Education, NIE
- Leadership in Education Programme, NIE

Date first appointed
01.10.2012

Date last re-elected
16.07.2014

Present Directorships/Other Appointments
(As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd

Others

- Princess Elizabeth Primary School (Principal)
- South East CDC District (Counsellor and Member of Families and Children Committee)
- Casa Raudhah Women Home (Management Committee)

Past Directorships/Other Appointments over the preceding three years
(from 1 April 2013 to 31 March 2016)

- Yayasan MENDAKI
- MENDAKI Sense Pte Ltd
- MENDAKI Holdings Pte Ltd
- OnePeople.Sg Management Committee (Member)
- Working Committee on Racial & Religious Harmony (Member)
- Marriage Central Advisory Board (Member)
- 3rd National Committee on Youth Guidance & Rehabilitation (Member)
- Health Promotion Board (Member of Audit & Risk Management Committee)
- Khoo Teck Puat Hospital Medifund Committee
- Northlight School Board of Governors (Member)
- National Council Against Drug Abuse (NCADA) (Member)
- SW Comcare Local Network (CLN) Steering Committee (Member)
- Media Development Authority (Member of Audit Committee)
- Majlis Ugama Islam Singapura (Islamic Religious Council of Singapore)
- Transplant Ethics Committee (Member)



Bob Tan Beng Hai

Age: 64 yrs

Academic & Professional Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales

Date first appointed
01.08.2006

Date last re-elected
07.07.2015

Present Directorships/Other Appointments (As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd
- SMRT Trains Ltd.

Others

- SINGEX Holdings Pte Ltd (Chairman)
- Singapore LNG Corporation Pte Ltd (Chairman)
- Jurong Engineering Limited (Chairman)
- Singapore Manufacturing Federation (Member of Board of Governors)
- Inland Revenue Authority of Singapore (Director)
- Singapore Golf Association (President)
- Institute of Technical Education (Chairman)
- NTUC Club Management Council (Council Member)
- Ong Teng Cheong Labour Leadership Institute (Board Member and Chairman of Audit Committee)

- Sembcorp Marine Ltd
- Ascott Residence Trust Management Limited

Past Directorships/Other Appointments over the preceding three years (from 1 April 2013 to 31 March 2016)

- SINGEX Venues Pte Ltd (Chairman)
- SINGEX Exhibitions Pte Ltd (Chairman)
- SINGEX Exhibition Ventures Pte Ltd (Chairman)
- Singapore Business Federation (Honorary Treasurer)
- SBF Holdings Pte Ltd
- Singapore National Employers Federation (Vice President)
- CapitaMalls Asia Limited
- Sentosa Golf Club (General Committee Member and Captain)



Peter Tan Boon Heng

Age: 67 yrs

Academic & Professional Qualifications

- Master of Business Administration, Golden Gate University, San Francisco, USA
- Diploma in Management Studies (Distinction), University of Chicago

Date first appointed
12.02.2010

Date last re-elected
16.07.2014

Present Directorships/Other Appointments (As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd

Others

- Brydge Global Pte. Ltd.
- Innotek Limited
- JP Asia Capital Pte Ltd
- JP Asia Capital Partners Pte Ltd
- JP Asia Prime Capital (Pte.) Ltd
- Advanced Remanufacturing & Technology Centre (ARTC) (Co-Chairman)
- Singapore Centre for 3D Printing NTU (Member of Governing Board)
- SUTD Digital Manufacturing and Design Centre (Steering Committee Member)

Past Directorships/Other Appointments over the preceding three years (from 1 April 2013 to 31 March 2016)

- PolyTechnos European Growth Fund 1 (Advisor)
- National Research Foundation – Competitive Research Program (International Evaluation Panel Member)
- Zhenghua Secondary School (School Advisory Committee Member)
- National University of Singapore – B. Tech Program (Advisor)
- SolarEdge Technologies, Inc (Israel) (Advisor)
- Lifestyle Capital Ventures Private Limited
- Exploit Technologies Pte Ltd
- Advanced Manufacturing Taskforce (NRF) (Co-Chairman)



Tan Ek Kia

Age: 68 yrs

Academic & Professional Qualifications

- Bachelor of Science, Mechanical Engineering, (1st Class Hons), Nottingham University, United Kingdom
- Fellow of Institute of Engineers, Malaysia
- Chartered Engineer, United Kingdom Engineering Council

Date first appointed
24.07.2009

Date last re-elected
07.07.2015

Present Directorships/Other Appointments
(As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd
- SMRT Trains Ltd.

Others

- Singapore LNG Corporation Pte Ltd
- Dialog Systems (Asia) Pte Ltd
- Keppel Corporation Limited
- Keppel Offshore & Marine Ltd
- PT Chandra Asri Petrochemical Tbk (VP Commissioner)
- Transocean Ltd
- Star Energy Group Holdings Pte Ltd (Chairman)
- Star Energy Geothermal Pte Ltd (Chairman)
- Star Energy Oil & Gas Pte Ltd (Chairman)
- KrisEnergy Ltd

Past Directorships/Other Appointments over the preceding three years
(from 1 April 2013 to 31 March 2016)

- CitySpring Infrastructure Management Pte. Ltd.
- City Gas Pte Ltd (Chairman)



Yap Chee Meng

Age: 60 yrs

Academic & Professional Qualifications

- Fellow of the Institute of Chartered Accountants in England & Wales
- Fellow of the Institute of Singapore Chartered Accountants

Date first appointed
01.10.2013

Date last re-elected
16.07.2014

Present Directorships/Other Appointments
(As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd

Others

- SATS Ltd.
- AXA Insurance Singapore Pte Ltd
- The Esplanade Co Ltd
- Keppel Land Limited
- Singapore National Research Foundation (Board Member)
- Pavilion Gas Pte Ltd
- Lazada Group S.A.
- RHB Securities Singapore Pte Ltd

Past Directorships/Other Appointments over the preceding three years
(from 1 April 2013 to 31 March 2016)

- PARK Indemnity Limited
- KPMG Asia Pacific Limited



Yap Kim Wah

Age: 67 yrs

Academic & Professional Qualifications

- Degree in Mechanical Engineering, (1st Class Hons), University of Singapore
- Registered Professional Engineer (Singapore)

Date first appointed
08.10.2012

Date last re-elected
29.07.2013

Present Directorships/Other Appointments
(As at 31 March 2016)

SMRT Group

- SMRT Corporation Ltd
- SMRT Trains Ltd.

Others

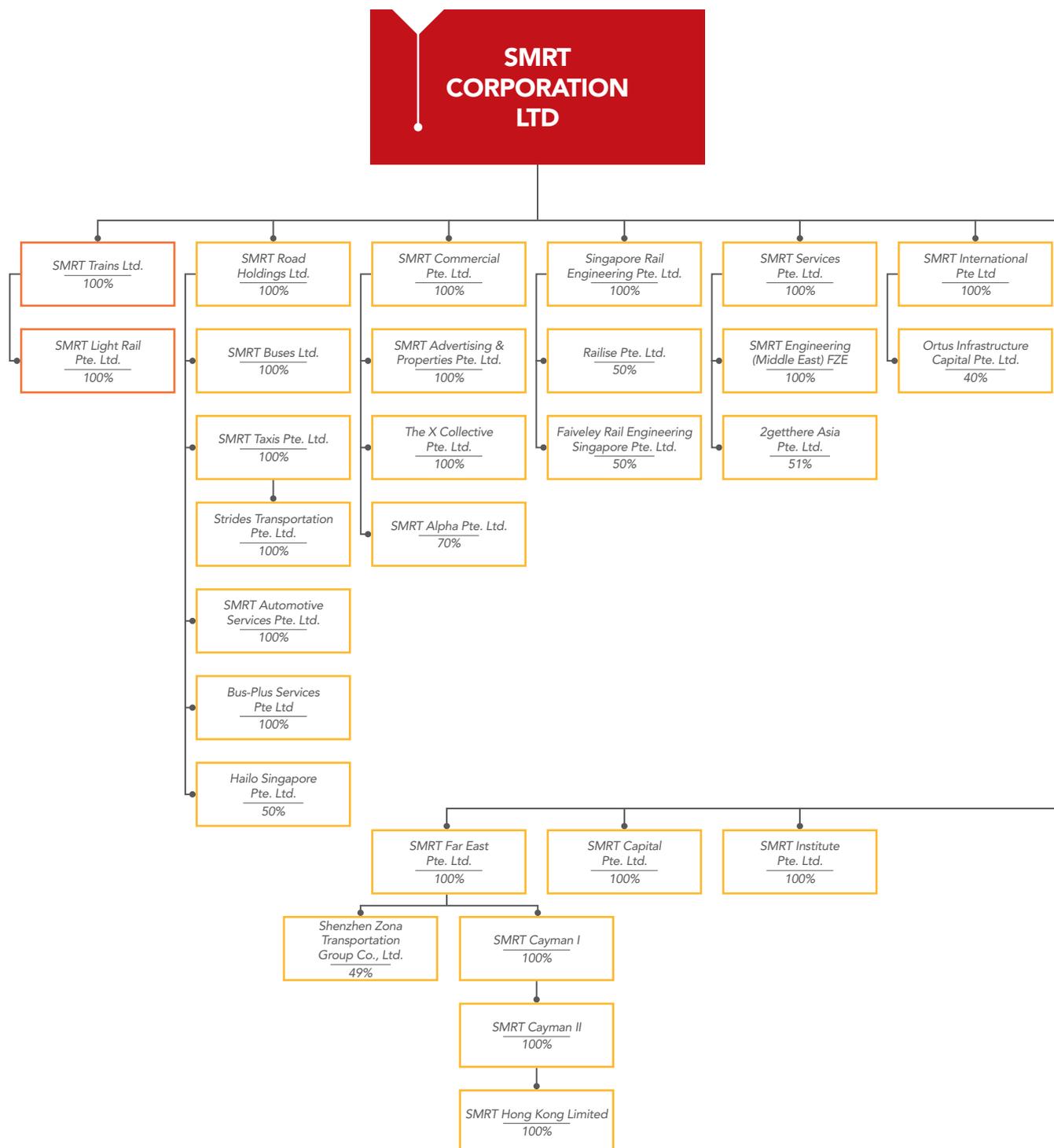
- Hyflux Caprica Pte. Ltd. (Deputy Chairman and CEO)

Past Directorships/Other Appointments over the preceding three years
(from 1 April 2013 to 31 March 2016)

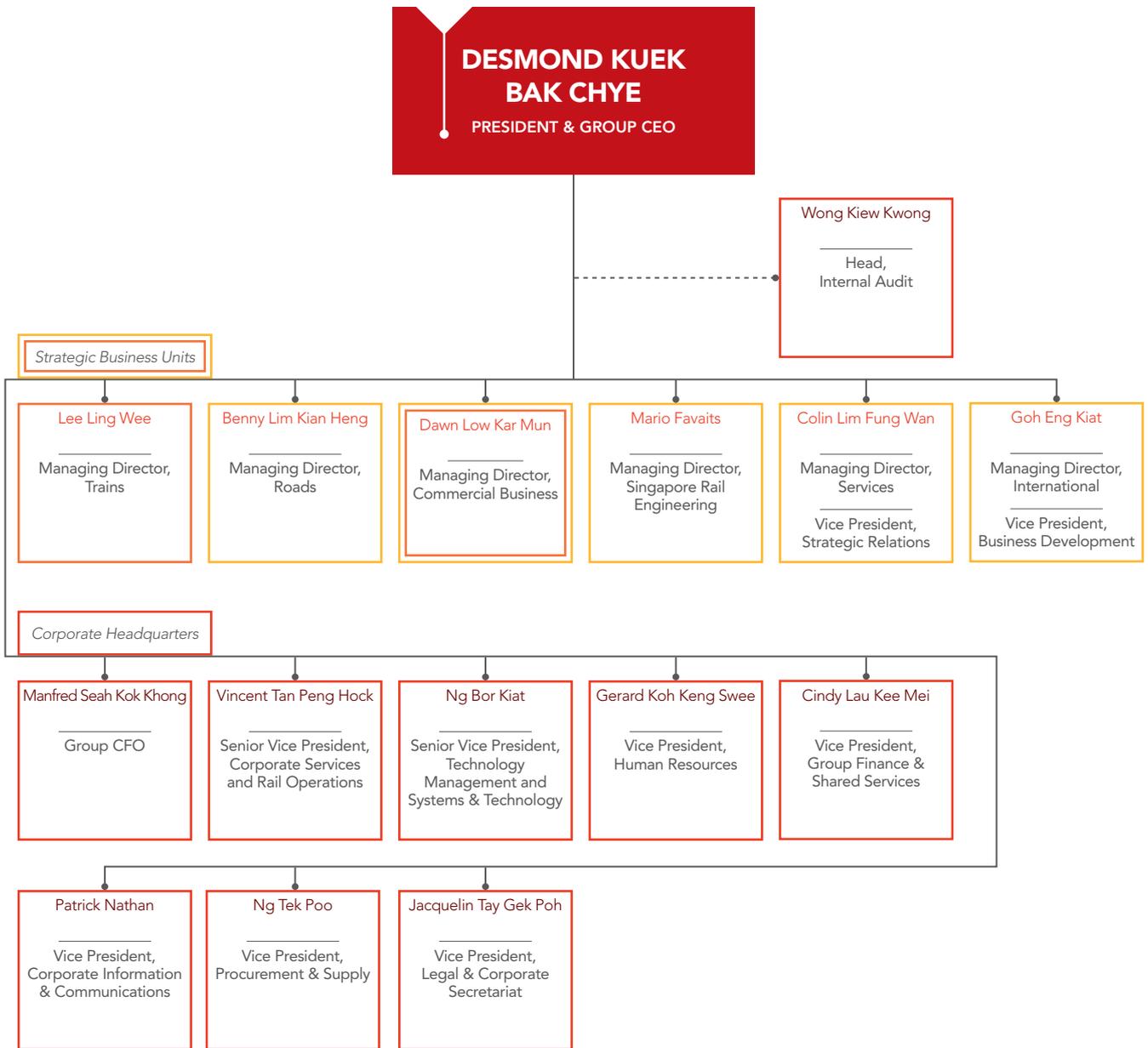
Nil

Group & Organisational Structures

Group Structure



- Rail Operations
- Non-Rail Operations



- Rail Operations
- Non-Rail Operations
- Corporate Headquarters



Desmond Kuek Bak Chye

President & Group Chief
Executive Officer

Responsibilities

Desmond Kuek is the President and Group Chief Executive Officer and a Board Member of Shenzhen Zona Transportation Group Co Ltd.

Experience

Prior to joining SMRT, Mr Kuek served in the Singapore Armed Forces from 1982 to 2010, and held the pinnacle leadership positions of Chief of Army in 2003 and Chief of Defence Force in 2007. From 2010 to 2012, Mr Kuek held the appointment of Permanent Secretary in the Ministry of the Environment and Water Resources.

He previously served on the Boards of Singapore Technologies Engineering Ltd and its subsidiaries, Defence Science and Technology Agency, Housing and Development Board, Jurong Town Corporation and International Enterprise Singapore.

He is currently a member of the Civil Service College Board and chairs its Audit Committee. Mr Kuek is also a member of the International Advisory Panel for the Lee Kuan Yew Centre for Innovative Cities at the Singapore University of Technology and Design.

He is also on the Advisory Board of SAP Asia Pacific Japan and the College of Engineering at Nanyang Technological University.

Education

Mr Kuek holds a Master of Arts (Engineering Science) from Oxford University and a Master in Public Administration from Harvard University.

He also attended the Advanced Management Programme at International Institute for Management Development (IMD), Switzerland.



Manfred Seah Kok Khong

Group Chief Financial Officer

Responsibilities

Manfred Seah is SMRT Corporation Ltd's Group Chief Financial Officer and a Board Member of SMRT Alpha Pte Ltd, Railise Pte Ltd and Faiveley Rail Engineering Singapore Pte Ltd.

Experience

Prior to his current appointment, Mr Seah headed the Strategic Finance and Business Structuring advisory office, supporting the Group CEO in steering changes to the finance and business structure of the Group, coordinating the developments on the new rail financing framework, and partnering business units to develop new capital financing structures to service their needs.

He has held several senior leadership positions in Asia and Singapore, with his specialised experience in corporate and entrepreneurial finance, direct investments, mergers and acquisitions, strategic business development, corporate fund-raising and equity capital markets.

Education

Mr Seah holds a First-Class Honours degree in Mathematics from Queen Mary College, University of London and a Master of Business Administration from the London Business School.

He is also a qualified Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England and Wales.



Lee Ling Wee

Managing Director, Trains

Responsibilities

Lee Ling Wee is responsible for SMRT's Trains business, and oversees all corporate and operational matters including engineering and maintenance for the North-South and East-West Lines, Circle Line and the Bukit Panjang Light Rail Transit.

Experience

Prior to joining SMRT, Mr Lee was Head of Air Engineering and Logistics with the Republic of Singapore Air Force (RSAF). Mr Lee was with the RSAF for over 20 years and during his time there, he held various senior leadership roles and directed fleet management, competency and resource optimisation programmes.

He also honed his expertise in engineering and maintenance, airworthiness, integrated supply chain and life cycle management for the entire fleet of aircraft and weapons systems.

Education

Mr Lee holds a degree in Aeronautical Engineering from the Ecole Nationale de l'Aviation Civile in France, and an Executive Master of Business Administration from the National University of Singapore.



Benny Lim Kian Heng

Managing Director, Roads

Responsibilities

Benny Lim heads the Roads business group which includes Automotive Services, Bus-Plus, Buses and Taxis businesses. He is a Board Member of Shenzhen Zona Transportation Group Co Ltd and Hailo Singapore Pte Ltd.

Experience

Mr Lim has over 25 years of experience in the Transportation and Automotive industries, leading the management, sales, marketing, after-sales service, business development and supply chain management in multiple countries across Asia-Pacific.

Prior to joining SMRT, Mr Lim was the Group General Manager of Audi and Volkswagen Centre in Qatar, where he was instrumental in setting up the greenfield business operations. He also served as the President and CEO of MAN Truck and Bus China and was responsible for business operations in China and North Asia. Other senior management positions he has held include Vice President of International Sales in China Yuchai International, Group Director in Audi Volkswagen Korea and Malaysia as well as Country Manager in Audi Asia Pacific.

Education

Mr Lim holds a Master of Business Administration in International Management from Royal Melbourne Institute of Technology, Australia, where he also received his Bachelor of Business Administration, majoring in Business Finance. Mr Lim also completed a one-year Foreign Integration Programme for International Executives with Audi AG in Germany.



Dawn Low Kar Mun

Managing Director,
Commercial Business

Responsibilities

Dawn Low heads SMRT's commercial business in the areas of properties, retail management and operations, commercial development, media and digital, new business, marketing and partnership. She is a Board Member of SMRT Alpha Pte Ltd, which manages the commercial space at the Singapore Sports Hub.

Experience

Ms Low previously led the Company's branding, strategic marketing, corporate social responsibility (CSR) and environmental sustainability strategies. In 2008, she joined SMRT Taxis to head up marketing and partnership. Ms Low was previously with the Ministry of Defence and City Developments Limited.

Education

Ms Low holds a Master in Mass Communications from the Nanyang Technological University and a Bachelor of Social Science (Honours) from the National University of Singapore. She is also an accredited member of the Institute of Public Relations of Singapore.



Mario Favaits

Managing Director, Singapore
Rail Engineering

Responsibilities

Mario Favaits leads SMRT's efforts to develop a suite of rail engineering and system integration capabilities to position SMRT for rail engineering projects in Singapore and overseas. He is a Board Member of Railise Pte Ltd and Faiveley Rail Engineering Singapore Pte Ltd.

Experience

Before joining SMRT, Mr Favaits served as the Global Director of Services Sales & Marketing at Faiveley Transport. Between 2011 and 2014, Mr Favaits was Director of Services at Alstom Transport in Asia-Pacific. He was a member of the Asia-Pacific Management team and was responsible for the Maintenance, Repair & Overhaul projects and operations in the region. He was invited to be part of a global team tasked with driving and implementing a culture change programme at Alstom Transport.

Prior to joining Alstom, Mr Favaits held senior leadership positions at Siemens and Continental in Europe, the U.S. and Asia. His responsibilities focused on business development and growth, building a sustainable competitive advantage and driving change.

Education

Mr Favaits holds a Master of Science in Mechanical and Electrical Engineering from the University of Brussels, Master of Business Administration from the University of Antwerp Management School and Master of Laws from the University of Liverpool.



Colin Lim Fung Wan

Managing Director, Services
Vice President, Strategic
Relations Office

Responsibilities

Colin Lim, as Managing Director, SMRT Services, oversees the rail-related technical service and support capabilities both locally and overseas. As Vice President, Strategic Relations Office, he develops and executes government relations strategy, and leads the development of specific strategic initiatives to support the legislative and regulatory priorities that impact the SMRT Group.

Experience

Mr Lim has extensive experience in the transport industry. He worked for IBM UK, where his last role was Geography Leader, Intelligent Transport Systems, then a new IBM business initiative for which he identified and developed new markets and opportunities for IBM globally. He also served in the Ministry of Transport and the Land Transport Authority where he was the Group Director for Vehicle and Transit Licensing. He also chaired the Distance Fares Implementation Steering Committee.

Prior to joining SMRT, Mr Lim was in the Singapore Administrative Service where his last appointment was Senior Director of the Planning and Organisation Division in the Ministry of Home Affairs. He has lived in Silicon Valley and London, and has worked on numerous transport bids and projects around the world.

Education

Mr Lim holds a Master of Business Administration from the University of Oxford and a Bachelor of Science (Economics) (Honours) from the London School of Economics.



Goh Eng Kiat

Managing Director, International
Vice President, Business
Development

Responsibilities

Goh Eng Kiat oversees SMRT's international business and business development. He is a Director on the Boards of Shenzhen Zona Transportation Group Co Ltd and Railise Pte Ltd.

Experience

Before joining SMRT, Mr Goh was Executive Director of MSIG Holdings (Asia) Pte Ltd for nine years. He held key positions in the company and was seconded to China between 2009 and 2011.

He also served on the Board of Sinatay China Life Insurance from 2010 to 2012. He has diverse experience in business development, human resources, service excellence, branding, corporate communications, risk management and compliance.

Prior to that, Mr Goh was with Aviva Asia as Executive Director and has held various senior positions in Western Digital and Seagate.

Education

Mr Goh holds a Master of Business Administration and a Bachelor of Business Studies from Charles Stuart University, Australia.



Vincent Tan Peng Hock

Senior Vice President, Corporate Services and Rail Operations

Responsibilities

Vincent Tan heads Corporate Services, comprising SMRT Inspectorate, Procurement and Supply, and Infocomm and Organisation Excellence. He concurrently heads the Rail Operations Group comprising NSEWL Operations, Operations Maintenance and CCL & BPLRT.

Experience

Mr Tan first joined the Mass Rapid Transit Corporation in 1985, before it became SMRT Corporation Ltd. He has more than 30 years of railway experience in Operations, Transport Planning and Engineering. Prior to his current appointment, he oversaw the Projects & Technology as well as Maintenance Departments as Senior Vice President, Engineering and Projects.

He is currently the President of CoMET, an International Railway Benchmarking Group of Operators, administered by the Railway and Transport Strategy Centre at Imperial College London. He is also a member of the Industrial Advisory Committee for Sustainable Infrastructure Engineering at the Singapore Institute of Technology.

Education

Mr Tan holds a Master of Science in Technological Economics from the University of Stirling and a Bachelor of Science (Honours) in Mechanical Engineering from King's College, University of London.



Ng Bor Kiat

Senior Vice President, Technology Management and Systems & Technology

Responsibilities

Ng Bor Kiat oversees Technology Management across the SMRT Group, as well as the Systems and Technology domain pillars.

Experience

Prior to joining SMRT, Mr Ng was Director, Corporate Development at the Ministry of the Environment and Water Resources, with responsibility over all of its corporate functions. He has close to 30 years of management and engineering experience, with an extensive background in research and development, project and system management, maintenance operations and corporate functions. He has held numerous senior positions in his career including Director (Land Systems) at Defence Science and Technology Agency, as well as Chief Maintenance and Engineering Officer while on secondment to the Singapore Armed Forces and as consultant to the Temasek Defence Systems Institute of NUS.

Mr Ng was awarded the Defence Technology Prize (Team) in 1997 and Public Administration Medal (PPA) Silver in 2007.

Education

Mr Ng holds a Master of Science from Cranfield Institute of Technology, UK, and a Bachelor of Engineering (Honours) in Mechanical Engineering from Tokyo Institute of Technology, Japan. He has attended the Programme for Management Development at Harvard Business School and the Stanford-NUS Executive Programme.



Gerard Koh Keng Swee

Vice President, Human Resources

Responsibilities

Gerard Koh is Vice President for Human Resources at SMRT. He oversees the transformation of SMRT's human capital development, corporate planning, organisation structure, training and culture.

He is also responsible for ensuring workforce health and meeting the challenges of the current operational demands amidst the changes in demographic and national labour policy shifts.

Experience

Before SMRT, Mr Koh served with the Singapore Armed Forces for 24 years, with his last rank as a Colonel. Mr Koh has held key leadership appointments in a variety of HR roles including strategic workforce planning, change management and implementation, recruitment, HR business partnering, employee engagement and resource management. He also held various field commander positions including Commander of an Armoured Brigade.

Education

Mr Koh holds a Master of Science in Management with Distinction from the U.S. Naval Postgraduate School and a Bachelor of Business Administration from the National University of Singapore.



Cindy Lau Kee Mei

Vice President, Group Finance & Shared Services

Responsibilities

Cindy Lau is responsible for the Group's financial strategy and management, including treasury, capital management, tax and shared services.

Experience

Prior to joining SMRT, Ms Lau was Vice President, Corporate Finance at PT Telekomunikasi Selular Tbk. She has worked in various international accounting firms and held finance leadership positions in various commercial and public-listed companies where her key responsibilities included management reporting, group consolidation, financial accounting, cost accounting and budgeting, forecasting, corporate finance, treasury, tax and investor relations.

Education

Ms Lau holds a Bachelor of Commerce and Administration, majoring in Accountancy from the Victoria University of Wellington, New Zealand. She is a Provisional Chartered Accountant with the Chartered Accountants Australia and New Zealand.



Patrick Nathan

Vice President, Corporate Information & Communications

Responsibilities

Patrick Nathan heads the Corporate Information and Communications Division, which includes Corporate Marketing and Communications, Passenger Service Department as well as the Information Fusion Centre.

Experience

Mr Nathan first joined SMRT as Director, Security and Emergency Planning in 2011 where he provided strategic perspectives on issues concerning security, contingency planning and crisis management before assuming his current role. Mr Nathan has over 25 years' experience in the areas of defence relations and security. He served on the National Security Secretariat from 2002 until 2004, when he was seconded to the National Security Coordination Centre, Prime Minister's Office as its Deputy Director, a post he held until he joined SMRT. At the Centre, his primary duty was strategic policy development. He was also responsible for Corporate Marketing and Communications for the Centre.

Education

Mr Nathan holds a Bachelor of Social Science (Honours) in Political Science from the National University of Singapore and a Master of Science in Strategic Studies from the Nanyang Technological University.



Ng Tek Poo

Vice President, Procurement & Supply

Responsibilities

Ng Tek Poo is responsible for central procurement and logistics at SMRT. In this role, Mr Ng oversees supply chain management, which includes procurement, inventory management and warehouse operations.

Experience

Since joining SMRT in 2000 as a Maintenance Manager in building services, Mr Ng has taken on several roles including overseeing station operations for the East-West Line, cultivating an organisation-wide safety culture and implementing processes. Prior to his current role, Mr Ng was with the Maintenance Department where he introduced enhancement plans and improved the reliability of train systems.

Education

Mr Ng holds a First-Class Honours in Electrical Engineering and a Master of Business Administration from the National University of Singapore. He is also a trained Workplace Safety and Health professional.



Jacquelin Tay Gek Poh

Vice President, Legal & Corporate Secretariat

Responsibilities

Jacquelin Tay is Vice President, Legal and Corporate Secretariat and a Board Member of SMRT Alpha Pte Ltd, a joint venture between SMRT Investments Pte Ltd and Alphaplus Investments Pte Ltd.

Experience

Prior to joining SMRT, Ms Tay was the Senior Legal Director and Deputy General Counsel in SingTel where she supported various businesses and functions over a span of 10 years. Her responsibilities included the oversight and management of legal support relating to info-communications, multimedia and digital life services.

She began her legal practice in Shook Lin & Bok and accumulated diverse experience in litigation, corporate and retail banking and conveyancing before moving to ST Kinetics Ltd where she was the Legal Manager.

Education

Ms Tay holds a Bachelor of Law (Honours) from the National University of Singapore.



Wong Kiew Kwong

Head, Internal Audit

Responsibilities

Wong Kiew Kwong heads SMRT's Internal Audit Division, which reviews the adequacy and effectiveness of the Group's system of internal controls, including financial and operational compliance, IT controls and risk management systems.

Experience

Mr Wong has more than 19 years of audit experience. Before joining SMRT, he was the Vice-President, Group Internal Audit, of SATS Ltd (formerly known as Singapore Airport Terminal Services Ltd) where he set up SATS' internal audit functions. Prior to that, he was Senior Vice President, Group Internal Audit, of NSL Ltd. He has also worked for the Big Four audit firms in Singapore and the United Kingdom.

Education

Mr Wong holds a Bachelor of Economics and a Bachelor of Law from Monash University, Australia. He is also a Fellow Chartered Accountant (Australia).

Registered Office

251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
Website: www.smrt.com.sg

Place of Incorporation

Singapore

Company Registration Number

200001855H

Date of Incorporation

6 March 2000

Board of Directors

Koh Yong Guan, *Chairman*
Desmond Kuek Bak Chye,
President & Group CEO
Patrick Ang Peng Koon
Moliah Hashim
Lee Seow Hiang
Bob Tan Beng Hai
Peter Tan Boon Heng
Tan Ek Kia
Yap Chee Meng
Yap Kim Wah

Company Secretary

Jacquelin Tay Gek Poh

Audit Committee

Bob Tan Beng Hai, *Chairman*
Peter Tan Boon Heng
Yap Chee Meng
Yap Kim Wah

Remuneration Committee

Koh Yong Guan, *Chairman*
Moliah Hashim
Tan Ek Kia
Yap Chee Meng

Nominating Committee

Lee Seow Hiang, *Chairman*
Koh Yong Guan
Bob Tan Beng Hai

Board Risk Committee

Tan Ek Kia, *Chairman*
Patrick Ang Peng Koon
Peter Tan Boon Heng
Yap Kim Wah

Executive Committee

Koh Yong Guan, *Chairman*
Desmond Kuek Bak Chye
Bob Tan Beng Hai
Tan Ek Kia

Board Safety Review Committee

Tan Ek Kia, *Chairman*
Patrick Ang Peng Koon
Peter Tan Boon Heng
Yap Kim Wah

Auditor

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PwC Building
Singapore 048424

Audit Partner-in-charge:
Ms Trillion So (*Appointed in FY2016*)

Principal Bankers

Australia and New Zealand Banking
Group Limited
BNP Paribas
DBS Bank Ltd
Mizuho Bank, Ltd
Oversea-Chinese Banking
Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

Share Registrar

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

Investor Relations

Telephone: (65) 6331 1211
Email: investors_r@smrt.com.sg

Group Financial Review

- 30 Company Overview
- 33 Group Performance
- 39 Value Added and Economic Value Added Analysis
- 41 Our Shareholders



Company Overview

SMRT Corporation Ltd (the Company) and its subsidiaries (together, the Group) began with the establishment of Singapore MRT Ltd in 1987, which started operating the North-South and East-West Lines (NSEWL) of Singapore's first MRT system in the same year. In 1997, Singapore LRT Pte. Ltd. was set up and became the first operator of Singapore's pioneer LRT system in Bukit Panjang (BPLRT) two years later. In 2001, the Company won the bid to operate the Circle Line (CCL), which commenced operations in 2009.

The Company was incorporated on 6 March 2000, and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 26 July 2000. SMRT Trains Ltd. (SMRT Trains, formerly known as Singapore MRT Ltd) and SMRT Light Rail Pte. Ltd. (SMRT LRT, formerly known as Singapore LRT Pte Ltd) are the licensed operators of the MRT and LRT respectively and are wholly-owned by the Company.

In December 2001, the Company acquired SMRT Road Holdings Ltd. (formerly known as TIBS Holdings Ltd). SMRT Buses Ltd. (SMRT Buses) and SMRT Taxis Pte. Ltd. (SMRT Taxis) are the licensed operators of bus and taxi services respectively, and are wholly-owned subsidiaries of SMRT Road Holdings Ltd. Following these acquisitions, the Company became Singapore's first multi-modal land transport operator, providing bus and taxi services in addition to its MRT and LRT services.

In March 2016, the Company established Strides Transportation Pte. Ltd. (Strides) as a wholly-owned subsidiary of SMRT Taxis to enter the private hire vehicle segment, providing limousine and chauffeured services and car rental.

SMRT Advertising & Properties Pte. Ltd. (SMRT A&P) and The X Collective Pte. Ltd. (X Collective) are wholly-owned subsidiaries of SMRT Commercial Pte. Ltd. (SMRT Commercial, formally known as SMRT Investments Pte Ltd), which is a wholly-owned subsidiary of the Company. SMRT A&P primary business activities comprise the advertising and real estate activities with owned or leased property within the public transport network. X Collective primary activities include marketing and leasing of commercial spaces, retail management and operations, advertising and marketing, and digital and e-commerce.

Engineering and Other Services are undertaken through SMRT Services Pte. Ltd. (SMRT Services, formally known as SMRT Engineering Pte Ltd), SMRT International Pte Ltd (SMRT International), Singapore Rail Engineering Pte. Ltd. (SRE), SMRT Automotive Services Pte. Ltd. (SMRT Automotive) and Bus-Plus Services Pte Ltd (Bus-Plus), all of which are wholly-owned subsidiaries of the Company.

SMRT Services manages and markets SMRT's transport related technical services and support capabilities. SMRT International provides operations and maintenance (O&M), engineering consultancy and project management services to overseas transport operators and city planners. SRE provides rail engineering and related services to mass transit operators locally and internationally. SMRT Automotive provides fleet maintenance services, while Bus-Plus provides charter hire services.

SMRT Capital Pte. Ltd. was incorporated in 2008 to provide depository and financing services to the Group. SMRT Far East Pte. Ltd. holds a 49% equity interest in Shenzhen Zona Transportation Group Co., Ltd. (Shenzhen Zona), a transport company in Shenzhen, People's Republic of China.

In October 2012, SMRT Alpha Pte. Ltd. (SMRT Alpha) was incorporated as the joint venture vehicle of SMRT Commercial and Alphaplus Investments Pte. Ltd. (Alphaplus), a wholly-owned subsidiary of NTUC Fairprice Co-operative Ltd. SMRT Commercial and Alphaplus own 70% and 30% respectively of the share capital in SMRT Alpha. SMRT Alpha manages and operates key commercial areas at the Singapore Sports Hub, including Kallang Wave Mall, Water Sports Centre, Sports Hub Visitor Centre and Singapore Indoor Stadium.

In October 2014, Railise Pte. Ltd. (Railise) was incorporated as a 50:50 joint venture company between Toshiba Corporation (Toshiba) and SRE. The principal activities of Railise are marketing and supply of energy efficient propulsion systems using Toshiba's Permanent Magnet Synchronous Motor (PMSM) technology to mass transit operators in global markets. In addition, Railise will provide integration services allowing the new propulsion system to work seamlessly together with other train components.

In June 2015, Faiveley Rail Engineering Singapore Pte. Ltd. (FRES) was established as a 50:50 joint venture company between Faiveley Transport S.A. and SRE. The principal activities of FRES are to market and supply maintenance, repair and overhaul (MRO) services for rolling stock components in South East Asia (excluding Thailand).

In April 2016, SMRT Services announced a joint venture with 2 Getthere Holding B.V. (2 Getthere) with SMRT Services owning 51% and 2 Getthere owning 49% of the joint venture company, 2getthere Asia Pte. Ltd. (2getthere Asia). The principal activities of 2getthere Asia are to market, supply and operate Automated Vehicle Systems in Singapore and Asia Pacific.

A list of all the subsidiaries, associated and joint venture companies of the Company is set out in the Group Structure section of this Annual Report.

Regulatory Framework¹

North-South and East-West Lines

SMRT Trains and the Land Transport Authority of Singapore (LTA) entered into a Licence and Operating Agreement (LOA) on 27 August 1987, pursuant to which SMRT Trains was granted a licence to operate the NSEWL for an initial period of 10 years (subsequently extended to 31 March 1998).

On 1 April 1998, SMRT Trains was granted a fresh licence to operate the NSEWL for a period of 30 years until 2028 (NSEWL Licence) pursuant to a new LOA. In consideration for the licence to operate, SMRT Trains shall pay to LTA an annual licence fee in the amount as prescribed under the Rapid Transit Systems Act (RTSA) or its subsidiary legislation.

Under the NSEWL Licence, SMRT is responsible for, *inter alia*, the maintenance, repair, replacement, renewal or refurbishment of all or any part of the working network, which comprises the operating assets and infrastructure required to operate the train system. SMRT may apply to LTA for asset replacement grants for eligible operating assets and may request LTA to fund major replacement or renewal of part or whole of the infrastructure.

While SMRT Trains owns and maintains the operating assets, the infrastructure of the NSEWL (which includes tunnels, tracks, viaducts and station structures) remains the property of LTA and is leased to SMRT Trains at a nominal annual fee or such other amount which LTA may stipulate in the future on the first working day of each calendar year during the term of the lease.

Under the RTSA, the LTA may impose certain conditions to the grant of the NSEWL Licence, one of which relates to operating performance standards (OPS). The NSEWL Licence sets out certain OPS which relate to service quality, safety assurance and key equipment performance. Any failure by SMRT Trains to meet such standards constitutes a default event that could lead to cancellation of the NSEWL Licence. A financial penalty is also payable by SMRT Trains for such failure and such penalty will be determined in accordance with the parameters, principles and penalty computation framework set out in the OPS. The financial penalty is capped at 10% of annual fare revenue or \$1 million, whichever is higher.

Circle Line

The LTA granted a licence (CCL Licence) to SMRT Trains to operate the CCL for an initial term of 10 years (Initial Licence Term) commencing from 4 May 2009. The CCL Licence may be renewed by LTA, if it deems fit, for a further period of 30 years from the expiry of the Initial Licence Term, subject to any other terms and conditions as LTA may impose. In consideration for the licence to operate, SMRT Trains shall pay to LTA an annual licence fee in the amount as prescribed under the RTSA or its subsidiary legislation.

SMRT Trains is obliged to purchase the operating assets of the CCL on 4 May 2019, based on the net book value recorded in LTA's latest audited accounts. The infrastructure of the CCL MRT system (which includes tunnels, tracks and station structures)

remains the property of LTA and is leased to SMRT Trains at a nominal annual fee.

SMRT Trains is required to repair and maintain the working network comprising the operating assets and infrastructure of the CCL MRT system as stipulated in a separate lease and maintenance agreement. SMRT Trains may also apply for replacement grants for eligible operating assets as set out in the CCL Licence.

The CCL Licence sets out certain OPS which relate to service quality, safety assurance and key equipment performance. Any failure by SMRT Trains to meet such standards constitutes a default event that could lead to cancellation of the CCL Licence. A financial penalty is also payable by SMRT Trains for such failure and such penalty will be determined in accordance with the parameters, principles and penalty computation framework set out in the OPS. The financial penalty is capped at 10% of annual fare revenue or \$1 million, whichever is higher.

SMRT Light Rail

SMRT LRT entered into a LOA with LTA, pursuant to which an operating licence was granted to SMRT LRT for the operation of the BPLRT system (BPLRT Licence) with effect from 6 November 1999 and expiring on 31 March 2028. The BPLRT Licence may be extended for a period of 30 years upon request by SMRT LRT. LTA currently owns the infrastructure assets (which includes tunnels, tracks and station structures) required to operate the BPLRT.

The BPLRT Licence sets out certain OPS which relate to service quality, safety assurance and key equipment performance. Any failure by SMRT LRT to meet such standards constitutes a default event that could lead to cancellation of the BPLRT Licence. A financial penalty is also payable by SMRT LRT for such failure and such penalty will be determined in accordance with the parameters, principles and penalty computation framework set out in the OPS. The financial penalty is capped at 10% of annual fare revenue or \$1 million, whichever is higher.

SMRT Buses

SMRT Buses was granted a 10-year Bus Service Operator's Licence (BSOL) on 1 September 2006 by the Public Transport Council (PTC), an independent statutory authority, to operate bus services subject to the terms and conditions set out in the BSOL, the PTC Act and any subsidiary legislation made thereunder.

The BSOL will, among other things, require operators to comply with a set of operating conditions which include the Quality of Service (QoS) standards in respect of Basic Bus Services, provision of service performance and financial information and codes of practice. Any non-compliance with the QoS standards may result in a financial penalty being imposed on SMRT Buses.

In June 2014, the Bus Service Reliability Framework (BSRF) trial was introduced by LTA, monitoring 10 SMRT bus services, which aims to improve bus reliability. The BSRF trial has expanded to 20 SMRT services in 2016. SMRT Buses has complied and adhered to the stringent BSRF standards set by LTA.

1. The salient terms and conditions of the NSEWL Licence and CCL Licence are stated under the Licence and Operating Agreements section in the Notes to the Financial Statements.

Company Overview continued

With the BSOL expiring on 31 August 2016, the Government announced its intention to restructure the public bus industry towards a Government Contracting Model (GCM), where all current bus services will be redistributed into bus service packages to be contracted out via a tendering process. Three bus packages will be tendered out while the remaining will be negotiated with the incumbent operators. SMRT Buses is the incumbent operator for three negotiated packages. SMRT Buses participated in the first two tenders and is currently preparing for the third tender package.

Fare Adjustment

Fares charged by SMRT Trains, SMRT LRT and SMRT Buses are subject to approval by PTC.

The maximum allowable annual fare adjustment each year is based on a formula recommended by the Government-appointed Fare Review Mechanism Committee (FRMC). The new fare adjustment formula (as set below) was reviewed and revised in 2013, applicable for five years until 2017:

Maximum Allowable Fare Adjustment =
 $0.4cCPI + 0.4WI + 0.2EI - 0.5\%$ where

cCPI = Change in core Consumer Price Index over the preceding year.

WI = Change in Wage Index. This refers to the Average Monthly Earnings (Annual National Average) over the preceding year, adjusted to account for any change in the employer's CPF contribution rate.

EI = Change in Energy Index. This refers to a composite of cost changes in electricity and diesel.

0.5% = Productivity extraction based on a sharing of productivity gains achieved by Public Transport Operators (PTO), valid from 2013 to 2017.

The process for annual fare review begins with SMRT submitting applications for fare adjustments, based on the above formula, to PTC. PTC will deliberate and decide on the quantum of fare adjustments, taking into consideration affordability of the fares and the financial viability of the operators.

Under the 2014 fare review exercise, PTC announced a 2.8% increase in fares which was implemented on 5 April 2015. As part of this fare increase, SMRT contributed \$8 million in FY2016 to the Public Transport Fund which helps needy commuters with their transport fares. After the contribution, the effective fare adjustment for SMRT was 1.9%.

To date, SMRT has contributed \$12.4 million to the Public Transport Fund.

PTC subsequently announced a fare reduction of 1.9% under the 2015 fare review exercise, which was implemented on 27 December 2015. As fares were reduced, SMRT is not required to contribute to the Public Transport Fund.

Travel Demand Management Schemes

To encourage commuters to make changes to their travel patterns and ease crowding during peak hours, the early morning travel discount was first introduced by SMRT in 1997. The discount

increased over the years from the initial 10 cents to 30 cents in October 2011, to 50 cents in August 2012. Both enhancements were mandated by PTC as conditions of the fare adjustment.

From 24 June 2013, LTA commenced a trial to provide free travel on the rail network for commuters who end their journey before 7.45am on weekdays at designated MRT stations in the city.

In addition, commuters exiting the stations from 7.45am to 8am will be given a fare discount of up to 50 cents. This free travel scheme was extended into its third year, until 30 June 2016.

From 5 July 2015, LTA introduced a two-year trial of a new Off-peak Monthly Travel Pass (OMTP) to further encourage public transport commuters who are able to shift their regular travel out of peak periods to do so.

The above initiatives are aimed at encouraging commuters to change their travel pattern, by spreading out the morning peak hour crowds to the pre-peak period with the objective of easing the crowding situation on city-bound stretches of the MRT network during morning peak hours.

PTC has mandated that SMRT contributes \$5 million annually for travel demand management as a condition of the fare adjustment in 2011. In support of these travel demand management schemes, SMRT has contributed more than \$20 million since 2011.

Concessions

SMRT provides travel concessions to help certain commuter groups with transport costs, subject to approval by PTC. SMRT currently offers travel concessions for trains and buses for senior citizens, undergraduates, students, children and full time National Servicemen. Concessions have increased over the years and amounted to about \$100 million in FY2016. Travel concessions will be extended in 2016 to Singaporean students in registered private education institutions or being home-schooled, in line with recommendations made by the FRMC.

Two concession schemes took effect in July 2014 for persons with disabilities and recipients of the Workfare Income Supplement (WIS). These concessions are funded by the Government. SMRT is reimbursed the difference between the concession fare and the full adult fare.

SMRT Taxis

SMRT Taxis was granted a 10-year term Taxi Service Operator Licence (TSOL) by LTA on 1 June 2003. On 1 June 2013, SMRT Taxis was granted a new 10-year TSOL. Pursuant to the Road Traffic (Taxi Service Operator Licence) Rules, the licence fee is 0.1% of the gross revenue payable on a yearly basis.

The TSOL, among other things, includes conditions to comply with a set of Taxi QoS standards, Taxi Availability (TA) standards, codes of practice and audit directions. The Taxi QoS standards specify the level of performance which operators have to meet in three areas: the availability of taxis through radiophone bookings, safety and taxi partners' conduct. TA standards specify the requirements on minimum daily mileage and percentage of taxis on the road during peak periods. Taxi service operators are also limited to a growth rate of 2%, subject to meeting the TA standards.

Group Performance

In FY2016, Group revenue increased 4.9% to \$1.30 billion and operating profit increased 14.6% to \$138.5 million. The Group's Rail business continues to be under pressure, while overall earnings was supported by improved performance in its Non-Rail business. The Group ended the year with \$109.3 million of Profit After Tax and Minority Interest (PATMI).

Overview

Group revenue increased 4.9% to \$1,296.6 million in FY2016 compared to FY2015 across all segments except Engineering Services.

Operating profit increased 14.6% to \$138.5 million in FY2016, supported by improved performance in the Group's Non-Rail business.

Group profit attributable to equity holders of SMRT improved 20.1% to \$109.3 million in FY2016, compared to \$91.0 million in FY2015.

The Group ended the year with a cash balance of \$232.2 million, compared to \$156.1 million at the start of the year. It generated \$329.9 million of cash inflow from operating activities, which was offset by net cash outflows of \$249.9 million in investing and \$3.8 million in financing activities. The Group's total borrowings stood at \$821.2 million, translating to a net gearing of 64%.

The Board has proposed a final dividend of 2.5 cents per ordinary share. Including the interim dividend of 1.5 cents, this will bring the total dividend in FY2016 to 4.0 cents per share. This represents a 55.8% payout from FY2016 PATMI of \$109.3 million.

Segmental Performance

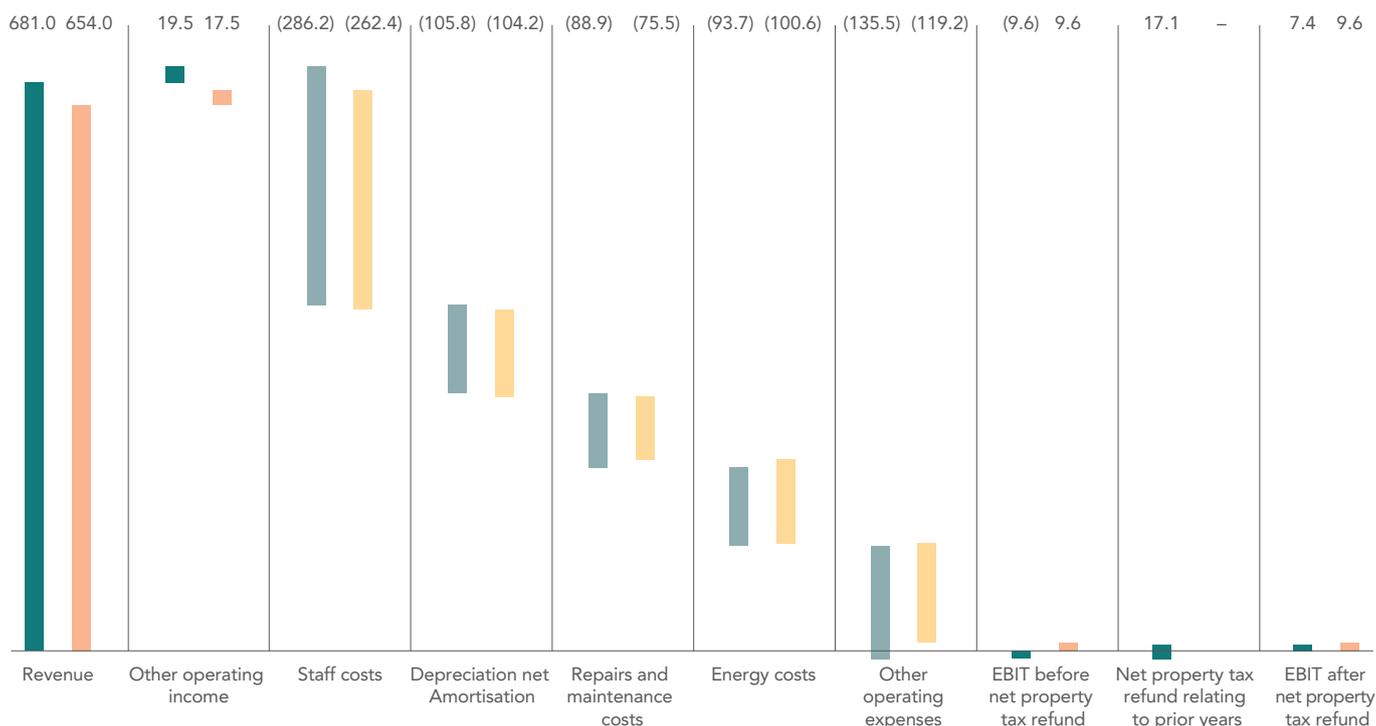
Revenue from Rail operations rose 4.1% to \$681.0 million under pinned by higher Train and LRT ridership and higher Train average fare. Rail operations reported a lower operating profit of \$7.4 million in FY2016 compared to \$9.6 million in FY2015.

The Rail operating profit recorded in FY2016 included a net property tax refund of \$17.1 million relating to prior years' over assessment, without which Rail operations would have suffered an operating loss of \$9.6 million.

Revenue from the Non-Rail business rose 5.9% to \$615.6 million on the back of higher Bus, Taxi, Rental, Advertising and Other Services revenue. Consequently, Non-Rail operating profit increased 22.6% to \$133.3 million.

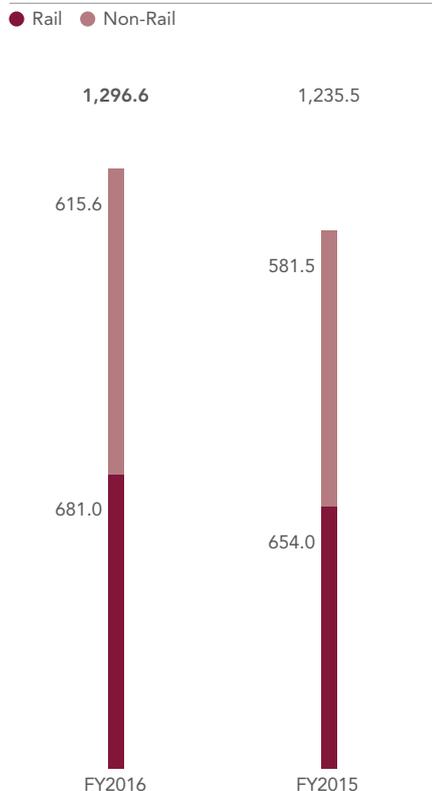
Rail Results (\$m)

● FY2016 ● FY2015

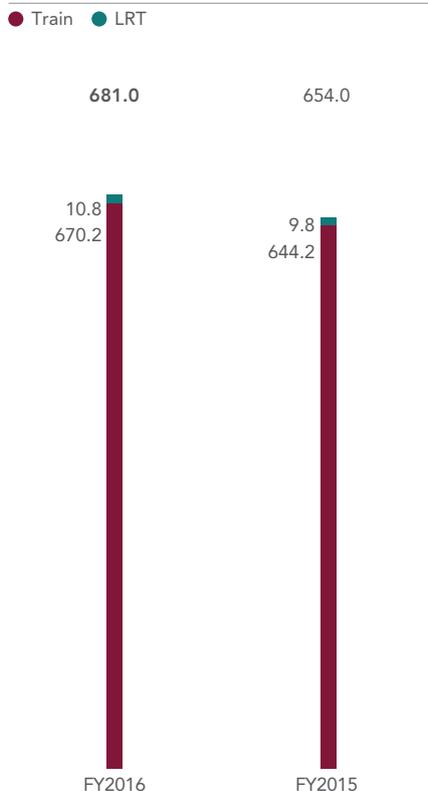


Group Performance continued

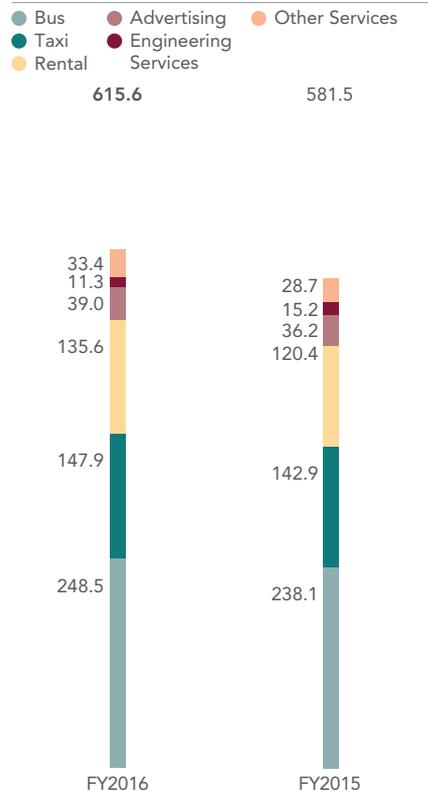
Segmental Revenue (\$m)



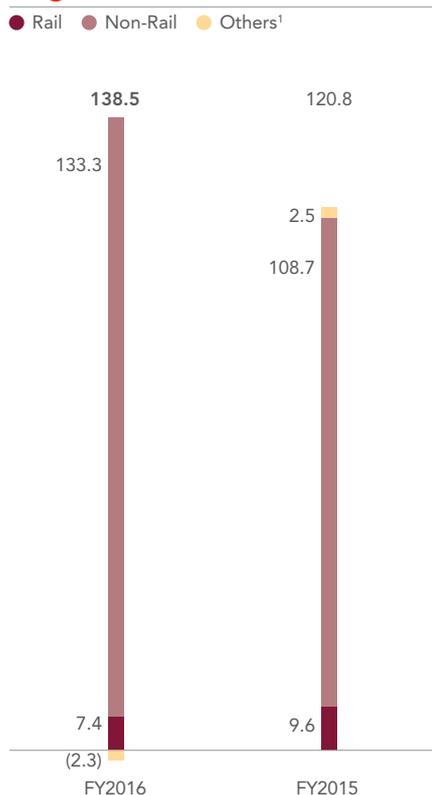
Rail Revenue (\$m)



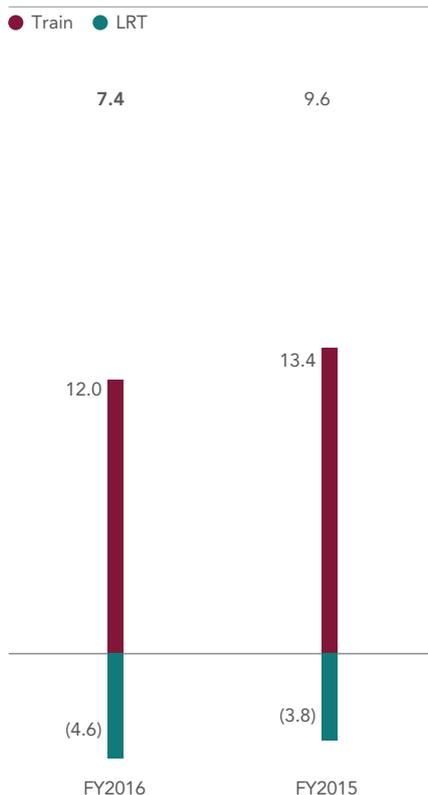
Non-Rail Revenue (\$m)



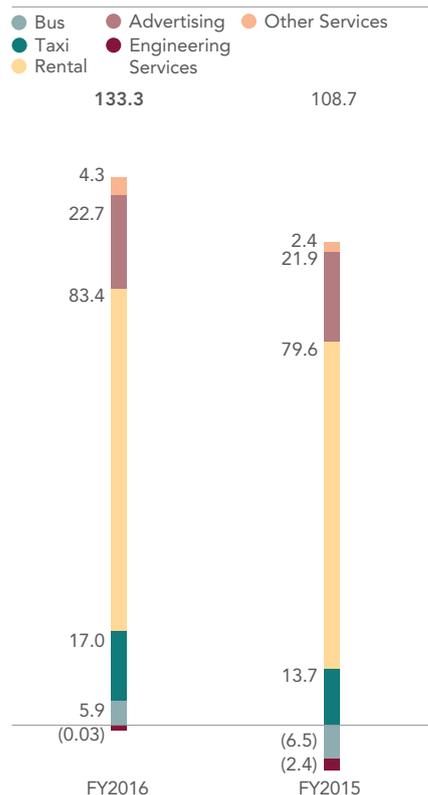
Segmental EBIT (\$m)



Rail EBIT (\$m)



Non-Rail EBIT (\$m)



1. Include investment holding and support services, and elimination.

Rail Business

Revenue from **Train** operations increased by \$26.0 million or 4.0% to \$670.2 million due to higher ridership and average fare. Operating profit declined by \$1.3 million or 10.0% due mainly to higher staff costs and repairs and maintenance related expenditure. Without a net property tax refund of \$16.4 million relating to prior years' over assessment, Train operations would have suffered an operating loss of \$4.4 million in FY2016.

LRT operations suffered higher operating loss of \$4.6 million in FY2016 compared to FY2015, due mainly to higher operating costs associated with the addition of new trains to the fleet.

Non-Rail Business

Revenue from **Bus** operations increased \$10.3 million or 4.3% due mainly to higher ridership. Bus operations turned around and posted an operating profit of \$5.9 million in FY2016 compared to a loss in FY2015. This was due mainly to training grants, reliability incentives, lower diesel costs and higher revenue, which were partially offset by higher staff costs, depreciation and repairs and maintenance.

Taxi revenue and operating profit increased by \$5.0 million or 3.5% and \$3.3 million or 24.0% respectively, due mainly to a newer and larger hired-out fleet, which resulted in higher rental contribution.

Rental revenue increased by \$15.2 million or 12.7% due mainly to higher rental revenue from the Kallang Wave mall, stations and bus interchanges. Operating profit increased by \$3.8 million or 4.7%.

Advertising revenue increased by \$2.8 million or 7.7% due mainly to increased advertising on trains and buses. Operating profit increased by \$0.8 million or 3.8% on the back of higher revenue partially offset by higher staff costs.

Engineering Services revenue decreased by \$4.0 million or 26.1% due mainly to completion of certain overseas consultancy projects. Profit contribution from Singapore Rail Engineering resulted in an overall lower operating loss of \$0.03 million.

Revenue of **Other Services** increased by \$4.7 million or 16.4% primarily from higher charter revenue and external fleet maintenance. As a result, operating profit improved by \$1.9 million or 81.8%.

Operating Expenses

The Group's operating expenses increased 5.4% to \$1,235.5 million due mainly to higher staff costs, repairs and maintenance (R&M) costs, and depreciation, which were partially offset by lower energy expenditure.

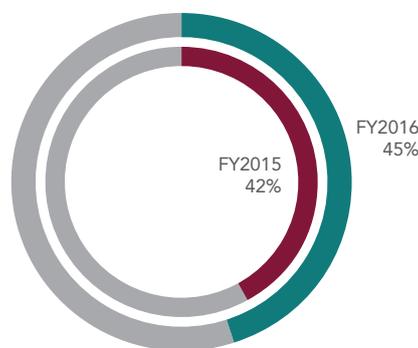
Staff costs increased by \$52.4 million or 10.8% to \$536.0 million due mainly to higher headcount engaged in Rail and Bus operations to support a larger train and bus fleet as well as to meet heightened operational requirements.

Depreciation net amortisation increased by \$10.5 million or 5.5% to \$203.7 million due mainly to capitalisation of new buses and taxis, and a larger train fleet during the year.

The increase in **R&M** costs by \$18.0 million or 14.8% to \$139.9 million was attributed mainly to the rigorous maintenance regime for the ageing network and more trains undergoing scheduled overhaul, maintenance work related to a larger bus fleet and managing the taxi life cycle. In tandem with our commitment to enhance rail reliability, the Group's Rail maintenance-related expenditure¹ (MRE) accounted for 45% of Rail revenue in FY2016.

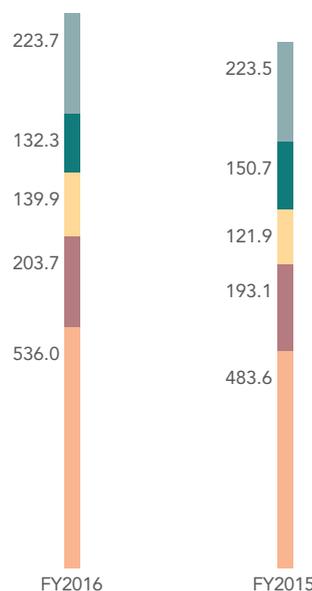
Rail MRE as % of Rail Revenue

● Rail MRE



1. Rail MRE refers to rail maintenance staff costs, depreciation of rail maintenance assets and other rail maintenance-related operating expenses.

Operating Expenses (\$m)



Group Performance continued

Energy costs fell \$18.3 million or 12.2% to \$132.3 million due mainly to lower diesel cost and electricity tariff, partially offset by higher consumption arising from a larger train and bus fleet, and increased train runs.

Other operating expenses increased \$0.2 million or 0.1% to \$223.7 million, which included full period costs associated with Kallang Wave mall, \$8.0 million contribution to the Public Transport Fund, \$5.0 million contribution to the LTA's demand management schemes, higher equipment maintenance relating primarily to the planned upgrade of enterprise-wide infocomm system, and higher incidental costs and bus chartering expense related to train disruptions. This higher other operating expenses was partially offset by a net property tax refund of \$19.0 million relating to prior years' over assessment.

The Group's **other operating income** saw an increase of \$19.4 million or 33.4% to \$77.3 million due mainly to higher Bus Service Enhancement Programme (BSEP) grants to cover the increased operating costs incurred by a larger BSEP fleet, and other grants received.

Quarterly Results

The Group reported higher revenue in all four quarters of FY2016 compared to corresponding quarters in FY2015, due to higher revenue growth across almost all segments of the business.

Despite higher revenue and turning around of Bus segment, the Group recorded lower operating profits in the first two quarters of FY2016 due mainly to losses incurred in the Rail business resulting from higher costs to support an expanded and ageing network, larger fleet, efforts to improve rail reliability as well as increased repairs and maintenance related expenditure.

Notwithstanding the higher operating expenses incurred attributable to the intensive maintenance and renewal programmes of the ageing Rail network, operating profit was higher in 3Q FY2016 on the back of higher revenue, lower energy costs, funding from Public Transport Security Committee (PTSC) and lower other operating expenses due mainly to early retirement of taxis in 3Q FY2015.

Operating profit improved in 4Q FY2016 compared to 4Q FY2015 as it included a net property tax refund of \$19.0 million relating to prior years' over assessment. Without the net property tax refund, the operating profit recorded in 4Q FY2016 would have been lower and the Rail business would have suffered an operating loss.

Quarterly Results

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total (Year)
	\$m	%	\$m	%	\$m	%	\$m	%	\$m
Revenue									
FY2016	320.3	24.7%	328.8	25.4%	327.6	25.3%	320.0	24.7%	1,296.6
FY2015	297.1	24.0%	314.0	25.4%	313.2	25.3%	311.2	25.2%	1,235.5
Operating Profit									
FY2016	27.7	20.0%	32.5	23.5%	45.4	32.8%	32.8	23.7%	138.5
FY2015	29.3	24.3%	33.3	27.6%	31.0	25.7%	27.1	22.5%	120.8
Profit After Tax									
FY2016	20.2	18.6%	25.8	23.8%	36.8	34.0%	25.5	23.6%	108.3
FY2015	22.3	24.6%	24.8	27.5%	22.6	24.9%	20.8	23.0%	90.5

Balance Sheet

Total assets increased 7.2% and stood at \$2.7 billion as at 31 March 2016 due mainly to higher property, plant and equipment, cash and cash equivalents and trade and other receivables.

Property, plant and equipment increased due mainly to the addition of rail operating assets, trains, buses and taxis, partially offset by the sale of 110 buses acquired under the BSEP to the LTA.

Higher trade and other receivables was due mainly to higher advance to suppliers, receivables from LTA and prepayments.

Total liabilities increased by \$127.4 million or 7.6% due mainly to higher trade and other payables and tax liabilities.

Trade and other payables increased due mainly to higher accruals for purchase of property, plant and equipment and operating expenses.

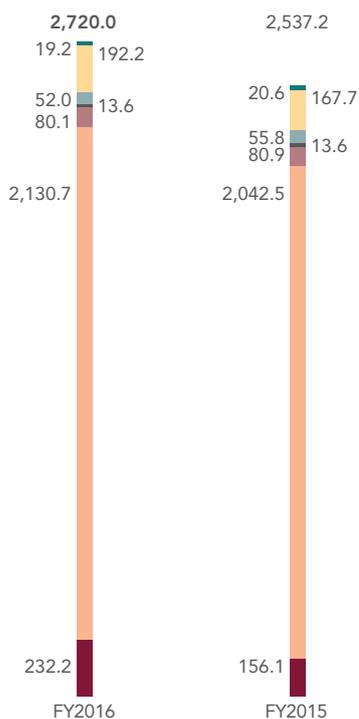
The Group incurred capital expenditure (CAPEX) of \$351.9 million due mainly to addition of rail operating assets, trains, buses and taxis.

Balance Sheet Highlights

\$m	31-Mar-16	31-Mar-15	Chg
Total Assets	2,720.0	2,537.2	182.8
Cash and cash equivalents	232.2	156.1	76.1
Inventories	80.1	80.9	(0.8)
Interests in associates and joint ventures	52.0	55.8	(3.8)
Property, plant and equipment	2,130.7	2,042.5	88.2
Trade and other receivables	192.2	167.7	24.5
Total Liabilities	1,805.8	1,678.3	127.4
Total Equity	914.2	858.9	55.4

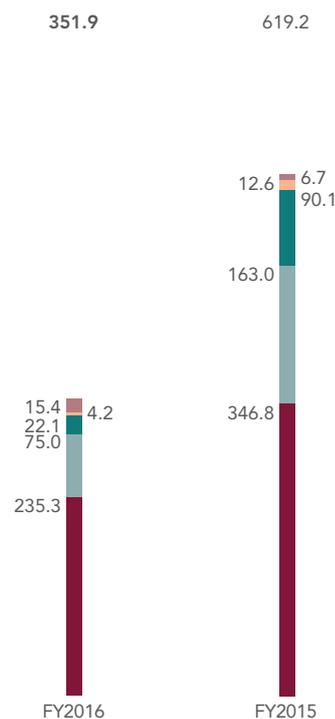
Total Assets (\$m)

- Cash and cash equivalents
- Property, plant and equipment
- Inventories
- Intangible asset
- Interests in associates and joint ventures
- Trade and other receivables
- Other investments



CAPEX (\$m)

- Rail
- Bus
- Taxi
- Rental & Advertising
- Others



Group Performance continued

Cash Flow

The Group ended the financial year with a cash balance of \$232.2 million, compared to \$156.1 million at the start of the year.

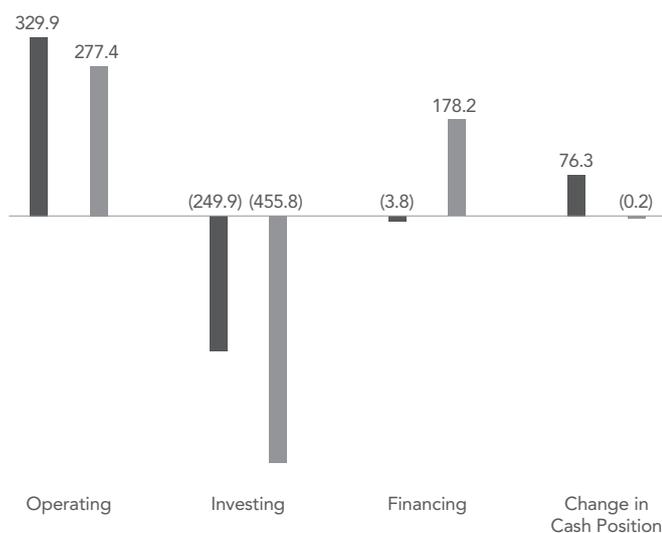
Net cash inflow from operating activities of \$329.9 million for FY2016 was higher compared to FY2015, due mainly to higher profitability and net income taxes refunded.

Net cash outflow from investing activities of \$249.9 million for FY2016 was lower compared to FY2015, due mainly to lower payment for purchase of property, plant and equipment and higher proceeds from disposal of property, plant and equipment.

Net cash outflow from financing activities of \$3.8 million for FY2016 compared to net cash inflow for FY2015, due mainly to net proceeds from issuance of fixed rate notes in the previous period and lower BSEP borrowings in the current period.

Cash Flow (\$m)

● FY2016 ● FY2015



FY2017 Outlook

The Group is fully committed to deliver higher rail reliability and service quality to meet the needs of our commuters and to comply with the heightened operating and maintenance standards set by the authorities.

As fare adjustments have not kept pace with rising operating costs over the years, the current rail operating landscape continues to be challenging. The Group is expected to incur higher operating expenses attributable to the intensive maintenance and renewal programmes of the ageing network in addition to running an enlarged train fleet as well as commencement of the Tuas West Extension in FY2017. The Group's fare revenue will be further impacted by the 1.9% fare reduction and cannibalisation by Downtown Line 2 operations.

For better sustainability of the rail transit network, the Group has been in discussion with the authorities on the transition to a new rail financing framework (NRFF) and is making progress. Under the NRFF, SMRT Trains will become asset light to focus on the operations and maintenance of the MRT and BPLRT lines, and will pay a Licence Charge to LTA for the right to operate these lines.

The Group is expected to benefit from lower energy prices and aims to extract further cost efficiency from productivity improvements and reliability incentives in our Bus operations. We are finalising with the authorities the proposed contract terms of the Government Contracting Model which will commence in September 2016 for our existing bus services.

The Group will continue to explore growth anchored on our core strengths in public transport operations and adjacent capabilities to develop our rail engineering expertise, expand our road and rail transport operational footprint, and extend our commercial out-of-network reach.

Value Added and Economic Value Added Analysis

Value Added Statement

\$'000	FY2016	FY2015
Revenue	1,296,589	1,235,535
Less: Cost of bought-in goods and services	(429,026)	(416,227)
Gross Value Added	867,563	819,308
Share of results of associates and joint ventures (net of tax)	2,219	989
Interest and investment income	1,271	1,587
Loss on disposal of property, plant and equipment	(3,484)	(124)
	867,569	821,760
<i>Applied as follows:</i>		
To Employees – staff costs	532,288	481,482
To Government – income and other taxes	10,732	44,167
To Providers of Capital:		
Interest on borrowings	12,607	12,527
Dividends to shareholders*	49,471	41,055
Balance reinvested in business:		
Depreciation of property, plant and equipment	213,343	203,155
Non-controlling interest's share	(1,019)	(546)
Profit for the period retained by the Group	59,823	49,945
Others	(9,676)	(10,025)
	867,569	821,760

* Dividends paid in year 2016 are \$49,471,000 (2015: \$41,055,000), which are fully paid out from current year profit.

Economic Value Added Statement

\$'000	FY2016	FY2015
Profit from ordinary activities before taxation	129,333	110,856
Adjustments for:		
Interest expense	12,607	12,527
Adjusted profit before interest and taxation	141,940	123,383
Economic tax	(22,090)	(19,076)
Net Operating Profit After Tax (NOPAT)	119,850	104,307
Average capital employed ^{Note 1}	1,668,143	1,517,846
Weighted average cost of capital ^{Note 2}	4.620%	4.967%
Capital Charge (CC)	77,068	75,392
Economic Value Added (EVA = NOPAT – CC)	42,782	28,915

Note 1: Average shareholders' equity plus interest-bearing liabilities and timing provisions:

Major capital components	FY2016 \$'000	FY2015 \$'000
Debt	821,387	729,008
Equity	846,756	788,838
	1,668,143	1,517,846

Note 2: The Weighted Average Cost of Capital is calculated as follows:

- Cost of equity using Capital Asset Pricing Model with market risk premium at 5.0% (FY2015: 5.0%);
- Pre-tax risk-free rate of 2.3% (FY2015: 2.3%);
- Ungeared beta at 0.48 (FY2015: 0.51) based on peer analysis; and
- Pre-tax cost of debt at 3.7% (FY2015: 4.4%) based on pre-tax risk-free rate plus credit spread.

Value Added and Economic Value Added Analysis continued

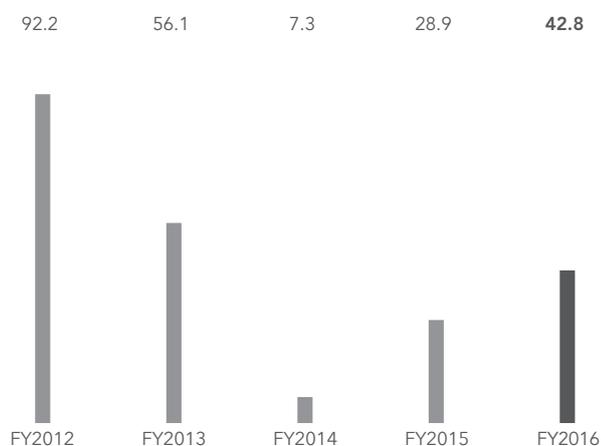
Productivity Analysis

	FY2012	FY2013	FY2014	FY2015	FY2016
Employment costs per \$ of turnover (\$)	0.32	0.35	0.40	0.39	0.41
Economic value added (\$m)	92.2	56.1	7.3	28.9	42.8
Economic value added per employee (\$)	13,345	7,494	919	3,485	4,623
Value added (\$m)	642.3	677.8	741.6	821.8	867.6
Value added per employee (\$)	92,985	90,595	93,490	99,031	93,741
Value added per \$ of employment cost (\$)	1.89	1.72	1.60	1.70	1.62
Value added per \$ of gross fixed assets (\$)	0.22	0.22	0.21	0.21	0.21
Value added per \$ of turnover (\$)	0.61	0.61	0.64	0.67	0.67

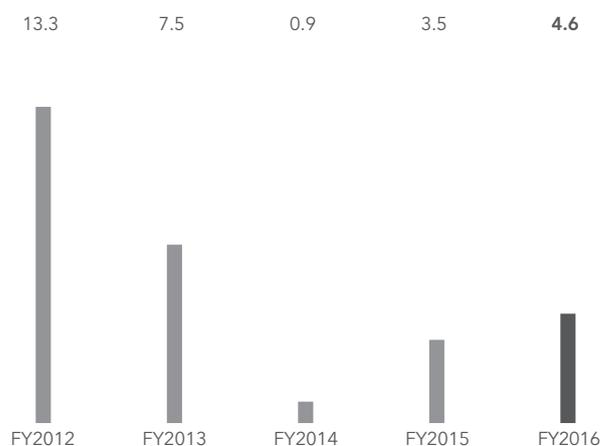
In FY2016, the total Value Added (VA) for the Group was \$867.6 million. The amount applied to employees (staff costs) was \$532.3 million, income and other taxes to the government was \$10.7 million, and interest and dividends to the providers of capital was \$62.1 million, leaving a balance of \$262.5 million reinvested in the Group.

The Economic Value Added (EVA) was higher at \$42.8 million, 48.0% higher than FY2015, due mainly to higher operating profit. The graphs below illustrate the change in EVA, EVA per employee, VA per dollar employment cost and VA per employee over the last five years.

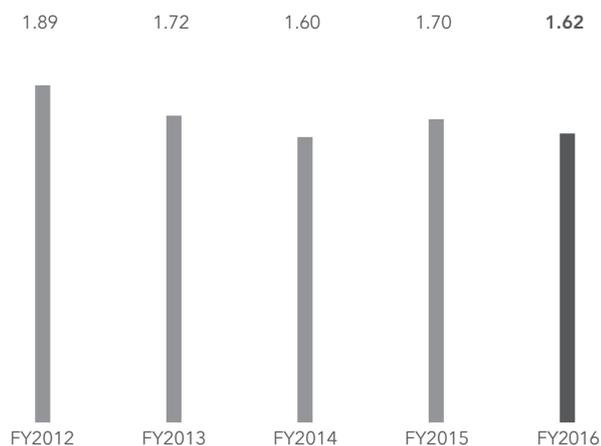
EVA (\$m)



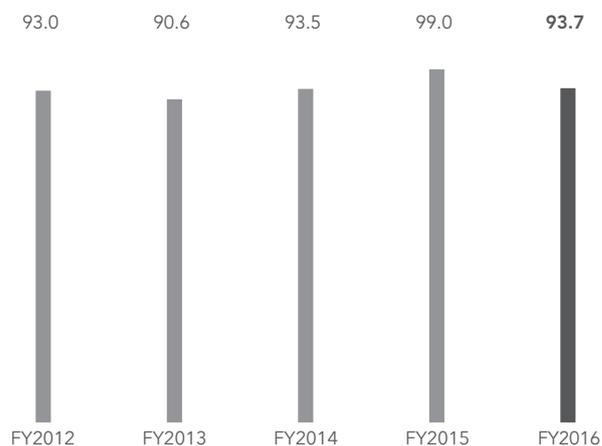
EVA per Employee (\$'000)



Value Added per Dollar Employment Cost (\$)



Value Added per Employee (\$'000)



Engaging our Shareholders

SMRT is committed to high standards of disclosure and corporate governance. We adopt a proactive and open approach in communicating with our shareholders, investors and analysts. We strive to provide accurate, reliable and timely information about the Group's operations, performance and outlook to allow the investment community to take an informed view in their investment decisions.

Proactive Communication

During the year, our Management and Investor Relations (IR) team engaged with over 80 investors through face to face meetings and conference calls on the Group's strategy, operational and financial performance.

We also organised guided visits of our train depots to facilitate investors' understanding of our rail operations. Investors appreciated the opportunity to interact with our Management and engineering staff to understand and gain a deeper insight into our operation and maintenance regime.

Our stock receives coverage by 13 research houses and our Management and IR team maintain regular dialogue with the analysts to provide updates on developments in the Group's business fundamentals and prospects.

Our Annual General Meeting (AGM) is held every July for shareholders to obtain an update on the Group and interact with our Board of Directors and Management. To reach out to our large retail investor base, our AGM is always held at a central location. Our last AGM was held at Raffles City Convention Centre and was attended by over 600 shareholders.

SMRT supports the Securities Investors Association (Singapore) (SIAS) investor outreach programme to engage our shareholders. As part of this collaboration, all SMRT shareholders are accorded free SIAS associate membership, which entitles them to membership privileges such as members' rates for investment workshops and courses.

We ensure that all information is disclosed in a timely manner to shareholders. Quarterly results for the Group are announced within one month after the close of the quarter and the audited full-year financial statements within one month after the end of the financial year. Our Management hosts combined media and analyst briefings for half-year and full-year results, and teleconferences for the first and third quarter results. Materials used in the briefings and teleconferences are lodged with SGX and made available on SMRT's corporate website.

Commitment To Enhancing Shareholder Value

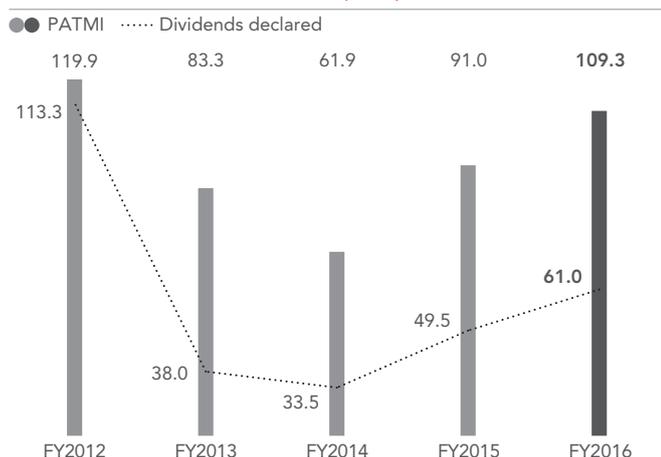
Dividend Policy

SMRT's dividend policy takes into account our long-term objective of maximizing shareholder value, the availability of cash and retained earnings, our expected financial performance and projected capital expenditure and other investment plans. We endeavour to maintain a payout ratio of 60% of PATMI per year for the interim and final ordinary dividend. In any particular year, we may also propose a special dividend to provide investors with greater returns and yield.

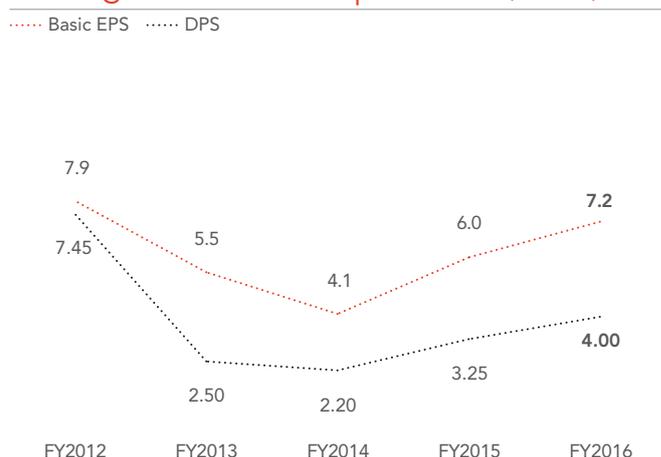
In deciding on the dividend amount, a balanced evaluation is made taking into account our financial performance as well as future investments required to both improve operational performance and secure new business opportunities.

In FY2016, our Board of Directors has proposed a final dividend of 2.5 cents per share. If approved at the 17th AGM on 5 July 2016, this will bring the total dividend for FY2016 to 4.0 cents per share, translating to a dividend payout of 55.8% of the Group's PATMI.

PATMI and Dividends (\$m)



Earnings and Dividend per Share (cents)

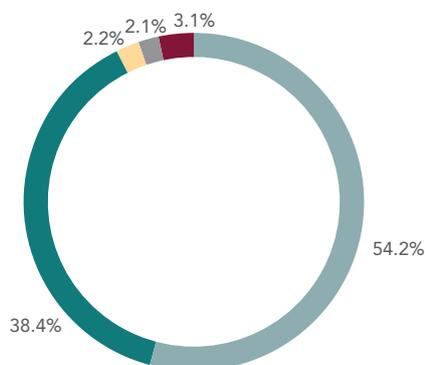


Shareholder Base

As at 31 March 2016, SMRT had 49,312 registered shareholders, including shares held through nominees, investment funds and other share schemes. Temasek Holdings remains our largest shareholder, with 54.2% ownership interest as at 25 February 2016. Other Singapore investors held approximately 38.4% ownership interest, with the remaining 7.4% of our share capital held by investors from global financial markets, mainly based in Hong Kong and the United States.

Share Ownership Profile¹

● Temasek Holdings ● Hong Kong ● Others
● Singapore ● United States
 (ex Temasek Holdings)

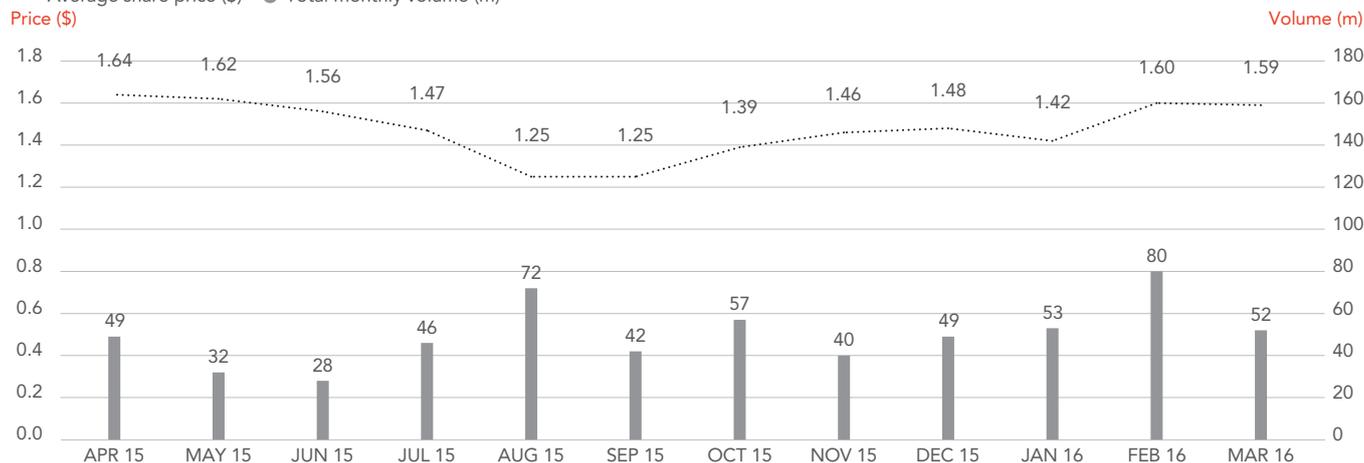


1. Approximate figures based on a shareholder analysis as at 25 February 2016.

As at 31 March 2016, our share price was \$1.51, giving SMRT a market capitalisation of approximately \$2.3 billion. The average share price for the year was \$1.48, hitting a high of \$1.685 on 16 April 2015 and a low of \$1.14 on 25 August 2015. The average monthly trading volume was 49.9 million. The chart below shows the average monthly closing share price performance and the total monthly trading volume of SMRT shares in FY2016.

Share Performance

..... Average share price (\$) ● Total monthly volume (m)



Investor Relations Calendar for FY2016

1st Quarter

- FY2015 financial results briefing to analysts and media
- Depot visit for retail shareholders co-organised with SIAS

2nd Quarter

- 16th Annual General Meeting
- 1Q FY2016 financial results briefing to analysts and media
- Depot visit for institutional investors co-organised with Deutsche Bank

3rd Quarter

- 2Q FY2016 financial results briefing to analysts and media

4th Quarter

- 3Q FY2016 financial results briefing to analysts and media

Achievements

SMRT was ranked 9th amongst the 100 largest Singapore listed companies by market capitalisation in the ASEAN Corporate Governance Scorecard (ACGS) 2015².

SMRT was also ranked 12th amongst 639 companies listed on the Singapore Exchange in the Governance and Transparency Index (GTI) 2015³.

2. Singapore Institute of Directors and Centre for Governance, Institutions and Organisations (CGIO), NUS Business School, 1 April 2016.
3. Centre for Governance, Institutions and Organisations (CGIO), NUS Business School, 19 August 2015.

Group Operating Review

- 44 SMRT Trains & LRT
- 50 Transit-Oriented Rental & Advertising
- 52 Commercial Business
- 54 SMRT Roads
 - 55 SMRT Buses
 - 58 SMRT Taxis
 - 60 SMRT Automotive Services
 - 61 Bus-Plus Services
- 62 Singapore Rail Engineering
- 63 SMRT Services
- 64 SMRT International
- 65 Championing Service Excellence





SMRT Trains & LRT

In the past year, we have made significant progress in our track renewal works and we will continue to improve on system reliability with our multi-year efforts. As we pursue this, we will enhance safety processes and procedures as well as focus on building an engineering workforce of committed professionals.

Lee Ling Wee
Managing Director, Trains

HIGHLIGHTS FOR 2016

- Increased annual ridership on the NSEWL and CCL by 3.4% to 755.7 million.
- Maintained high service reliability of over 99.8% on the NSEWL, CCL and BPLRT.
- Improved train withdrawal rates per 100,000km from 1.05 in FY2015 to 0.9 in FY2016 for the NSEWL and from 0.49 in FY2015 to 0.45 in FY2016 for the CCL.
- Improved MKBF for delays lasting longer than 5 minutes on the NSEWL from 65,000km in 2012 to 140,000km last year.
- Completed sleeper replacement work on the North-South Line and begun sleeper replacement work on the East-West Line.
- Attained accreditation for SMRT engineers as Chartered Engineers in Railway and Transportation.

PRIORITIES FOR 2017

- Enhance reliability with numerous multi-year efforts to renew and upgrade the NSEWL.
- Enhance safety through a comprehensive review of work safety processes and procedures.

Group Operating Review

Rail Operations

In FY2016, we continued to improve our system reliability and grow our engineering expertise. We enhanced our commuters' experience in our network and fared well internationally in many areas when benchmarked against leading global metro operators.

Enhancing Customer Experience

We continued to enhance commuter experience on our train network. In an effort to reduce waiting time for trains, we deployed more trains during pre-peak and peak periods.

New trains are being added progressively to the NSEWL and CCL as well as the BPLRT to increase overall passenger capacity. In FY2016, 24 new trains and 19 new train-cars were introduced on the CCL and BPLRT respectively. In FY2017, 45 new trains will be added to the current fleet for the NSEWL. The larger train fleet on the NSEWL will also allow older trains to be removed from service to undergo critical maintenance and a signalling system upgrade.

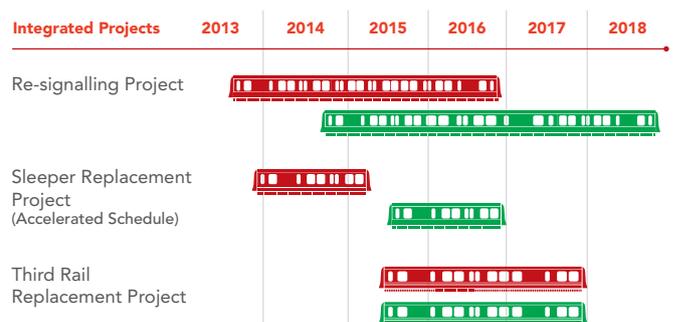
The re-signalling works are progressing well and expected to be completed on the North-South Line in 2016 and on the East-West Line in 2018. When fully operational, the new signalling system will allow trains on the NSEWL to be spaced 100 seconds apart, from the current 120 seconds. This will shorten the wait for trains and ease congestion at platforms during peak periods.

For faster and more comfortable rides, we intensified the replacement of wooden sleepers with concrete ones and completed replacing all the sleepers on the North-South Line in April 2015, ahead of schedule. Work on the East-West Line commenced in November 2015 and we have made steady progress.

On the NSEWL, we are also replacing about 200km of Third Rail, which powers the trains, to better cope with more trains and the new systems on which they run. The works are expected to be completed in 2017.

Concurrent with this effort, we began the upgrading of our power substations in early 2015. We have also been in discussion

Renewal and Upgrading of the NSEWL



Legend:
 North-South Line
 East-West Line





The seven accredited SMRT engineers (anti-clockwise from centre): Ms Ang Chia Wei, Ms Azizah Sapari, Ms Edelene Ee Si Ya, Mr Wilson Lew Hong Howa, Mr Ng Chong Joo, Mr Jason Ng Boon King and Mr Chua Hock Seng.

with the authorities to improve the overall design of the NSEWL's power network in view of the new signalling system and increased loading as a result of more trains running.

In our effort to provide safer and more reliable journeys, we have also embarked on progressive upgrades of our first and second generation train fleets, which have been in service for more than 20 years. The upgrading programme of our second generation fleet of 19 Siemens C651 trains by Singapore Rail Engineering (SRE) has commenced and is expected to be completed in 2018. The upgraded Siemens C651 trains will have new or refurbished train sub-systems such as air-conditioning, electrical doors, brakes and more efficient propulsion systems.

Come FY2017, SRE has been engaged to upgrade our first generation fleet of 66 Kawasaki Heavy Industries (KHI) C151 trains. We aim to equip these trains with the same advanced features as the upgraded Siemens C651 trains to achieve greater commonality for more efficient fleet management. Two of our KHI C151 trains have been successfully equipped with Permanent Magnet Synchronous Motor (PMSM) technology and are running well, achieving energy savings of close to 40%. These upgraded trains will serve our passengers with improved levels of reliability and comfort.

Key Operating Data

	FY2012	FY2013	FY2014	FY2015	FY2016
Total route length (NSEWL & CCL) (km)	128.6	128.6	128.6	129.8	129.8
Total car-kilometres operated (to nearest million)	114.4	122.2	123.7	126.8	131.2
Growth in car-kilometres operated (%)	14.1	6.8	1.2	2.5	3.5
Total ridership (to nearest million)	654.4	690.9	710.8	730.6	755.7
Growth in ridership (%)	8.3	5.6	2.9	2.8	3.4
Average weekday ridership (to nearest '000)	1,927	2,041	2,091	2,148	2,197
Growth in average weekday ridership (%)	8.5	5.9	2.5	2.7	2.3
Total passenger-kilometres (to nearest million)	7,575	7,887	8,016	8,129	8,322
Growth in passenger-kilometres (%)	7.0	4.1	1.6	1.4	2.4
Average car occupancy (passenger per car)	66.2	64.5	64.8	64.1	63.4
Growth in average car occupancy (%)	(6.2)	(2.6)	0.4	(1.0)	(1.1)

Improving Rail Reliability

There is much more to be done to improve rail reliability and renew the ageing network, but we are encouraged that we have brought withdrawal rates down from 1.05 for every 100,000km in FY2015 to 0.9 in FY2016 for the NSEWL and from 0.49 in FY2015 to 0.45 in FY2016 for the CCL. Our Mean Kilometre Between Failure (MKBF) for delays lasting longer than 5 minutes on the NSEWL steadily improved from 65,000km in 2012 to 140,000km last year.

Our actions to ensure a robust rail system reflect the holistic approach taken to strengthen our rail engineering capability in the three key areas of *people, process and technology*.

People

Over the last three years, we have increased the number of maintenance staff by 23% while the number of executive rail engineers grew by 79%. SMRT Trains aims to increase its headcount in anticipation of the introduction of new trains on the NSEWL and CCL, and the opening of four new MRT stations on the East-West Line's extension to Tuas. More staff will be required to cope with the higher capacity for renewal, upgrade and maintenance projects on SMRT's rail network.



Together with our Operation Control Centre, SMRT Trains' new Maintenance Operation Centre (MOC) monitors the NSEWL 24 hours a day.

We introduced the SMRT Train Engineer Professionalisation (STEP) roadmap and programme to help us better recruit, retain and professionalise our engineering staff. STEP will enable our engineers to attain a professional rail engineering chartership awarded by the Institution of Engineers, Singapore. The roadmap underscores SMRT's commitment to develop staff throughout their careers to their fullest potential, to better serve passengers and to cater to growth in the rail industry. Seven SMRT engineers are Singapore's first to be accredited as Chartered Engineers in Railway and Transportation Engineering. By the end of 2017, we expect to see more than 100 of our engineers attain this chartership.

We are also collaborating with educational institutes like the Institute of Technical Education, polytechnics and the Singapore Institute of Technology to accredit our workforce with the necessary professional skills and qualifications.

Process

We have improved the way we manage critical rail infrastructure, assets and equipment that affect the safety and reliability of train services.

Our efforts to institute a life cycle asset management system have been recognised. In April 2015, we were awarded the ISO 55001 certification (maturity level 3). We are the second metro in Asia to achieve this standard, which demonstrates that our assets are being appropriately maintained while issues and risks are being properly identified and addressed.

Another key initiative to improve rail reliability is SMRT Trains' new \$5 million Maintenance Operation Centre (MOC). The MOC, together with our Operation Control Centre, plays an integral role in monitoring the NSEWL 24 hours a day. The MOC allows for quicker response to address faults and incidents on trains, tracks and in the stations as it brings maintenance teams from various engineering disciplines together, and harnesses their collective expertise to address trouble spots on the ground.

Technology

Information provided to MOC through condition monitoring tools such as, sensors installed on board MRT trains and trackside infrastructure, allow for timely interventions that predict, prevent or pre-empt rail incidents. We are also working with the Agency for Science, Technology and Research (A*STAR) on a number of research and development projects that will enhance our diagnostics and sense-making capabilities.

As part of the upgrade of our first and second generation trains, sensors and diagnostic systems will be integrated to a Train Integrated Monitoring System (TIMS) which has the capability to monitor the conditions for all upgraded sub-systems, including air conditioning, auxiliary power, traction power, propulsion and electric door systems. This will allow train captains and engineering staff to know the health of these sub-systems and intervene when signs of fault begin to emerge.

Tapping on International Technical Expertise

Since 2014, SMRT has benefited from the expertise of a Technical Advisory Panel comprising local and international engineering and transport professionals. SMRT hosted the third Technical Advisory Panel meeting which focused on improving rail network reliability and the sharing of best rail engineering practices. Members of the panel shared insights on strengthening rail expertise, asset management strategy, and application of technology for enhanced effectiveness and efficiency. The Technical Advisory Panel affirmed that SMRT is moving in the right direction to achieve its targets of operational excellence and engineering capability.

Chaired by Professor Alfred Huan, Executive Director of A*STAR's Institute of High Performance Computing, the Technical Advisory Panel comprises local and international experts from National University of Singapore, Nanyang Technological University, Singapore University of Technology and Design, Imperial College London and KCPM Consulting.



SMRT's Technical Advisory Panel with members of SMRT Board and Management.

Front Row (From left): Mr Yap Kim Wah, Professor Seah Kar Heng, Professor Alfred Huan, Mr Koh Yong Guan, Mr Desmond Kuek, Mr Lee Ling Wee.

Back Row (From left): Associate Professor See Kye Yak, Professor Kristin L. Wood, Professor Roderick A Smith and Dr. Martin Murray.

Meeting Local and International Standards

The Public Transport Customer Satisfaction Survey (PTCSS) is an annual exercise conducted to gain insights into commuter expectations and needs. In 2015, 91.8% of commuters surveyed expressed satisfaction with Singapore’s public transport services. The satisfaction level for wait time rose to 82.9% from 79.0% (up by 3.9%). This could be attributed to the addition of new trains to the CCL and completion of the sleeper replacement works on the North-South Line.

In FY2016, our Train Service Availability was above the national target of 98% across our rail network. We maintained train service availability at 99.85% for the NSEWL and 99.98% for the CCL, compared to the national target of 98%. The BPLRT performed well at 99.88% service availability, against the national target of 99.5%.

We regularly engage counterparts from leading metros around the world to share operational and technical knowledge as well as learn from their best practices. SMRT is an active member of the international benchmarking group, Community of Metros (CoMET) and Nova, comprising leading global metros.

Looking Forward

In the coming year, we are comprehensively reviewing all of our safety structures, processes and compliance to ensure that safety continues to be accorded the highest attention and priority in our operations and maintenance services.

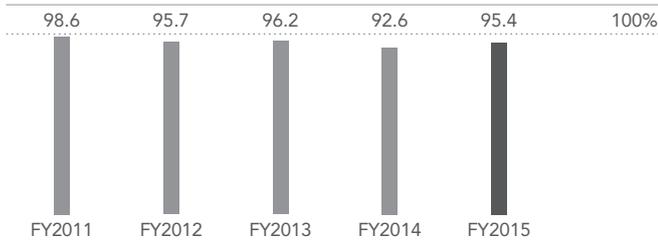
We will continue to enhance train service reliability with our numerous multi-year programmes to renew and upgrade systems on the NSEWL. We will be collaborating with the authorities to accelerate the network renewal and facility expansion initiatives. Through our holistic approach of strengthening *people, processes and technologies*, we will continue to achieve higher standards of rail reliability and provide a better travel experience for our commuters.

As we look forward to the opening of the new Tuas Depot and the 7.5km Tuas West Extension on the East-West Line, we are making the necessary preparations for a seamless transition to begin operations in FY2017.

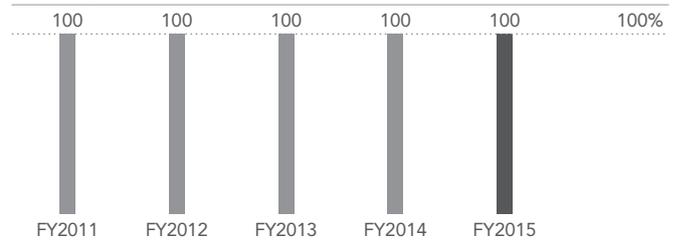
SMRT is also continuing our discussions with the authorities on the transition to a new rail financing framework.

SMRT Trains Performance Against CoMET and NOVA Operators (Best Performance = 100%)

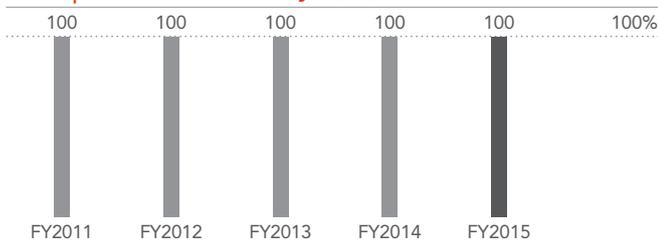
Punctuality¹ (%)



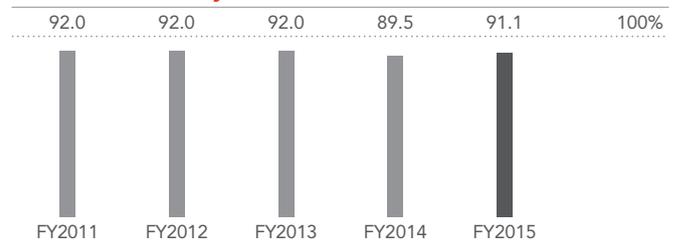
Safety² (%)



Manpower Efficiency³ (%)



Cost Efficiency⁴ (%)



Notes:

1. Timeliness of train arrivals (within 5 minutes). Train punctuality performance has been affected by speed restrictions for the sleeper replacement works.
2. Safety, which measures fatalities arising from accidents (excluding suicides), maintains its track record.
3. Manpower efficiency, which refers to the total distance travelled by our passengers in kilometres compared to the total number of hours clocked by our staff and contractors in operating and maintaining the rail system, remains at 100%.
4. In the area of cost efficiency, operating and maintenance costs per passenger-kilometre have improved from FY2014. Cost figures are adjusted using 2013 Purchasing Power Parity (PPP) conversion factors.



SMRT Trains is enhancing reliability with numerous multi-year efforts to renew and upgrade the North-South and East-West Lines.

NSEWL Performance Against LTA Operating Performance Standards

	FY2012	FY2013	FY2014	FY2015	FY2016
Train Arrival Punctuality (at least 96% within 2 minutes of schedule weekly, effective 1 January 2015)	90.76	89.08	84.92*	87.45*	92.09*
Train Departure Punctuality (at least 96% within 2 minutes of schedule weekly)	93.22	93.06	91.10*	92.22*	95.15*
Train Service Delivery (at least 98% of scheduled train-km weekly)	99.84	99.65	99.82	99.90	99.85
General Ticketing Machine Reliability (at least 98% weekly)	99.75	99.83	99.86	99.81	99.94
Passenger Service Machine Reliability (at least 98% weekly)	99.91	99.94	99.93	99.93	99.97
Automatic Fare Gates Reliability (at least 98% weekly)	99.90	99.95	99.94	99.96	99.98
Escalator and Conveyors Reliability (at least 99.5% monthly)	99.94	99.96	99.84	99.94	99.97
Lift Reliability (at least 99.0% monthly)	99.87	99.85	99.89	99.88	99.85
Passenger Injury Rate (no more than 0.4 injuries per million customers monthly)	0.005	0.006	0.002	0.009	0.010

* Train punctuality performance has been affected by speed restrictions, which were imposed for safety reasons because of the sleeper replacement works.

CCL Performance Against LTA Operating Performance Standards

	FY2012	FY2013	FY2014	FY2015	FY2016
Train Arrival Punctuality (at least 96% within 2 minutes of schedule weekly, effective 1 January 2015)	97.85	98.57	99.51	99.59	99.56
Train Departure Punctuality (at least 96% within 2 minutes of schedule weekly)	98.46	98.76	99.52	99.63	99.68
Train Service Delivery (at least 98% of scheduled train-km weekly)	99.89	99.92	99.98	99.98	99.98
General Ticketing Machine Reliability (at least 98% weekly)	99.97	99.93	99.94	99.94	99.96
Passenger Service Machine Reliability (at least 98% weekly)	100	99.99	99.99	99.99	100
Automatic Fare Gates Reliability (at least 98% weekly)	99.90	99.99	99.99	99.99	99.99
Escalator and Conveyors Reliability (at least 99.5% monthly)	99.88	99.89	99.81	99.81	99.84
Lift Reliability (at least 99.0% monthly)	99.93	99.94	99.95	99.96	99.95
Passenger Injury Rate (no more than 0.4 injuries per million customers monthly)	0	0.008	0	0	0

BPLRT Performance Against LTA Operating Performance Standards

	FY2012	FY2013	FY2014	FY2015	FY2016
System Service Availability (at least 99.5% monthly)	99.95	99.97	99.97	99.64	99.88
General Ticketing Machine Availability (at least 95% monthly)	99.94	99.94	99.97	99.93	99.97
Automatic Fare Gate Availability (at least 95% monthly)	99.92	99.99	99.99	99.97	99.98
Lift Availability (at least 98% monthly)	99.93	99.92	99.92	99.93	99.94
Passenger Injury Rate (no more than 0.4 injuries per million customers monthly)	0	0	0	0.018	0.084



Transit-Oriented Rental & Advertising

We continue to redefine travel experience by boosting vibrancy and consumer lifestyle offerings in the SMRT network. We will also focus on creating innovative, interactive, multi-channel solutions for our partners.

Dawn Low
Managing Director, SMRT Commercial

HIGHLIGHTS FOR 2016

- Achieved rental network occupancy rate of 98%.
- Optimised short-term lease space for higher rental yield.
- Added commercial space at Woodlands Temporary Bus Interchange.
- Brought smiles to commuters with popular Disney franchises and movies on advertising and retail spaces.
- Celebrated SG50 through engaging advertisements.

PRIORITIES FOR 2017

- Extract higher rental yield by optimising retail assets and tenant mix.
- Strengthen media and advertising strategies to drive revenue with multi-channel campaigns.

Group Operating Review continued

Rail & Non-Rail Operations

SMRT Commercial manages the retail and advertising spaces within the SMRT network of MRT stations and bus interchanges, as well as our trains, buses and taxis. Our retail spaces provide commuters with a wide range of convenient shopping and dining options as they travel the island, while our advertising spaces add vibrancy to the network.

Transit Shopping & Dining

SMRT Commercial manages more than 820 retail units and achieved 98% occupancy during the year. We continue to enhance and refresh our Xchanges, MRT stations and bus interchanges to cater to the needs and lifestyles of our consumers in and around our transport network. We brought in more services and F&B brands in FY2016, including Ilao Ilao and Mister Minit, as well as the Australia and New Zealand Banking Group Limited (ANZ). Popular coffee chain Starbucks also opened Singapore's first and only express concept store in Raffles Xchange in December 2015.

Ang Mo Kio and Woodlands Xchanges continue to be 100% Project: Eco-Shop certified. The Singapore Environment Council has now certified a total of 69 of our tenants, including Subway and the Health Science Authority's blood bank.

Throughout the year, we optimised our short-term lease space through several initiatives centred on fashion, family and wellness. Thematic fairs, organised around key retail seasons included Chinese New Year, Mid-Autumn and Christmas, brought more footfall and retail energy around our stations.

The Shop & Dine @ SMRT programme continues to reward the community and customers with attractive promotions. The strong partnership with Disney saw promotional campaigns themed around popular, family-friendly brands and franchises such as *Avengers: Age of Ultron* for the Great Singapore Sale, Oscar-winning *Inside Out* for the school holidays, *Star Wars: The Force Awakens* for the year-end festive season, as well as *Zootopia* for Chinese New Year.

Transit Advertising

SMRT Commercial manages Singapore's largest advertising network of out-of-home platforms and digital screens across the public transport network. We reach millions of customers and commuters daily with our interactive and multi-channel platforms. We are also the official out-of-home media partner for Kallang Wave Mall at the Singapore Sports Hub.

In FY2016, SMRT Commercial was awarded the Most Innovative Technology (Bronze) at the Spark Awards for Media Excellence 2015 for Singapore's first illuminated Double Decker, which uses breakthrough lighting film technology called eLumiNEX™. This advertising solution is a world's first and offers advertisers an eye-catching way to capture consumers' attention through the illumination of large-format print surfaces. This achievement is in collaboration with Film Screen and A*STAR's Singapore Institute of Manufacturing Technology. Applying innovative advertising technology increases audience engagement and success for our clients.



SMRT Commercial partnered with Disney and Lucas Film last Christmas to bring the epic *Star Wars: The Force Awakens* into the SMRT transport networks.

During the year, SMRT Commercial worked with government agencies as well as local and international brands to execute creative, multi-platform advertising solutions across the island. Notable campaigns include the Ministry of National Development and the Housing Development Board's housing campaign; Sports Singapore's 28th SEA Games and 8th ASEAN Para Games campaigns; Asia Pacific Breweries Tiger Beer SG50 "Unofficial History of Singapore" campaign; Coca Cola's Share a Coke campaign; and the launch of Eva Air's Hello Kitty jets in Singapore.

We grew our business with a wider portfolio of key events, consumer and luxury brands, banks, movie distributors and educational institutions, which have injected more life into the network with their campaigns.

We continue to add vibrancy to the public transport network and enhanced travel experience through our partnership with Disney Southeast Asia in FY2016. We launched concept trains and buses featuring popular movies such as *Avengers: Age of Ultron*, *Inside Out* and *Zootopia*. A highlight for many commuters was the *Star Wars: The Force Awakens* promotion in SMRT's retail and transport networks. SMRT commuters had the opportunity to ride in Singapore's first intergalactic *Star Wars*-themed trains and buses.

Lending Strong Industry Support

In support of the media and advertising industry and to develop local talents, SMRT Commercial sponsored key trade events and awards. Highlights include the Overall Agency of the Year award by Marketing Magazine, Creative Director of the Year award by the Institute of Advertising Singapore (IAS) and Best Use of Out of Home award by the Association of Accredited Advertising Agents Singapore (4As).

Supporting Worthy Causes

SMRT Commercial actively extended our support for national events, public transport campaigns, community, environment, arts and sports events during the year. These included National Day, President's Challenge, Community Chest, World Wide Fund for Nature, the Singapore Symphony Orchestra, the Singapore Swimming Association and the FINA Swimming World Cup.

The Year Ahead

For transit retail, we will continue to extract higher rental yield by optimising retail assets within stations. We will also boost vibrancy and consumer lifestyle offerings in SMRT's network by reviewing and refreshing our tenant mix to focus on a larger variety of F&B, shopping on-the-go and pop-up stores.

To generate more energy in the public transport network, we will focus on multi-channel solutions for our clients. We will also strengthen our sales and activation strategies to drive revenue and greater customer engagement.



Commercial Business

We are exploring growth opportunities in media, marketing, properties and retail management. Coupled with our ability to identify and develop partnerships, we are focused on bringing value to our customers and partners.

Dawn Low

Managing Director, SMRT Commercial

HIGHLIGHTS FOR 2016

- Set up The X Collective Pte Ltd (XCo) to leverage capabilities in transit retail lifestyle business, retail management and commercial development as well as media and marketing.
- Secured first overseas transit retail consultancy for a major Middle Eastern metro.
- Leased more than 90% of space at Singapore Sports Hub.
- Launched Pop In, a pop-up concept, at Raffles Xchange.
- Launched Wink⁺ first-of-its-kind loyalty app for retailers, out-of-home and digital advertisers to integrate their offline and online campaigns with real-time return on investment tracking and analytics.
- Enhanced consumer lifestyle offerings and rewards through partnerships with Citibank, Football Association of Singapore, Maybank, The Walt Disney Company (Southeast Asia) and Warner Bros.
- Enhanced card value proposition for Citibank SMRT Visa cardmembers for island-wide rewards and deals at iMOB Shop, Kallang Wave Mall and SMRT.

PRIORITIES FOR 2017

- Develop innovative media and lifestyle solutions that create engaging experiences in media and marketing, digital, content and analytics.
- Explore growth opportunities in retail management and commercial development.
- Leverage partnerships and collaborations to deliver business growth.
- Create vibrancy at Kallang Wave Mall, Water Sports Centre and Singapore Indoor Stadium.

Group Operating Review continued

Non-Rail Operations

SMRT Commercial Business contributes to the Group's non-fare revenue and profit through our businesses in media and marketing, as well as properties and retail management.

Properties & retail management

Retail Management at the Singapore Sports Hub

SMRT Alpha Pte Ltd (SMRT Alpha), a joint venture between SMRT Commercial Pte Ltd and Alphaplus Investments Pte Ltd, leases and operates key commercial areas in the Singapore Sports Hub precinct. These include 41,000sqm of retail and food areas at Kallang Wave Mall, Singapore Indoor Stadium and Water Sports Centre.

Together, Kallang Wave Mall, Singapore Indoor Stadium and Water Sports Centre form a fully integrated sports, entertainment and lifestyle hub for families. It houses Singapore's highest indoor climbing wall Climb Central, a rooftop water park Splash-N-Surf, a 24-hour gym Anytime Fitness, a music, dance and fitness school, as well as a wide selection of local and international retail and food brands and services. Retailers include FairPrice Xtra, H&M and Weston Corp. Food options include local fare and casual dining concepts. There is also a good selection of services such as banking, a sports certifications and education school, International Sports Academy, and a dental clinic.

Citibank Singapore continues its partnership as presenting bank. Citibank SMRT Platinum Visa cardmembers enjoy rewards and preferential shopping and dining deals, including higher rebates on groceries at FairPrice Xtra and free rides with SMRT.

To drive spending and footfall, promotions and events were organised throughout the year and during major retail seasons – Great Singapore Sale, Christmas and Chinese New Year. Our continued collaboration with Disney and other movie distributors saw promotions and events for blockbusters like *Marvel's Avengers: The Age of Ultron* and *Star Wars: The Force Awakens*.

In FY2016, we continued to support national sporting events, major entertainment shows and community causes. We partnered Sport Singapore, Singapore Sports Hub, 28th SEA Games, 8th ASEAN Para Games, Lagardere Sports and Entertainment, Singapore Swimming Association, Singapore Civil Defence Force and Workforce Development Agency, among others, for events, exhibitions and fairs.

We hosted fan meet-and-greet sessions for local and international sporting stars and entertainers such as Singapore's national swimmer, Joseph Schooling, and Scuderia Toro Rosso's F1 Team Driver, Max Verstappen. The mall also featured a specially curated tennis swing art installation for the Women's Tennis Association Finals 2015.

Kallang Wave Mall, Singapore Indoor Stadium and Water Sports Centre were the official mall partners for the 5th FINA World Junior Swimming Championships 2015, the FINA Swimming World Cup 2015, Health Promotion Board's Healthy Lifestyle Festival 2015, Singapore Sports Hub's Stepper 2015 and the Cheers Challenge 2015.



Pop In is targeted at transit shoppers and offers healthy snacks and on-trend merchandise.

New Pop-Up Concept at Raffles Xchange

We launched a pop-up concept, *Pop In*, in December 2015 to enhance the overall travel and lifestyle experience for SMRT commuters, as well as to better engage and reward shoppers across our transit, retail and digital networks.

Located at Raffles Xchange, *Pop In* is targeted at transit shoppers and offers healthy snacks and on-trend merchandise. Popular licensed character merchandise from movies and games like Disney's *Star Wars: The Force Awakens* and Tsum Tsum are available.

Digital Innovations

WINK⁺

In February 2016, we launched WINK⁺, Singapore's only loyalty app that rewards commuters for simply travelling with SMRT and scanning WINK⁺ icons to win prizes and redeem rewards – in three simple steps: Tap, Scan and Redeem. It is available at App Store and Google Play.

For the first time, retailers as well as out-of-home and digital advertisers in the SMRT network can integrate their offline and online campaigns with real-time tracking of eyeballs, conversions, and other key metrics and analytics. With WINK⁺, advertisers can plan their marketing and sales programmes, knowing their campaigns will return on critical business and sales targets. The WINK⁺ launch partners and advertisers are Citibank Singapore, GP Batteries and SMRT Taxis.

iMOB Shop

Our lifestyle e-commerce platform, iMOB Shop, integrates and offers good buys across different product categories, and shoppers continue to enjoy exclusive deals, collect gifts with purchases and take part in lucky draws.

The Citibank SMRT Visa card continues as the official card, offering cardmembers exclusive deals and privileges.

In FY2016, iMOB Shop partnered Warner Bros. for the *Kung Fu Panda 3* retail promotion. Customers could redeem movie premiums and participate in the lucky draw. Our partnerships with Disney and the Jay Gee Group offered shoppers pre-sale, exclusive deals for coveted merchandise from *Star Wars* and popular mobile game Tsum Tsum, and even Denizen t-shirts.

Awards

In FY2016, SMRT Commercial clinched two awards at the Sparks Awards for Media Excellence 2015. Our lifestyle e-commerce team, iMOB Shop, was awarded the Best Commercial Team (Bronze)

Partnering for Success

SMRT Commercial actively develops partnerships across our businesses to bring value to our customers and partners.

We secured our first overseas transit retail consultancy, which involved a review and recommendation of a retail strategy and operating model for in-station retail for a major Middle Eastern metro. The project scope covered retail operations and services, and overall integration with rail services.

We inaugurated a three-year partnership with the Football Association of Singapore (FAS) in February 2016 on board FAS' first concept train. Areas of collaboration include marketing, media management and transport.

Our partnership with The Walt Disney Company (Southeast Asia) across our transport, retail and digital networks continued to bring smiles to commuters. Promotions for movies like Pixar's *Inside Out*, Disney's *Cinderella* and *Zootopia* and *Star Wars: The Force Awakens* by Lucasfilm engaged consumers throughout the year.

We partnered with Maybank for the first time to reward on-the-go shoppers during the year-end festive season. Maybank cardholders enjoyed *Star Wars*-themed promotions and exclusive redemption privileges.

SMRT and Citibank continue to focus on enhancing card value proposition. Citibank SMRT Visa cardmembers enjoy promotions and redemptions at FairPrice Xtra, Starbucks, Popular and Toys 'R' Us, on top of free SMRT rides.

for the team's innovation, stability, creativity and commercial success. Our illuminated Double Decker won the Most Innovative Technology (Bronze) award for applying innovative advertising technology to increase audience engagement.

Looking Ahead

SMRT Commercial will continue to explore growth opportunities in media and marketing, properties and retail management. We will continue to develop collaborations and strengthen partnerships.

SMRT Alpha will focus on driving spending at the retail and F&B areas at Kallang Wave Mall, Water Sports Centre and Singapore Indoor Stadium. We will continually contribute to the vibrancy of the Singapore Sports Hub by supporting national events and important causes.



SMRT Roads

SMRT Roads operates in a highly competitive market where some of our businesses are governed by regulatory standards that we have continued to fulfil. We aim to provide unparalleled convenience, comfort and safety while identifying new opportunities to expand our businesses.

Benny Lim
Managing Director, Roads

Group Operating Review continued *Non-Rail Operations*

SMRT Roads business consists of SMRT Buses, SMRT Taxis, SMRT Automotive Services and Bus-Plus Services.





SMRT Buses

HIGHLIGHTS FOR 2016

- Fulfilled all Quality of Service standards.
- Implemented Bus Service Reliability Framework and rewarded with incentives.
- Launched Singapore Bus Training and Evaluation Centre (SG BTEC) as part of efforts to enhance skills proficiency and professionalise bus careers.
- Implemented Telematics-enabled initiatives on all buses to improve safety and service performance.

PRIORITIES FOR 2017

- Continue to improve the operations and financial performances of SMRT Buses.
- Commit to service excellence through our dedicated workforce, as well as leverage technology to enhance commuters' travelling experience.
- Continue to develop workforce in line with SkillsFuture initiatives to enhance the career of bus professionals.
- Negotiate with authorities on the Government Contracting Model beyond the bus service license expiring in August 2016.



Over 190 buses have been progressively added to our fleet.

At SMRT Buses, our customers are central to our drive for operational excellence that delivers the highest standards of bus reliability and customer service. We are able to achieve this by developing the skills and talents of our people and collaborating with credible technology partners to improve processes.

Enhancing Service Delivery

Service Enhancement

SMRT Buses is committed to offering commuters the highest standards in safety, reliability, care and comfort. In FY2016, we added four new services – 301, 805, 983 and 979 – to better connect residents in the western and northern parts of Singapore. This brings our total number of services to 106, up from 102 the year before.

SMRT Buses	No. of Services	
	FY2015	FY2016
Trunk	50	52
Feeder/Intra-Town	22	24
Premium	10	10
Special	3	3
Express	10	10
Nightrider	7	7
Total	102	106

In the past year, we have grown our fleet. We have progressively added over 190 buses to our existing fleet of over 1,400 buses and delivery will be completed by the end of 2016.

We continue our efforts to increase capacity and service through the Bus Service Enhancement Programme (BSEP) with the authorities. BSEP, which was first announced in 2012, introduces more buses to both existing and new routes to enhance service connectivity.

In FY2016, we achieved all the QoS criteria set by the Public Transport Council (PTC), and made further improvements to our effective implementation of BSEP.

Introduced in February 2014, the Bus Service Reliability Framework (BSRF) complements the existing QoS standards and was a two-year trial which aimed to improve bus reliability while reducing instances of bus bunching and prolonged waiting times. Under BSRF, we have expanded from 10 bus services in 2015 to a total of 16 bus services in 2016. To date, we have demonstrated good performance and have been rewarded with incentives under the BSRF.

SMRT Performance Against PTC quality of Service

QoS Criteria	QoS Standards	Performance	
		FY2015	FY2016
Trip Adherence	> 96%	98.14%	98.75%
Headway Adherence	> 85%	96.68%	97.29%
Accident Rate	< 0.75	0.52	0.59
Bus Breakdown Rate	< 1.5	0.84	0.75
Loading	< 95%	63.21%	58.72%

Relocation of Woodlands Regional Interchange

In March 2016, as the 20-year-old Woodlands Regional Interchange is upgraded, we transitioned operations to the Woodlands Temporary Bus Interchange. The Woodlands Temporary Bus Interchange is furnished with new features that enhance commuters' travel experience and improve the work environment for employees. These features include pedestrian ramps which link the interchange to Woodlands MRT station so as to improve accessibility for commuters in wheelchairs, as well as a Tactile Guidance System, which includes Braille guidance on handrails to help the visually impaired to locate waiting areas. In addition to existing display panels which inform commuters of bus arrival timings, we have introduced the latest version of the Interactive Panel.

Wheelchair Accessible Buses (WAB)

In FY2016, we introduced more WAB service routes, bringing our current total to 59 routes. Currently, 80% of our buses are wheelchair accessible, and this is in line with the Transport Masterplan target for all buses to be wheelchair accessible by 2020.

Delivering Customer Service

Working with the Community

We believe in working closely with the community to serve them better.

In the past year, SMRT Buses has organised a series of community engagement programmes, *Journey with Us @ Choa Chu Kang*, and *Journey with Us @ Woodlands Temporary Interchange*, with support from grassroots and schools. We have introduced new features at interchanges such as wider sheltered walkways, priority queue areas for passengers who may need assistance boarding buses, and interactive display panels which present bus route information on LED screens.

The *Journey with Us* programmes allow us to strengthen community engagement and to promote professional career opportunities in the bus industry. We are encouraged by the success of all the events and will continue to roll out similar events at other locations across the island in the coming year.

Improving Commuter Experience Through Technology

We believe technology is a key enabler in delivering safe and reliable journeys. We have installed Telematics devices on all buses. With the data captured, we implemented Telematics-enabled initiatives to reinforce safe driving behaviour, thereby ensuring the safety and improving the comfort for commuters.

We have also partnered with credible technology partners to develop solutions that deliver more reliable bus services and pursue service excellence.

Operational Readiness and Emergency Preparedness

As part of our business continuity planning, we undertake regular reviews of our Standard Operating Procedures (SOPs) and processes.

To support train operations, we reviewed our incident response plan. We also participated in integrated ground deployment exercises with train operators and the authorities to test our enhanced incident management plans for train service disruptions.

Benchmarking against Local and International Standards

The Public Transport Customer Satisfaction Survey (PTCSS) is an annual exercise conducted to gain insights into commuter expectations and needs. In 2015, 91.8% of commuters surveyed expressed satisfaction with Singapore's public transport services. This is a slight (0.5%) increase from the year before.

For bus services, customer satisfaction has improved for the third consecutive year, with satisfaction levels increasing slightly to 90.7% from 90.2% in 2014. We saw the biggest improvements in wait time (up by 10.6%) and bus reliability (up by 5.4%).

As a member of the International Bus Benchmarking Group (IBBG) since 2009, SMRT Buses has consistently performed well among our counterparts. Our performance is on par with the leading bus operators in areas of punctuality and safety of commuters, with a record of one of the fewest accident fatalities. Our operating cost per vehicle kilometre is also among the lowest in the group.



The latest version of the Interactive Panel was introduced at Woodlands Temporary Bus Interchange to help commuters understand their travel options in the area and better plan their journey.



A Bus Captain undergoing simulator training at SG BTEC, Singapore's first team-based bus training centre.

Stepping Up Workforce Development

SMRT Buses provides ample opportunities for the growth and development of our employees. We emphasise a culture of service excellence and ensure fair remuneration for our workers. The drive for better service and reliability will enhance our recruitment efforts.

To serve our bus commuters better and improve the reliability of our public transport services, we introduced a slew of initiatives to recruit and upgrade our staff. These initiatives were developed in partnership with the National Transport Workers' Union (NTWU) to underscore our commitment to be an employer of choice, and to profile careers in public transport as attractive options.

As part of a joint initiative to professionalise Singapore's bus industry, a Memorandum of Understanding (MOU) was signed with e2i (Employment and Employability Institute) and the NTWU in September 2014. The MOU supports the SkillsFuture initiative, which promotes life-long learning for various professions in Singapore. In July 2015, the objectives of the MOU were realised with the opening of the Singapore Bus Training and Evaluation Centre (SG BTEC).

SG BTEC offers simulator training for Bus Captains and employees who manage bus operations from a command centre. The simulator training will improve training experience and safety as Bus Captains learn to operate different buses in varying weather and road conditions in a realistic simulation environment before starting on the job.

Together with the Progressive Career Framework for existing Bus Captains, these initiatives will enable us to retain talent and maintain workforce health.

Sustaining Our Business

We have been actively managing our operating costs by optimising our fleet through fuel saving projects and operational productivity. Staff productivity has also increased with better employee optimisation and upgrading of skill sets.

With the restructuring of the public bus industry, we will continue to participate in future tenders under the Government's new bus contracting model.

SMRT Buses is finalising with the authorities on the proposed contract terms for bus services beyond the expiry of the bus service licence in August 2016. We will work with the authorities toward the goal of ensuring reliable service delivery.

Gearing for the Future

As the public bus industry restructures to a new government contracting model, SMRT Buses will continue to drive productivity to achieve and sustain operational excellence and financial performance. We will continue to invest in technology and implement a wide range of initiatives to improve the passenger experience on our buses. Commuters can look forward to a more comfortable journey and more reliable bus services.

We will continue to monitor developments in the neighbourhoods we serve with in-depth studies, feedback and continued grassroots engagement.

Our people are essential to our operations and we will continue to develop their competencies in line with the SkillsFuture initiatives set out by the Workforce Development Agency, and enabling our people to meet their career aspirations.



SMRT Taxis

HIGHLIGHTS FOR 2016

- Committed to fleet renewal with the addition of Toyota Prius Hybrids. With over 1,500 Toyota Prius taxis, we have Singapore's largest hybrid taxi fleet.
- Incorporated Strides, a new private hire car business.

PRIORITIES FOR 2017

- Renew and maintain taxi fleet for greater availability and fleet optimisation.
- Expand Strides' footprint in Singapore.

Group Operating Review continued

Non-Rail Operations

SMRT Taxis continues to enhance customers' travel experience and raise customer service standards. We are renewing and growing our fleet to cater to rising demand.

Raising Customer Service Standards

As part of our ongoing efforts to provide service excellence to our passengers, our enhanced training programme features a more robust, practice-oriented syllabus that brings a renewed focus to customer service, safe driving and proficiency in the use of technology to maximise opportunities. The training programme continues to underscore the key components of our service framework, namely safety, reliability, care and comfort for our passengers.

Our customers are central to our business and our taxi partners' ability to deliver exemplary service is a key pillar of our business proposition. At the Excellent Service Awards in 2015, 173 taxi partners were recognised for their service excellence. At the Transport Gold Awards 2015, six taxi partners were recognised by the Singapore Kindness Movement for demonstrating excellent service and for going the extra mile.

Taking Care of Our Partners

The welfare of our taxi partners remains a top priority, and we are constantly developing new initiatives to better meet their needs.

SMRT Taxis has pledged more than \$2.5 million in incentives to reward taxi partners and help defray rising operating costs. This includes Medisave top-ups, fuel and road tax rebates as well as loyalty incentives. We have introduced an incentive bonus of up to \$5,000 under the referral scheme. SMRT Taxis has enhanced the sponsor scheme for new drivers who have obtained their Taxi Drivers Vocational Licence. We committed a total of over \$15,000 worth of bursary awards that were given to 52 partners to support their children's education and a total of \$20,000 to the Helping Hand Fund.

As part of our celebrations to commemorate Singapore's 50 years of independence, SMRT Taxis distributed special SG50 goodie bags with fuel vouchers to our taxi partners.

We have consistently met the QoS standards in FY2016.

Fleet Renewal and Green Taxis

We continue to make every effort to enhance service availability and environmental sustainability. Our commitment to fleet renewal saw the addition of new Toyota Prius Hybrids to what is already Singapore's largest hybrid taxi fleet. Accounting for over 40% of SMRT's total taxi fleet, these taxis produce lower carbon emissions and are more fuel-efficient.

New Private Hire Vehicle Business

In FY2016, we incorporated Strides, a wholly-owned private hire vehicle business, offering limousine services, chauffeured



Strides offers limousine services with luxury vehicles such as the Lexus ES Hybrid and Toyota Vellfire. With a fleet of brand new Toyota Altis sedans, it also provides chauffeured and car rental services.

services and car rental services to fulfil a growing market demand in Singapore.

Working with the Community

SMRT Taxis works actively with the community to support meaningful initiatives. We also equip our taxi drivers with the necessary skills and equipment to make a positive impact on society.

As part of SG50 celebrations, in June 2015, SMRT Taxis supported Wheels@Ubin, a community project which brought 100 wheelchair users to Pulau Ubin. SMRT Taxis provided 100 taxis and 30 staff volunteers to ferry the participants and accompany the beneficiaries on the visit.

In August 2015, 27 SMRT Taxis ferried beneficiaries to the launch of the Bishan-Ang Mo Kio Inclusive Playground, which caters to children with disabilities.

In December 2015, SMRT Taxis partnered with Temasek Cares to launch the Automated External Defibrillators (AEDs) on Wheels Programme. The programme aims to increase the availability of AEDs within the community and 100 SMRT taxis were installed with AEDs. The drivers are certified by the Singapore Heart

Foundation after undergoing a four-hour course where they learnt how to use the AED and CPR techniques.

In January 2016, SMRT Taxis donated a decommissioned taxi to the JurongHealth Mobility Park, the first-of-its-kind in Singapore to feature life-size public transport models for rehabilitation purposes.

The Road Ahead

In the year ahead, we will continue to renew and maintain our taxi fleet for greater availability and fleet optimisation. We will leverage technology to provide a better experience for our commuters and taxi partners. We will also be looking to expand our private hire vehicle business to provide commuters with more travel options.

We are committed to service excellence. We will continue to support our taxi partners and provide training to enable them to provide stellar customer service.



SMRT Automotive Services

HIGHLIGHTS FOR 2016

- Introduced two one-stop service centres in Macpherson and Upper Bukit Timah.
- Organised a Safety and Quality Forum to emphasise the importance of workplace safety.

PRIORITIES FOR 2017

- Enhance facilities and technical capabilities to support and improve our competitive advantage.
- Grow external fleet business by securing more fleet maintenance contracts.
- Expand the number of private car workshops in Singapore.



SMRT Automotive Services maintains over 1,400 buses, 3,550 taxis, 50 mini-buses and other SMRT road vehicles.

Group Operating Review continued

Non-Rail Operations

SMRT Automotive Services provides repair and maintenance as well as engineering support for both internal and external customers. For our internal customers, we maintain over 1,400 buses, 3,550 taxis, 50 mini-buses and other SMRT road vehicles. For our external fleet business, we maintain 2,000 vehicles for corporate customers. Besides the vehicle maintenance, we also provide vehicle refurbishment, vehicle grooming, vehicle recovery, component overhaul, accident claims and repairs and commissioning of new vehicles.

Enhancing Reliability and Safety

We ensure higher reliability and safety of our repair and maintenance activities, and assist SMRT Buses and Taxis to achieve their QoS standards.

Our external fleet business consists of corporate fleet maintenance, one-stop servicing, parts and retail agency services as well as accident repair. We are also an authorised workshop for accident repair for several insurance companies.

To emphasise the importance of workplace safety among employees across our workshops in Kranji, Woodlands and Ang Mo Kio Depots, we held a Safety and Quality Forum in November 2015. We also established a new department to improve on the reliability and safety of the vehicles in our care.

Delivering Service

As part of plans by SMRT Buses and SMRT Taxis to replace and grow their fleet of vehicles, we provided engineering support by ensuring the timely delivery of the new MAN buses and Toyota Prius taxis.

We also opened two one-stop service centres at Macpherson and Upper Bukit Timah to provide services such as car servicing, spray painting, car grooming, accident reporting, accident claim and motor insurance for private vehicle owners.

The Road Ahead

We will continue to support SMRT Buses' and SMRT Taxis' commitment to fleet renewal by ensuring the timely delivery of their vehicles. We will enhance facilities and technical capabilities so as to support and improve the competitive advantages of SMRT Buses, SMRT Taxis and Bus-Plus Services, and deliver safe, reliable and optimal maintenance services and high customer satisfaction standards.

We will continue to grow our external fleet business by seeking opportunities to secure more fleet maintenance contracts and expanding the number of one-stop service centres around Singapore. We are also looking to be the authorised workshop for more insurance companies.



Bus-Plus Services

HIGHLIGHTS FOR 2016

- Participated in the trial of Beeline, a mobile application developed by IDA and LTA.
- Operated 45 bus services with a fleet of 80 buses of varying capacities.

PRIORITIES FOR 2017

- Cement our leadership in the healthcare segment.
- Expand services to other market segments.



Bus-Plus Services is currently operating 45 bus services with a fleet of 80 buses of varying capacities.

Bus-Plus Services was established in 1994. It is the pioneer peak hour scheduled transport service provider. Today, we offer premium, regulated, ad hoc, as well as charter bus services to passengers island-wide.

Connecting People

Through our premium bus services, passengers travel directly between residential areas and the Central Business District during the morning and evening peak hours on weekdays. Bus-Plus Services currently operates 45 bus services with a fleet of 80 buses of varying capacities.

Bus-Plus Services is frequently contracted as a transport solution provider for major events such as the Singapore Airshow. We have also remained the preferred charter bus service provider for the healthcare industry in Singapore.

In an effort to provide new and innovative transport solutions for passengers and support Singapore's Smart Nation vision, Bus-Plus Services is also one of the key partners and operates more than 20 bus routes listed on the Beeline mobile application. Beeline is developed by the Infocomm Development Authority of Singapore (IDA) and LTA and is on trial to allow commuters to pre-book rides on express private bus routes. The Beeline trial is expected to run until the first quarter of 2016, after which IDA and LTA will assess commuter response and if the concept can be applied more widely.

Enhancing Service Reliability

Our fleet optimisation is achieved by leveraging a mixed-fleet strategy of leased and owned buses. Bus-Plus Services constantly collaborates with suppliers to ensure service level requirements are maintained.

Service reliability is our top priority. We have a series of initiatives to ensure a positive travelling experience. These initiatives include the fleet renewal programme and mystery audits. We have established channels of communication between clients and our operations team to ensure that feedback is promptly investigated and addressed.

The Road Ahead

In the year ahead, Bus-Plus Services will continue to cement our leadership position in the healthcare segment.

Additionally, we will continue to grow by exploring other viable markets such as condominiums and shopping malls.



Singapore Rail Engineering

We are uniquely positioned to lead the growth of Singapore's indigenous rail engineering capabilities while seizing global opportunities. Since our inception, we have developed good partnerships and we hope to pursue growth opportunities that further cement our reputation in rail engineering.

Mario Favails

Managing Director, Singapore Rail Engineering

HIGHLIGHTS FOR 2016

- Refurbishment of SMRT's first and second generation trains is underway.

PRIORITIES FOR 2017

- Deliver on our commitments with respect to the refurbishment of SMRT's first and second generation trains.
- Pursue new growth opportunities to expand our portfolio.



Railise Pte Ltd will be responsible for the delivery and integration of Toshiba's innovative PMSM propulsor system.

Group Operating Review continued

Non-Rail Operations

Singapore Rail Engineering (SRE) was incorporated in June 2014 and is a wholly-owned subsidiary of SMRT Corporation Ltd. SRE positions SMRT favourably, both in terms of leading the growth of Singapore's indigenous rail engineering capability to meet the needs of an expanding domestic rail network and to seize global market opportunities.

Rail Ventures

SRE is the Engineering, Procurement and Construction (EPC) contractor tasked with the refurbishment of SMRT's 29-year-old first generation, Kawasaki Heavy Industries (KHI) C151 trains and 22-year-old second generation, Siemens C651 trains. Refurbishing these 85 trains is a complex project that replaces major components including the propulsion system, air conditioning, doors, brake control and auxiliary power systems. These trains will also be equipped with a new Train Integrated Management System (TIMS). The refurbishment of these trains is expected to be completed in 2020.

Railise Pte Ltd is a joint venture between SRE and Toshiba Corporation and will be responsible for the delivery and integration of Toshiba's innovative Permanent Magnet Synchronous Motor (PMSM) propulsor system. The propulsion system uses a permanent magnet in the rotor, resulting in better energy efficiency and lower maintenance costs. Two KHI trains have been equipped with the PMSM propulsor system and demonstrated energy savings of close to 40% as compared with the existing propulsion system. Railise has been given exclusive global rights (excluding Japan), to sell this propulsor system.

Faiveley Rail Engineering Singapore Pte. Ltd. (FRES) was established in June 2015 as a joint venture company between SRE and Faiveley Transport SA. FRES markets and supplies maintenance, repair and overhaul (MRO) services for rolling stock components in South East Asia (excluding Thailand).

Powering the Future

In FY2017, SRE will focus on delivering on our commitments with respect to the refurbishment of SMRT's first and second generation trains. SRE will also pursue new growth opportunities that can add to our portfolio of rail engineering as well as MRO services.



SMRT Services

As part of our growth strategy, SMRT Services was formed to expand our existing portfolio of rail-related operations and maintenance services. We will also chart new and innovative growth paths that identify us as first-movers in new markets.

Colin Lim
Managing Director, SMRT Services

HIGHLIGHTS FOR 2016

- Engaged by the authorities to supply STARiS for 12 new trains on the North-South and East-West Lines.
- Awarded by the authorities to design, supply, and install the supervisory control system for Canberra Station.
- Awarded a two-year extension of the Sentosa Express Maintenance Contract by Sentosa Development Corporation.

PRIORITIES FOR 2017

- To build up and deepen our technical capabilities in identified growth areas, such as Automated Vehicles and integrated transport solutions to capture long-term sustainable growth.
- Leverage our reputation for efficiency, reliability and safety to win key contracts in Singapore.



The new JV, 2gether Asia Pte Ltd, is set up to market, install, operate and maintain the GRT systems for customers in Singapore and the Asia-Pacific region.

SMRT Services, formerly known as SMRT Engineering, actively manages and markets transport related technical services and support capabilities.

Sustaining Our Local Presence

SMRT Services manages and markets capabilities such as O&M for transit systems, Automated Fare Collection systems, the SMRT Active Route Map Information System (STARiS) and now Automated Vehicles (AV). We work closely with the authorities and our partners to provide a range of transport related services in Singapore.

We seek to grow and expand these services to a wider customer base. This includes being engaged by the authorities to supply STARiS 2.0 for 12 new trains on the NSEWL as well as to design, supply and install the supervisory control system for Canberra Station.

As the incumbent maintenance provider of the Sentosa Express since June 2009, our maintenance contract was renewed for another two years.

SMRT Services also provides fibre optics leasing services as a Facility-Based Operator (FBO) licensed by the Infocomm Development Authority of Singapore. We have established strong business links with strategic FBO partners, and recent contract renewals with existing customers further strengthened our position as an industry partner of choice.

SMRT Services has also established a joint venture (JV) with 2Getthere, a leading Dutch developer of AV solutions such as the Group Rapid Transit (GRT) system. The new Singapore-based JV, called 2gether Asia Pte Ltd, is set up to market, install, operate and maintain the GRT systems for customers in Singapore and the Asia-Pacific region. We will leverage our strong business networks to target opportunities in the region as global demand for AV solutions increases.

Venturing Forward

We will focus on deepening our knowledge and capability base, in order to develop a portfolio of world-class and competitive rail-related O&M capabilities.

We aim to value-add as an integrated transport solutions provider and will continue to seed AV developments, in line with the national push towards first and last-mile connectivity for a 'car-lite' Singapore city. We will build our presence regionally in the AV market by targeting other opportunities, as the global demand for AV solutions increases.



SMRT International

We are geared to spearhead SMRT's expansion of overseas business operations. Drawing on our wealth of experience, we have been able to make inroads into key markets and regions to share our expertise and serve clients.

Goh Eng Kiat
Managing Director, International

HIGHLIGHTS FOR 2016

- Introduced innovative driverless transit systems in the Asia-Pacific region.

PRIORITIES FOR 2017

- Strengthen existing partnerships and pursue rail projects in key markets such as China, the Middle East and South East Asia.



SMRT International has been operating the Masdar City PRT system in Abu Dhabi since 2010.

Group Operating Review continued

Non-Rail Operations

SMRT International extends our business operations overseas and promotes sustainable growth. We have expanded our services globally, capitalising on our credible track record in public transport systems and domain expertise.

Extending Our Global Footprint

In FY2016, SMRT International continues to focus on strengthening our presence in our key markets such as the Middle East, China and South East Asia through our existing partnerships and consultancy projects.

Since 2010, we have collaborated with the Dutch technology provider, 2 Getthere on the operation of the Masdar City Personal Rapid Transit (PRT) system in Abu Dhabi. The PRT is a fully automated, zero-carbon vehicle system and is the first-of-its-kind in the United Arab Emirates and the Middle East. The PRT has carried over a million passengers and has a featured system availability of 99.7%. This partnership between SMRT International and 2getthere has enabled us to expand into international markets through the provision of consultancy, operational expertise and services.

Venturing Forward

In FY2017, we will focus on growing our consultancy business while maintaining our presence in selected regional cities by marketing our experience in rail transport, road transport and transit-related retail and advertising businesses. We will endeavour to secure more engineering consultancy, project management as well as operations and maintenance contracts.

We will continue to leverage our reputation for efficiency, reliability and safety. We are confident that we will achieve positive results and encouraging growth in the year ahead.



Championing Service Excellence

We believe in reinforcing service excellence at SMRT by recognising our colleagues who go the extra mile. We ensure that they are equipped to provide the best service possible. We will continue to enhance touchpoints and improve the experience that customers have with us.

Patrick Nathan
Vice President, Corporate Information & Communications

HIGHLIGHTS FOR 2016

- Organised the inaugural SMRT Customer Experience Innovation (CXI) Conference as part of our service excellence efforts to engage employees.
- Saw over 1,200 SMRT employees recognised for their stellar customer service at national awards.

PRIORITIES FOR 2017

- Expand CXI to the depots so as to engage more employees.
- Further enhance service touchpoints and channels of communication with commuters.
- Continue our WSQ service training for new hires.

Rail & Non-Rail Operations

At SMRT, we are dedicated to inspiring new levels of service excellence. We have embarked on a transformational journey aimed at bringing about a consistently high quality customer experience.

Reinforcing Our Customer Service Culture

We place significant emphasis on driving and sustaining the Group-wide service excellence efforts.

Employees are undergoing our customised Workforce Skills Qualification (WSQ) service training modules that were developed with NTUC LearningHub and Disney Institute. Close to 8,000 SMRT employees have completed their training.

As part of our continuous efforts in building and sustaining service excellence, the inaugural SMRT Customer Experience Innovation (CXI) Conference was held on 21 January 2016. The CXI Conference marked a significant milestone in our efforts to raise the level of customer experience through innovation. The conference brought together thought leaders from Singapore and abroad. Close to 500 SMRT employees as well as senior members of the PTC, LTA, e2i (Employment and Employability Institute), SPRING Singapore and local transport industry experts attended the event.

We have identified 120 Service Excellence Leader Ambassadors (LA) from across all business units. They act as change agents who inspire employees to provide excellent service. They have undergone training workshops, participated in check-in sessions and have been recognised for their contributions. Over the past year, the LAs had recognised over 400 colleagues who went the extra mile for commuters. We will continue to refine the LA programme to make it more relevant to inculcate service excellence within the organisation.

Enhancing Our Customer Experience

We will use existing and new channels to effectively communicate our organisational priorities to all stakeholders. Through our social media presence, Facebook and Twitter continued to provide timely information to commuters. We have enhanced our mobile application, SMRT CONNECT, to provide robust service-related information.

SMRT continues to enhance commuter experience and touchpoints through the introduction and expansion of service initiatives at our train stations. We piloted a double queue system aimed at improving the flow of commuters boarding and alighting from trains. We introduced new LED display panels at platforms across the train network. These LED display panels provide better presentation of the arrival time and destination of the approaching train.

Choa Chu Kang Bus Interchange, Yishun Temporary Bus Interchange and Woodlands Temporary Bus Interchange are now equipped with interactive panels that provide bus departure times, route information, fares, maps, a journey planner and a feedback form. Real-time bus departure times are also displayed on the information panel at the queue berths.



The enhanced SMRT CONNECT mobile application provides robust service related information.

Working with the Community

The Adopt-A-Station/Adopt-An-Interchange programme partners with local schools to encourage gracious commuting behaviour, emphasising on safety and security. The schools and students participate in activities such as Student Service Ambassadors duties at the adopted MRT stations or bus interchanges, musical or martial arts performances and the setting up of art murals or exhibitions. Students also take the initiative to organise visits to our bus interchanges and MRT stations to show their appreciation to our Bus Captains, Train Captains and Station Staff by bringing cards and small gifts. These activities allow the students to participate in the community and develop a sense of pride in their chosen activities.

To date, 21 schools have adopted 17 MRT stations and three bus interchanges. We expect more schools to join us in this effort.

Recognising Excellent Service

At SMRT, we celebrate and recognise employees and partners who go the extra mile to deliver good service with our quarterly *SMRTnl* Service Excellence Campaign. Employees and partners who display exemplary customer service are also presented with the CEO Service Excellence/Leadership Awards. Between April 2015 and March 2016, over 400 winners were lauded for their excellent service through this campaign. The campaign also introduced a new award category, CEO Service Leadership (Collaboration), with the intent to promote and recognise collaboration between branches, departments or business units. A total of 18 collaborations were recognised from across the organisation.

At the national level, over 1,200 SMRT employees were recognised for outstanding customer service. Our notable achievements included the National Kindness Award - Transport Gold 2015, where SMRT garnered 191 Transport Gold Awards, including 12 Outstanding Awards. Another significant achievement was the Singapore Tourism Board's Singapore Experience Awards (Customer Service – Transport) 2015, which we have won two years in a row. Like the year before, all three finalists were from SMRT. Our Chief Bus Captain, Mr Sim Boon Hwa, clinched the top honour at the Singapore Experience Awards 2015 for exceptional achievements in service excellence.

SMRT celebrated more achievements in service excellence as three employees were honoured – in the categories of Best Contact Centre Manager of the Year (Gold), Best Contact Centre Team Leader of the Year (Silver) and Best Customer Service Professional of the Year (Bronze) awards – at the 15th Contact Centre Association of Singapore (CCAS) International Contact Centre Awards 2015.

The Service Excellence Road Ahead

In the coming year, we are committed to service excellence and will continue to innovate and improve the commuters' travel experience with SMRT.

We intend to make The CXI Conference an annual event and aim to expand it to the depots to better engage our employees in operations.

We will work with our schools who are part of the Adopt-A-Station/Adopt-An-Interchange programme to develop more creative and interactive activities that students will find fulfilling and meaningful. We will also be working with them to increase the level of interaction with commuters at their adopted stations or interchanges, and to foster a stronger sense of community.

We aspire to be recognised through national, regional and international accolades and accreditations. We will continue to work with the community and industry partners to improve service touchpoints and deepen our engagement with commuters. We will also measure our progress and efforts through surveys and benchmark ourselves against various national and international customer satisfaction indices.

Governance and Corporate Social Responsibility

- 68 Chairman's Q&A
- 70 Corporate Governance
- 99 Key Dynamics & Risk Management
- 103 Human Resources
- 106 Corporate Social Responsibility
- 109 Awards & Accolades



Good Governance is Essential for Long-Term Value Creation

The Board and Management of SMRT Corporation Ltd (the "Company", and together with its subsidiaries, the "Group") are firmly committed to ensuring the highest standards of corporate governance, which are essential to sustaining the Group's businesses. We embrace a governance philosophy that values high standards of behavior anchored on a set of sound policies and processes to improve corporate performance and protect the interests of our shareholders.



Q: What guidance does the Board provide to Management with regard to strategic decision-making and innovation?

A: It is essential to promote a culture of openness and robust discourse at the Board meetings taking account the diverse experiences and strengths of members. During these meetings with Management, strategic issues relating to specific business areas are presented and discussed. This allows the Board to further develop a good understanding of the Group's businesses and to promote active engagement with the Group's key executives. These meetings are held regularly and there is a deliberate culture of having Directors and Management openly discuss and debate issues. A candid and constructive environment is necessary to allow us to make decisions leveraging collective wisdom as we act in the best interests of SMRT.

In addition to these scheduled meetings, ad hoc Board meetings are held whenever the Board's guidance or approval is required. To give Directors the opportunity of having in-depth discussions with Management on the Group's longer-term strategies, a Board Strategy Retreat is held annually.

During the year, the Board also pays close attention to and guides senior management on leadership talent development and succession planning.

Q: How does SMRT's Board diversity and skillset contribute to effective governance?

A: The Nominating Committee (NC) is responsible for examining Board size and composition to ensure effective decision-making, and that the Directors as a group possesses core competencies in relevant areas.

The NC takes into account factors such as the scope and nature of the Group's operations, the balance of skills, perspectives, knowledge and experience of Directors, and the balance of Executive Directors and Non-Executive Directors. The NC also places importance on diversity in age, gender, ethnicity and tenure so that the Board has the right blend of attributes to contribute to more robust decision-making.

Q: What is the corporate governance culture in SMRT?

A: Compliance and regulatory requirements compels the Board to pay constant and close attention to operational matters. This is peculiar to the nature of our core business. Beyond compliance with regulatory requirements, we embrace best corporate governance practices because we believe that good governance enhances the Group's long-term success and sustainability. In particular, we have made good progress looking at areas such as Enterprise Risk Management, including Safety Management, and the assessment and reporting of business prospects.

We have also published our first Sustainability Report this year, ahead of regulatory requirements for mandatory reporting.

Q: How does SMRT meet Singapore's expectation for world-class transport services while ensuring that it continues to provide shareholder value as a public-listed entity?

A: Being a good corporate citizen means incorporating business, social and environmental considerations into our considerations. For sound governance, we strike a delicate balance in addressing the varied concerns of our different stakeholders. As a public transport operator, our primary role is to provide Singapore with safe, reliable and comfortable travel options. As a public company obliging us to build a sustainable business that operates in a responsible manner and grows shareholders' value. It is a challenging task but we believe we can continue to help meet Singapore's transport needs while delivering a fair steady return for our shareholders. We have regular dialogue sessions with our stakeholders, where we consult and manage the diverse needs of different stakeholder groups.

Aside from providing shareholder value and meeting our responsibilities as a transport operator, we also have a duty towards our employees and the communities we serve.

Q: What are the key highlights of the Board's activities for this year?

A: The Board's attention continues to be focussed on increasing the safety and reliability of our rail network. The Board was very concerned with and spent a significant amount of effort to understand the challenges faced and in deciding the best steps forward on three issues. The first being the tragic accident on 22 March where we lost two of our own. With investigations completed and our report handed over to the authorities, SMRT's efforts are now focused on ensuring such a tragedy never happens again. A SMRT Board Safety Review Committee has been set up to look into all safety-related matters in SMRT Trains. The committee, chaired by a SMRT Board Member and which includes independent experts, will comprehensively review all frameworks, structures, processes and procedures, and seek assurance that safety is accorded the highest attention and priority in SMRT Trains' operations and maintenance services.

Second, the 7 July 2015 service disruption that shut down the entire NSEWL was another unfortunate incident that ranked highly on the Board's agenda. With the NSEWL now over 25 years old, we continued to work closely with the authorities to find and rectify the potential faults lurking in our system by enhancing our

monitoring of the rail network, and taking steps to identify early and take necessary preventive maintenance including the early replacement of equipment. We also partnered with local research institutions to develop technologies to improve rail reliability and resilience. Two such examples are our recent collaborations with A*STAR and Nanyang Technological University, which focus on research and development to deliver operational solutions that better serve the needs of our ageing and expanding rail transport network.

Third, the Board has paid close continuing attention to the sustainability of our Rail business. We continue to expect our Rail business to face significant challenges and it is imperative that we transit to an asset light model which allows SMRT Trains to pay fuller attention on operations and maintenance of our rail lines.

As SMRT pursues innovative solutions and explores new technology and platforms, we must build the necessary safeguards to operate safely in a more challenging cyber environment. There is a critical challenge of protecting information systems and assets containing financial information, intellectual property and customer data. The reputational and regulatory implications for SMRT in failing to do so continue to raise the stakes for cyber security and governance. Management has put in place measures to heighten IT security, including strengthening SMRT's cyber perimeter defences against unauthorised hacking and cyber-attack incidents.

Concurrent with these efforts, we continue to improve our Enterprise Risk Management framework and methodology to anticipate and pre-empt, and when necessary deal with, evolving and dynamic cyber security challenges.

Q: What are the key areas that the Board will focus on for the coming year?

A: We will continue to focus on creating a safe working environment for our employees. We all have the responsibility to learn from the past and do better in the future. We owe it to ourselves to do so, and in remembrance of Nasrullahudin and Muhammad Asyraf. We must and will rebuild trust and confidence.

In addition to organisational safety review, the Board identified transition to a new rail financing framework, consequential corporate restructuring, succession planning, sustainable growth, function of the Board in crisis management, as well as digital evolution and big data as key areas of focus for the coming year in order to enhance the Board's decision-making processes and overall effectiveness.

In general, Management anticipates more risks on the horizon, and is directing its focus on macro-level risks. We will continue in a concerted effort to both manage the risks and seize the opportunities, so as to meet our operational, organisational and financial objectives in a timely and effective manner.

Koh Yong Guan
Chairman

Corporate Governance

Glossary for 2016 Corporate Governance report:

- "AC": Audit Committee
- "ACRA": Accounting and Corporate Regulatory Authority
- "AGM": Annual General Meeting
- "APIP": Annual Performance Incentive Plan
- "Audit Plan": Annual Audit Plan
- "Board": The Board of Directors of the Company
- "Board Committees": The AC, NC, RC, BRC, EXCO and BSRC of the Company
- "BRC": Board Risk Committee
- "BSRC": Board Safety Review Committee
- "CAPEX": Capital Expenditure
- "CEO": President and Group Chief Executive Officer
- "CFO": Group Chief Financial Officer
- "Charter": Board Committee Charter
- "Checklist": Director's Independence Checklist
- "CMMi": Capability Maturity Model Integration
- "COBIT": Control Objectives for Information and Related Technology
- "Code": Code of Corporate Governance 2012
- "Company": SMRT Corporation Ltd
- "Constitution": Collectively, the memorandum of association and the articles of association of the Company
- "COP": Code(s) of Practice
- "CSA": Control Self-Assessment
- "EBIP": Economic Value Add-Based Incentive Plan
- "EGM": Extraordinary General Meeting
- "ERM": Enterprise risk management
- "Ethics Code": Company Code of Conduct
- "EXCO": Executive Committee
- "FPM": Financial Policy Manual
- "Group": The Company and its subsidiaries
- "GST": Goods and Services Tax
- "IIA": Institute of Internal Auditors Singapore
- "IR": Investor Relations
- "ISACA": Information System Audit and Control Association
- "ISO27001": Information Security Management
- "ISO9000": Quality Management
- "IT": Information technology
- "ITIL": Information Technology Infrastructure Library
- "KPIs": Key Performance Indicators
- "LTA": Land Transport Authority
- "Management": Management of the Company
- "MOD": Management Operations Dashboard
- "MSS": Managed Security Services
- "NC": Nominating Committee
- "NEDs": Non-Executive Directors
- "PwC": PricewaterhouseCoopers LLP
- "RC": Remuneration Committee
- "Remuneration Consultant": Aon Hewitt
- "Report": Corporate Governance Report
- "RMC": Risk Management Committee
- "SGX-ST": Singapore Exchange Securities Trading Limited
- "SIAS": Securities Investors Association (Singapore)
- "SID": Singapore Institute of Directors
- "SMRT PSP": The SMRT Corporation Performance Share Plan 2014
- "SMRT RSP": The SMRT Corporation Restricted Share Plan 2014
- "Standards": International Standards for the Professional Practice of Internal Auditing
- "TMS Academy": Temasek Management Services Pte Ltd

Maintaining High Standards

The Board and Management of the Company are firmly committed to ensuring high standards of corporate governance, which are essential to sustaining the Group's businesses.

The Group's corporate governance guidelines and practices are regularly reviewed and improved where necessary to enhance our corporate governance framework and maintain its relevancy and currency. The Company has received accolades from the investment community as recognition of our commitment to strong corporate governance. More details are included in the "Awards and Accolades" section on page 109 of this Annual Report.

The Group's corporate governance framework adheres to the guidelines of the Code, unless specifically explained otherwise.

The Board's Conduct of Affairs (Principle 1)

Guideline 1.1: Principal role of the Board

The Board oversees the overall strategy and business direction of the Group. In addition to its statutory duties, the Board:

- provides entrepreneurial leadership, sets strategic objectives, and ensures that the necessary financial and human resources are in place for the Group to meet its objectives;
- establishes and maintains a guiding framework of prudent and effective controls to enable risks to be assessed, managed and contained in order to safeguard shareholders' interests and the Group's assets;
- reviews Management's performance;
- identifies the key stakeholder groups and recognises that their perceptions affect the Group's reputation;
- sets the Group's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and
- considers sustainability issues, e.g. environmental and social factors, as a component of its strategic formulation.

Guideline 1.2: Discharge of duties and responsibilities

Directors must discharge their duties and responsibilities in the best interests of the Group at all times and are expected to make decisions independently and objectively.

Guideline 1.3: Delegation of authority by the Board

Various Board Committees, namely the AC, BRC, NC, RC and EXCO, have been established to assist the Board in discharging its responsibilities. Every Board Committee has its own Charter which sets out, *inter alia*, each Board Committee's terms of reference, composition and responsibilities. In FY2016, the Company reviewed and revised the Charters of the respective Board Committees to ensure that they remain relevant and are in line with best practices. In March 2016, the Company has also established an additional Board Committee, namely BSRC to review all safety frameworks, processes and procedures within the Group. The terms of reference of the respective Board Committees are disclosed at pages 91 to 92 of this Report.

Minutes of Board Committee meetings are circulated to the Board to keep all Directors updated on the activities of each Board Committee.

Guideline 1.4: Meetings of the Board

The dates of meetings of the Board and the Board Committees as well as the AGM are scheduled 1 year in advance. To ensure optimal attendance rates, the Company Secretary will consult every Director before fixing the dates of these meetings. Board meetings are scheduled quarterly to, *inter alia*, approve the release of the Group's financial results. A Board meeting is also scheduled at the end of each financial year for Directors to consider the Group's annual budget for the next financial year. These Board meetings also include presentations by senior executives on strategic issues relating to specific business areas. This allows the Board to further develop a good understanding of the Group's businesses and to promote active engagement with the Group's key executives. In addition to these scheduled meetings, ad-hoc Board meetings are held whenever the Board's guidance or approval is required. To give Directors the opportunity of having in-depth discussions with Management on the Group's longer-term strategies, a Board Strategy Retreat is held annually.

The number of Board and Board Committee meetings for the year under review as well as Board members' attendance thereat is set out below. Directors who are unable to attend any of the Board or Board Committee meetings are provided with the briefing materials and have the opportunity to provide their feedback on the materials and proposed resolutions.

Corporate Governance continued

Board and Board Committee Meetings and Attendance From 1 April 2015 to 31 March 2016

Board of Directors ^(a)	BOARD			BOARD COMMITTEES ^(d)									
	Meetings held while a member	No. of scheduled meetings	Meetings attended	AC		BRC		RC		NC		EXCO	
				Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended		
Koh Yong Guan (Chairman)	12	4	12	-	-	-	-	4	4	2	2	4	4
Desmond Kuek Bak Chye (CEO)	12	4	12	-	5 ^(b)	-	2 ^(b)	-	4 ^(b)	-	-	4	3
Patrick Ang Peng Koon	12	4	7	-	-	2	2	-	-	-	-	-	-
Lee Seow Hiang	12	4	10	-	-	-	-	-	-	2	2	-	3 ^(b)
Moliah Hashim	12	4	9	-	-	-	-	4	4	-	-	-	-
Bob Tan Beng Hai	12	4	11	5	5	-	-	-	-	2	2	4	4
Tan Ek Kia	12	4	11	-	-	2	2	4	4	-	-	4	4
Peter Tan Boon Heng	12	4	11	5	5	2	2	-	-	-	-	-	-
Yap Kim Wah	12	4	11	5	5	2	2	-	-	-	-	-	-
Yap Chee Meng	12	4	11	5	5	-	-	4	4	-	-	-	-

(a) 90% of the scheduled Board and Board Committee meetings were attended by all the Board members. All the Board members attended the AGM held on 7 July 2015.

(b) By invitation.

(c) No BSRC meeting was held during FY2016.

The Articles of Association comprising part of the Constitution of the Company allow for Board meetings to be conducted via telephone/video conference or other means of similar communication. Directors who cannot be present physically at any Board meeting can participate in the meeting via such means. Similarly, Directors who are conflicted in relation to any agenda item will recuse and abstain from participating in the board discussions.

Guideline 1.5: Internal guidelines for matters requiring Board approval

Internal guidelines setting forth matters that require the Board's approval are set out in the form of a comprehensive framework of financial procedures - the FPM. The FPM provides the Group with clear guidelines on all financial matters and ensures that outlined authority limits govern all financial transactions. The Board is the highest level of authority in the FPM. Under the FPM, the Board approves transactions exceeding certain prescribed threshold limits as well as any project which involves equity investment, or is high-risk, or non-core in nature. Among others, material transactions involving CAPEX in excess of S\$30 million for budgeted CAPEX and S\$5 million for unbudgeted CAPEX will require the Board's approval. Under the FPM, the Board also delegates authority for transactions below certain prescribed threshold limits to Board Committees and specific members of the senior Management team to optimise operational efficiency.

The FPM is subjected to regular review and updates in line with the changing needs of the Group.

Guidelines 1.6 and 1.7: Board orientation and training

Upon appointment as a Director, each Director receives a formal letter of appointment from the Chairman. The letter explains in detail a Director's role, duties and responsibilities. Each Director appointed onto a Board Committee will receive a copy of the Charter of that Board Committee.

As part of the Company's continuing education for all Directors, the Company Secretary circulates to the Board articles, reports and press releases, such as those issued by the SGX-ST and ACRA, which are relevant to the Group's businesses to keep all Directors updated on current industry trends and issues. In addition, Directors are regularly updated on changes to applicable laws, regulations and accounting standards such as the SGX-ST Listing Manual and the Companies (Amendment) Act 2014 which introduced wide-ranging changes to the Companies Act (Chapter 50 of Singapore). The Company Secretary informs Directors of relevant upcoming conferences, courses and seminars conducted by, *inter alia*, the TMS Academy, SID, Singapore Exchange, ACRA and consultants. In the year under review, Directors attended the following courses, seminars and briefings:

Name of Directors	Date	Programmes/ Courses/ Seminars/ Briefings	Number of Hours Attended
Koh Yong Guan	28 May 2015	NRA 2nd Quarterly Briefing	1
	27 August 2015	NRA 3rd Quarterly Briefing	1.5
	26 November 2015	NRA 4th Quarterly Briefing	2
	12 January 2016	Regional Outlook Forum 2016	9
	18 January 2016	Singapore Perspectives 2016 Conference	8
	25 February 2016	NRA 1st Quarterly Briefing	1.5

Name of Directors	Date	Programmes/ Courses/ Seminars/ Briefings	Number of Hours Attended
Desmond Kuek Bak Chye	18 January 2016	Singapore Perspectives 2016 Conference	8
Moliah Hashim	16 November 2015	TMS Academy Directors-in-Dialogue Series – Culture Eats Strategy for Breakfast: Are Boards Paying Enough Attention to It?	6.5
Bob Tan Beng Hai	3 July 2015	ILO Asia Pacific Regional Conference “Fostering Female Talent in the Workforce: Women in Business and Management”	4
	23 July 2015	SID-Deloitte “Chairmen’s Conversation Event for Risk Committee”	2.5
	27 August 2015	TMS Academy Directors-in-Dialogue Series – The New Age Board - Turning Uncertainty into Breakthrough Opportunities	6.5
	16 September 2015	SID Directors’ Conference 2015 – Boards on Innovation	8
	16 November 2015	TMS Academy Directors-in-Dialogue Series – Culture Eats Strategy for Breakfast: Are Boards Paying Enough Attention to It?	6.5
	2 March 2016	TMS Academy Directors-in-Dialogue Series – Boards At Risk	6.5
Peter Tan Boon Heng	27 August 2015	TMS Academy Directors-in-Dialogue Series – The New Age Board - Turning Uncertainty into Breakthrough Opportunities	6.5
	12 January 2016	2016 ACRA-SGX-SID Audit Committee Seminar : Raising the Bar for Financial Reporting and Audit	2
Tan Ek Kia	23 April 2015	Ernst & Young – Accounting Standards	2
	3 - 4 May 2015	Offshore Technology Conference	8
	2 - 5 June 2015	World Gas Conference (Paris)	24
	2 - 3 July 2015	SG50 and Institute of Policy Studies (IPS) Event – Dinner talk and Global Affairs	10
	11 August 2015	Seamus Gillen (London) – Corporate Governance Training	3
	27 August 2015	TMS Academy Directors-in-Dialogue Series – The New Age Board - Turning Uncertainty into Breakthrough Opportunities	6.5
	16 September 2015	SID Directors’ Conference 2015 – Boards on Innovation	8
Yap Kim Wah	12 January 2016	2016 ACRA-SGX-SID Audit Committee Seminar : Raising the Bar for Financial Reporting and Audit	2
	2 March 2016	TMS Academy Directors-in-Dialogue Series – Boards At Risk	6.5
	22 March 2016	Director Financial Reporting Essentials (DFE) Programme	6
	31 March 2016	Board Risk Committee Guide and ASEAN Corporate Governance Scorecard	2.25
Yap Chee Meng	14 May 2015	AXA University Conference : Urban Life 21st Century	6
	27 May 2015	Singapore – ETH Centre : Future Cities Lab Discussion on REITS	2
	4 June 2015	CPA Australia Workshop on Audit Indicators	2
	27 July 2015	SID Roundtable on Audit Questionnaires	2
	16 November 2015	TMS Academy Directors-in-Dialogue Series – Culture Eats Strategy for Breakfast: Are Boards Paying Enough Attention to It?	6.5
	8 January 2016	Research, Innovation & Enterprise Council Discussion	6
	2 March 2016	TMS Academy Directors-in-Dialogue Series – Boards At Risk	6.5

The Company arranged and funded courses, seminars and briefings attended by the Directors as required.

Our external auditor, PwC, routinely updates the AC and the Board on new and revised financial reporting standards relevant to the Company.

Management conducts a comprehensive and tailored induction and orientation programme for newly appointed Directors. This programme includes briefings by CEO and various businesses and corporate units on the Group’s businesses and strategic plans and objectives, key business risks, the regulatory environment in which the Group operates, its financial performance, and meetings with the Group’s senior Management team. Site visits to the Group’s train and bus depots are also arranged to help to orientate newly appointed Directors to the operational aspects

of the Group. First-time Directors will also be provided with comprehensive training on the roles, duties and obligations of Directors.

Board Composition and Guidance (Principle 2)

Guidelines 2.1, 2.2, 2.3 and 2.4: Board independence

As a cornerstone to achieving high standards of corporate governance, there is a strong and independent element on the Board, with independent Directors making up 8 out of 10 members of the Board. The independent Directors and their immediate family members have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment with a view to the best interests of the Group.

Corporate Governance continued

Only Mr Desmond Kuek Bak Chye (CEO) is non-independent. The composition of the Company's Board and Board Committees is set out below:

Composition of Board & Board Committees

Name of Directors	Board Appointments • Executive or Non-Executive Director • Independent or Non-Independent Director	Board Committees As Chairman or Member					
		AC	BRC	RC	NC	EXCO	BSRC ^(b)
Koh Yong Guan (Chairman)	Non-Executive / Independent	–	–	Chairman	Member	Chairman	–
Desmond Kuek Bak Chye (CEO)	Executive / Non-Independent	–	–	–	–	Member	–
Patrick Ang Peng Koon	Non-Executive / Independent	–	Member	–	–	–	Member
Lee Seow Hiang	Non-Executive / Independent	–	–	–	Chairman	–	–
Moliah Hashim	Non-Executive / Independent	–	–	Member	–	–	–
Bob Tan Beng Hai	Non-Executive / Independent	Chairman	–	–	Member	Member	–
Tan Ek Kia ^(a)	Non-Executive / Independent	–	Chairman	Member	–	Member	Chairman
Peter Tan Boon Heng	Non-Executive / Independent	Member	Member	–	–	–	Member
Yap Kim Wah	Non-Executive / Independent	Member	Member	–	–	–	Member
Yap Chee Meng	Non-Executive / Independent	Member	–	Member	–	–	–

(a) Mr Tan Ek Kia stepped down as interim CEO on 1 November 2012. He is therefore considered as an independent Director with effect from 1 April 2016.

(b) BSRC was recently formed in March 2016 comprising four Directors and three other independent members to be appointed.

Guidelines 2.5 and 2.6: Board size and composition

The Board consists of Directors with core competencies in areas such as accounting, finance, audit, law, management, engineering and customer service excellence. In addition, the Directors' combined work experience spans the areas of risk management, strategic planning and business development. The Directors' academic and professional qualifications are shown on pages 18 to 21 of this Annual Report. The Board believes that the present Board size and composition are appropriate for the foreseeable requirements of the Group's businesses.

The NC is responsible for examining Board size and composition to ensure effective decision-making and that the Directors as a group possess core competencies in relevant areas, and will make its recommendations to the Board in relation to these matters. The NC takes into account factors such as the scope and nature of the Group's operations, balance of skills, perspectives, knowledge and experience of Directors, and the balance of executive directors and NEDs. The NC also places importance on diversity of age, gender, ethnicity and tenure on the Board so as to form a quality Board that can contribute to more robust decision-making and thereby increase governance and shareholder value. In particular, since its listing on the SGX-ST, the Company has had at least one female Director on its Board. As a result, in the Singapore Board Diversity Report 2014, a publication by the National University of Singapore's Business School's Centre for Governance, Institutions and Organisations in collaboration with BoardAgender, which examined board diversity amongst SGX-ST listed firms, the Board was named as one of the boards which displays all the relevant diversity criteria. Annually, the NC reviews the Directors who are due to retire in accordance with the Articles of Association comprising part of the Constitution of the Company and, based on factors such as the Director's contribution, performance as well as length of service on the Board, makes the relevant recommendation on their re-election.

Guidelines 2.7 and 2.8: Role of NEDs

At Board meetings, there is a deliberate culture of having Directors and Management openly discuss and debate issues. Board meetings are held in a candid and constructive environment, and Directors make decisions in their collective wisdom whilst at all times acting in the best interests of the Company and the Group as a whole. As recommended by the Code, NEDs also meet regularly without the presence of Management to facilitate a more open evaluation of Management.

Chairman and CEO (Principle 3)

Guidelines 3.1 and 3.2: Separation of the roles of Chairman and CEO

The Chairman and CEO of the Company are separate persons and are not related. The roles of the Chairman and the CEO are deliberately kept distinct through a clear division of responsibilities to ensure effective oversight, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The respective Role Statements for the Chairman and CEO have been endorsed by the Board.

The Role Statement for the Chairman sets out that the Chairman is responsible for:

- providing leadership and upholding the highest standards of integrity and probity;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items (in particular, strategic issues);
- promoting a culture of openness and debate at the Board;
- constructively determining and approving the Group's strategies, together with the Board;
- ensuring that Board matters are effectively organised to enable Directors to receive timely and clear information in order to make sound decisions;

- promoting constructive relations amongst Directors and within Board Committees as well as between Directors and Management;
- facilitating the effective contribution of NEDs in particular;
- promoting high standards of corporate governance;
- establishing a relationship of trust with the CEO; and
- ensuring effective communication with shareholders.

The current Chairman is Mr Koh Yong Guan.

The current CEO is Mr Desmond Kuek Bak Chye. The CEO is the highest-ranking executive officer of the Company and his primary role is to effectively manage and supervise the day-to-day business operations of the Group in accordance with the strategies and policies, budgets and business plans as approved by the Board. The Role Statement for the CEO describes the CEO's principal responsibilities as follows:

- managing the Group's businesses and developing the Group's vision, mission, core values, strategies and business objectives;
- providing quality leadership and guidance to employees of the Group;
- reporting to the Board on all aspects of the Group's operations and performance (including overall financial performance, internal controls and risk management);
- managing and cultivating good relationships and effective communication with regulators, shareholders, the media and the public; and
- ensuring effective and robust succession planning for all key positions within the Group.

With the existence of Board Committees imbued with the power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in any single individual.

Guidelines 3.3 and 3.4: Appointment of lead independent Director

The Chairman, Mr Koh Yong Guan, who is independent and non-executive, does not have any relationship with the executive management of the Group. Accordingly, there is no requirement for a lead independent Director.

Board Membership (Principle 4)

Guideline 4.1: Composition of the NC

The composition of the NC is set out on page 74 of this Report and the NC's terms of reference are set out on page 91 of this Report.

Guideline 4.2: The role of the NC

Board succession

The NC evaluates and reviews the Board succession plans for Directors, in particular, the Chairman and the CEO to ensure progressive renewal of the Board. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory. The NC also ensures that there is a formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the Board.

Board evaluation

The NC recommends to the Board, on an annual basis, various processes for the evaluation of the performance of the Board, the Board Committees and each individual Director as well as the composition of the Board, and based on the NC's recommendation, the Board decides on the Board evaluation

process annually. The performance of each individual Director (including levels of competencies, commitment, contribution, attendance, preparedness, participation and candour) as well as the skills and experience that each Director possesses is evaluated by the Chairman of the Board. The Chairman also assesses each Director's decisiveness and preparedness to take a firm and independent stand on difficult issues when he evaluates the performance of each Director.

Retirement and re-election of Directors

The NC is also responsible for re-nomination of Directors, taking into account the contributions of each Director, and the needs of the Company at the relevant time, and will make its recommendations to the Board in this regard. Pursuant to the Articles of Association comprising part of the Constitution of the Company, one-third of the Board, including the CEO who also sits on the Board, are required to retire and are subject to re-election at every AGM ("One-third Retirement Rule"). All Directors are required to retire from office at least once every 3 years. A newly appointed Director must also subject himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to the One-third Retirement Rule. Shareholders are provided with relevant information on the Director(s) who will be standing for re-election at each AGM. The relevant information on the candidates for election or re-election are shown on pages 19 to 21 of this Annual Report.

At the forthcoming AGM, the NC has nominated and recommended that Mr Patrick Ang Peng Koon, Mr Yap Kim Wah, Mr Peter Tan Boon Heng and Mdm Moliah Hashim will retire pursuant to the One-third Retirement Rule. All of them, being eligible for re-election, have offered themselves for re-election.

As a matter of policy, a NED would serve a maximum of two 3-year terms unless extended for another 3-year term by the NC and the Board, taking into account the contribution of the Director and the needs of the Company at the relevant time.

In respect of the year under review, 4 out of 10 members of the Board have served on the Board for 6 years or more. Given the nature and complexity of the on-going businesses and operations of the Group, the NC recognises the need for the continued presence of longer-serving Directors who have the institutional knowledge of, and deep insights into, the Group's businesses and operations.

Guideline 4.3: Assessment of independence of Directors

Procedures and control mechanisms are in place to ensure that the independence of the Directors is monitored at regular intervals and updated expeditiously. Directors are required to immediately report to the Company any changes in their external appointments, interests in shares and other pertinent information (including any corporate developments relating to their external appointments) which may affect their independence. Annually, each Director is also required to complete a Checklist to confirm his independence. The Checklist is based on the guidelines provided in the NC Charter and the Code. Each Director must also declare in the Checklist whether he considers himself independent despite not having any of the relationships identified in the Code. Such declarations and reports are put before the NC which then determines the Directors' independence and makes its recommendations to the Board accordingly.

The NC reviews and evaluates on an annual basis the independence of Directors bearing in mind the Code's definition of an "independent director". The NC reviews the Checklist

completed by each Director to determine whether a Director is independent. Newly-appointed Directors are also requested to complete the Checklist to confirm their independence. For the year under review, the Board has determined, after taking into account the NC's evaluation, that out of the 10 Directors on the Board, only Mr Desmond Kuek Bak Chye and Mr Tan Ek Kia, are non-independent.

The NC noted that a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years is deemed as non-independent under the Code. As Mr Tan Ek Kia stepped down as interim CEO on 1 November 2012, the NC deemed Mr Tan Ek Kia as an independent director with effect from 1 April 2016.

The Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In this regard, the NC (save for Mr Bob Tan Beng Hai and Mr Koh Yong Guan who abstained from deliberation on their own independence) noted that Mr Bob Tan Beng Hai and Mr Koh Yong Guan were first appointed to the Board on 1 August 2006 and 2 April 2007 respectively. However, the NC considered that Mr Bob Tan Beng Hai and Mr Koh Yong Guan have demonstrated independent judgment at Board, and Board Committee meetings, and was of the firm view that they have exercised independent judgment in the best interests of the Company in the discharge of their directors' duties. The NC therefore continued to deem Mr Bob Tan Beng Hai and Mr Koh Yong Guan as independent directors.

The Board concurred with NC's view that, Messrs Tan Ek Kia, Bob Tan Beng Hai and Koh Yong Guan would be deemed independent.

Guidelines 4.4 and 4.5: Multiple board representations and appointment of alternate Directors

The NC monitors and determines annually whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out their duties as a Director. The NC takes into account both the results of the assessment of the effectiveness of the individual Directors and their actual conduct during Board and Board Committee meetings and ad-hoc discussions when making this determination.

As a matter of policy to ensure Directors devote sufficient time and attention to the affairs of the Group, if a Director is holding a full-time commitment, the maximum number of directorships he may hold in listed companies is 4, and if he is not holding a full-time commitment, the maximum number of directorships he may hold in listed companies is 6. In the year under review, all Directors have adhered to this guideline. The NC was satisfied that where Directors had other listed company board representations and/or other principal commitments, all Directors were able to carry out and had been adequately carrying out, their duties as Directors of the Company. The NC took into account attendance and contribution at Board and Board Committee meetings and ad-hoc discussions by each Director in deciding the capacity of the Directors.

No alternate Director has been appointed to the Board in the year under review.

Guideline 4.6: Process for selection, appointment and re-appointment of Directors

The Company has a formal and transparent process for the appointment and re-appointment of Directors. The NC annually

reviews the Board size and composition to take stock of the expertise within the Board, and identifies the Board's current and future needs, taking into consideration the evolving business requirements of the Group. The NC considers, *inter alia*, the range of skills, knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors, each Director's contribution, performance and commitment (such as attendance, preparedness, participation and candour) and whether new competencies are required to enhance the Board's effectiveness. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's bench strength, the NC will shortlist and meet potential candidates. The Company uses external search services such as SID to source for the best candidate to be recruited. In addition, the Company also considers recommendations made by Directors and Management. The criteria and guidelines for appointment of Directors are as follows:

Background

- Candidates should have good reputation as persons of integrity.

Experience

- Candidates should have core competencies to meet the current or foreseeable needs of the Group and complement the skills and competencies of the existing Directors on the Board.
- Candidates should have varied experience from different industries to enhance the bench strength of the Board.

Directorships

- Candidates' other directorships will be considered in determining whether the candidates are able to commit time and effort to carry out their duties and responsibilities effectively and whether there are any conflicts, or potential conflicts of interest that may arise.

Independence

- Candidates must be impartial, objective and independent in their thinking.
- Candidates must have the courage to voice their independent opinions free from the influence or pressure of other Directors or Management.

The NC recommends the most suitable candidate to the Board for appointment as a Director. With respect to the annual retirement and re-election of Directors, the NC reviews each of the retiring Director's contribution to the Board and makes the relevant recommendations to the Board for subsequent shareholders' approval at the AGM.

Guideline 4.7: Key information on Directors

All key information on the Directors are set out on pages 18 to 21 of this Annual Report.

Board Performance (Principle 5)

Guidelines 5.1, 5.2 and 5.3: Process for assessing Board performance

The NC sets objective performance criteria for evaluating the Board's performance annually. These performance criteria are reviewed and approved by the Board to ensure that they allow for comparison with industry peers and address how the Board has enhanced long-term shareholder value.

a. Evaluation of the Board and Board Committees
The NC and the Board, having taken into consideration a balance of factors relevant to the Company, determined that the qualitative approach adopted in FY2014 and FY2015, be similarly adopted for Board evaluation for the year under review for ease of benchmarking and comparison. This methodology, focusing on key selected areas, was considered by the Board to be appropriate as it enabled the Board to reflect on the performance and effectiveness of the Board given the diverse and unique issues and challenges faced by the Company. The qualitative approach allowed review of board focus, board structure, board composition and stakeholder engagement for FY2016 and helped the NC gain deeper insights into the Board's strengths and weaknesses to determine the effectiveness of the Board as a whole. Following such review, the Board identified transition to New Rail Financing Framework, corporate restructuring post-New Rail Financing Framework, organizational safety review, succession planning, sustainable growth, function of the Board in crisis management, and digital evolution and big data as key areas of focus for the next year to enhance the Board's decision-making processes and overall effectiveness.

b. Evaluation of individual Directors and the CEO
At the end of each financial year, the Chairman evaluates the performance of each Director. The criteria taken into consideration include the degree of preparedness, commitment to the role, effectiveness and value of contribution to the development of strategy and risk management and the Director's knowledge and experience. As part of the assessment of each Director, the Chairman completed evaluation forms comprising questions relating to these criteria.

The NC also sets objective performance criteria for the Board to evaluate the CEO. Every year, the Directors will evaluate the CEO and provide feedback on his performance. Clear key performance indicators are set out at the beginning of each year which are measured and assessed during his performance evaluation. The Chairman will then compile the results of the evaluation and conduct an open assessment with the CEO.

The NC assesses the independence of Directors in the manner set out under Guidelines 2.1, 2.2, 2.3, 2.4 and 4.3 above.

From FY2012 to FY2014, the Company had engaged an external facilitator to conduct the Board evaluation as part of the evaluation process. In FY2015 and FY2016, in view of the adoption of the qualitative approach for Board evaluation, no external facilitator was used.

Access to Information (Principle 6)

Guidelines 6.1 and 6.2: Adequacy of information provided to the Board

To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda and Board papers, including background, related materials, copies of disclosure documents, budgets, forecasts and monthly internal financial statements, are uploaded onto a secured platform called Diligent Boardbooks in advance of the relevant meeting. These materials can be accessed from any tablet devices to enable Directors to access Board and Board Committee papers prior to, at and post meetings. Hard copies of the materials are also distributed to the Directors at their request.

Directors receive monthly operational and financial reports on the performance of each business unit and key corporate departments. These monthly reports which include key performance indicators such as financial and productivity indicators, and debtors ageing and turnover analyses are given to Directors to provide the Board with a better view of each business unit's actual performance, both on a month-on-month and year-on-year basis. Material variances between projections and actual results will be disclosed and explained to Directors. The Board is also apprised of any significant developments on business initiatives, industry developments, regulatory regime and analysts and press commentaries.

Since FY2014, Management has implemented an online MOD, with key operations metrics to track trends and to provide analyses on the Group's key performance indicators. The Board has access to the MOD and is also provided with a monthly executive summary highlighting the key issues.

Directors have separate, independent and unrestricted access to the CEO, the Company's senior Management, Company Secretary and the internal and external auditors via telephone, email and face-to-face meetings. When major incidents occur or critical safety and security issues arise, Directors are immediately informed via SMS and provided with a report within 24 hours. Where additional information is requested by Directors, such information is provided by Management in a timely manner.

Guidelines 6.3 and 6.4: Access to and appointment and removal of the Company Secretary

Directors have separate and independent access to the Company Secretary.

As a matter of good corporate governance practice, the role of the Company Secretary is one that is clearly defined. The Company Secretary, acting in the capacity of the meeting secretary, attends Board and Board Committee meetings, administers and prepares minutes of the Board and various Board Committees, and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The agenda for Board and Board Committee meetings are prepared in consultation with the Chairman, the respective chairpersons of the Board Committees, and the CEO to ensure good information flow within the Board and Board Committees, as well as between Management and NEDs.

The Company Secretary assists the Chairman and the chairpersons of the Board Committees in scheduling Board and Board Committee meetings respectively, advises the Board on all governance matters, as well as facilitates orientation and professional development of Directors as required. The appointment and removal of the Company Secretary is a matter of the Board as a whole.

Guideline 6.5: Ability to take independent professional advice

Where a Director deems necessary, in the furtherance of the relevant Director's duties, a Director can seek independent professional advice at the Company's expense.

Procedures for Developing Remuneration Policies (Principle 7)

Guidelines 7.1 and 7.2: Establishment of the RC and its role Composition of the RC

The composition of the RC is set out on page 74 of this Report and the RC's terms of reference are set out on page 92 of this Report.

Role of the RC

The primary function of the RC is to assist the Board in implementing a formal and transparent procedure for developing policies on remuneration matters in the Company. The RC also reviews the Company's succession plans for senior Management with the aim of building a sustainable pipeline of talents and renewing strong and sound leadership. The RC also gives guidance to the senior Management on talent development in the organisation with the aim of building and reinforcing leadership succession for key positions. As part of this annual review, the successors to key positions are identified, and development plans instituted for them. The RC reviews the core management team consisting of the CEO, CFO and Managing Directors. It also places considerable attention on the talent pipeline and succession plans for rail engineering expertise and the core management team. After the RC endorses the succession plans for the core management team, they are tabled at the Board meeting for approval.

In addition to the above, the RC performs the following functions:

- i. Reviews and recommends to the Board the remuneration (including but not limited to directors' fees, salaries, allowances, merit increments, bonuses, share grants, share plan awards, other share-based awards and incentives and benefits in kind) framework for compensation to each Director and key management personnel, and ensures that the level of remuneration offered commensurate with the level of contribution;
- ii. Ensures that the overall remuneration package is attractive to retain and motivate senior Management; and
- iii. Approves the participants and determines the quantum of shares to be granted under SMRT RSP and SMRT PSP, and administers the SMRT RSP and SMRT PSP.

The remuneration packages are ultimately approved by the Board. No Director is involved in deciding his own remuneration.

Guideline 7.3: Remuneration Consultant

In determining the remuneration of the Directors, the Company employed the services of an independent remuneration consultant, Aon Hewitt. The RC undertook a review of the independence and objectivity of the Remuneration Consultant and has confirmed that the Remuneration Consultant had no relationships with the Company which would affect their independence.

Guideline 7.4: Termination clauses

The RC reviews the Company's obligations arising in the event of termination of the executive Director's and senior Management's contracts of service to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration (Principle 8)

Guideline 8.1: Performance-related remuneration

The Company has ensured that the level and structure of the remuneration are aligned with the long-term interests and risk policies of the Company. The remuneration is able to attract, retain and motivate the Board to provide good stewardship of the Company and senior Management to successfully manage the Company and the Group as a whole.

As advised by the Remuneration Consultant, appropriate pay benchmarks are used to guide the remuneration of senior Management. The RC is also of the view that the remuneration is competitive and fair.

The Company has in place performance-centric remuneration for senior Management. Such performance-centric remuneration is aligned with the interests of the shareholders and promotes the sustainable growth of the Company. The remuneration structure takes into account the risk policies of the Company, is symmetric with risk outcomes, and sensitive to the time horizon of risks.

The Company has put in place appropriate and meaningful measures for assessing the Directors and senior Management's performance.

Guideline 8.2: Short-term and long-term incentive schemes

In a competitive talent landscape and an economy with low unemployment, the Group continues to require actively engaged employees of high calibre to propel its business strategies forward and to build a progressive and high performing organisation that constantly creates value for shareholders. In its effort to attract and retain key talent, the RC ensures that the Group's compensation strategies are market-competitive and linked to performance outcomes. The RC recognises that the compensation strategies adopted must be flexible and adaptable in order to align with the prevailing economic and competitive environment and evolving business models. The RC ensures that there is a strong correlation between bonuses payable, and the achievement and performance of the Group and individual staff. The RC also ensures that there is a good balance of short-term and long-term incentive schemes to motivate continuous and sustainable performance. More details of the incentive schemes are set out in page 80 of this Report.

Guideline 8.3: Remuneration of NEDs

The NEDs receive their Directors' fees in accordance with their various levels of contribution, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. As advised by the Remuneration Consultant, appropriate fee benchmarks are used to guide the remuneration of Directors to ensure they are competitive and commensurate with the duties and responsibilities of the Directors, taking into account the size and complexities of the businesses and in the context of the operating, regulatory and competitive environment. In respect of FY2016, the RC has recommended to the Board the incorporation of an equity component in the total remuneration of NEDs to align the interests of NEDs with shareholders. This practice was first adopted in FY2015. As such, subject to shareholders' approval at the AGM, the Company has arranged for each NED to receive 85% of his total Directors' fees in cash and the balance 15% in the form of existing shares in the capital of the Company. The CEO, Mr Desmond Kuek Bak Chye, being an executive of the Group, does not receive Directors' fees but is remunerated as a member of senior Management.

To better align the interests of NEDs with the interests of shareholders, NEDs are required to retain a certain minimum holding of the Company's shares during their tenure.

The RC ensures that the NEDs are not over-compensated to the extent that their independence may be compromised.

NEDs are eligible to participate in the SMRT RSP and SMRT PSP.

Guideline 8.4: Claw-back mechanism

The RC has put in place a policy framework for considering the reclamation of incentive components of remuneration from executive Directors and relevant senior Management, in exceptional circumstances of misstatement of financial results, or of misconduct resulting in a financial loss to the Company.

Disclosure on Remuneration (Principle 9)

Guidelines 9.1, 9.2 and 9.3: Report to shareholders and disclosure of remuneration

The annual remuneration of Directors for the financial year ended 31 March 2016 is as follows:

Directors	Directors' Fees (\$ ¹)
Koh Yong Guan	226,000
Patrick Ang Peng Koon	61,000
Lee Seow Hiang	80,000
Moliah Hashim	65,000
Bob Tan Beng Hai	154,000
Tan Ek Kia	144,000
Peter Tan Boon Heng	94,000
Yap Kim Wah	132,000
Yap Chee Meng	94,000

President & Group Chief Executive Officer (CEO) - Desmond Kuek Bak Chye	Basic Monthly Salary (Including employer's CPF) (\$)	Variable or Performance Related Income/Bonuses (Including employer's CPF) ² (\$)	Total (\$)	Grant under SMRT RSP ³ (Number of RSP Shares)	Grant under SMRT PSP ³ (Number of PSP Shares)
FY2016	830,955	1,040,759	1,871,714	130,000	130,000
FY2015	793,170	1,517,853	2,311,023	130,000	130,000

1. Includes Directors' fees for board of a subsidiary, SMRT Trains Ltd. The aggregate remuneration payable to NEDs for FY2016 is S\$1,050,000. Of this, the Directors' fees for the Board is S\$876,000. Each NED will receive 85% of his total Directors' fees in cash and the balance 15% in the form of existing shares in the capital of the Company.
2. Refers to cash bonuses received for the performance for the reporting year. Bonuses that are deferred and subject to further future performance conditions will be declared in the year that it is paid out.
3. Denotes the base award of shares granted under the SMRT RSP and the SMRT PSP, subjected to RC's recommendation to the Board for approval. Final number of shares awarded to the recipient could range between 0% to 144% of the base granted under the SMRT RSP, and between 0% to 150% of the base granted under the SMRT PSP. All awards of shares will vest to the award holder subject to the achievement of pre-determined targets over one-year period of the SMRT RSP and a three-year period of the SMRT PSP.

After considering the recommendations set out in Guidelines 9.1 to 9.3 of the Code carefully, the Board is of the view that disclosure of the Group's top 5 key management personnel's detailed remuneration will not be in the interests of the Company given the wage discrepancies in the industry and the competitive pressures that may result from such disclosure.

Information relating to the remuneration of the Group's top 5 key management personnel (who are not Directors or the CEO) are as follows:

Remuneration Band	Basic Monthly Salary (Including employer's CPF) (%)	Variable or Performance Related Income/Bonuses ¹ (Including employer's CPF) (%)	SMRT RSP and SMRT PSP Shares (%)	Total (%)
S\$1,000,000 - S\$1,249,999 No. of key management personnel: 2	35.4%	39.3%	25.3%	100%
S\$750,000 - S\$999,999 No. of key management personnel: 3	36.6%	50.7%	12.7%	100%
Total aggregate remuneration	S\$4,841,958			

1. Refers to cash bonuses received for the performance for the reporting year. Bonuses that are deferred and subject to further future performance conditions will be declared in the year that it is paid out.

Corporate Governance continued

Guideline 9.4: Remuneration of certain related employees

The Company does not have any employee who is an immediate family member of a Director or the CEO for the year under review.

Guideline 9.5: Employee share schemes

Details of the share awards under the SMRT RSP and SMRT PSP can be found in pages 114 to 116 of this Annual Report.

Guideline 9.6: Disclosure on link between performance and remuneration

The short-term incentives include the APIP and the EBIP.

The APIP is the primary performance-based incentive tool of the Group. APIP's payouts depend on both the Group's performance and the staff's individual performance over the past year. The Group's performance is measured based on a balanced set of financial and non-financial KPIs that are aligned to the Group's 5 strategic thrusts relating to (1) Operational Performance; (2) Customer Experience; (3) Organisational Excellence; (4) Workforce Health; and (5) Sustainable Growth. The APIP also aims to improve collaboration and ownership across the Group to achieve shared operational and financial goals.

The EBIP, which is linked to the Company's economic value-add and financial performance forms part of the short term incentives for the executive Directors and senior Management. An EBIP bonus pool is declared each year based on the EVA generated for the performance year. One third of the EBIP bonus declared is paid out in the current year and the remaining two thirds are deferred, accumulated in a notional 'EBIP Bank' and paid out over next 2 years. The amount to be paid out to each eligible staff in each of the three years is subject to the individual staff's performance in each of the respective years to ensure their sustained performance over the period of payouts. The deferred portions are also subject to claw backs if there is a negative EBIP declared in those 2 years due to poor financial performance. The amount disclosed is the actual EBIP cash bonus paid out for performance year FY16, which includes the portions paid out from the accumulated EBIP bank.

The long-term incentives comprising the SMRT RSP and the SMRT PSP constitute a portion of the total compensation structure for Directors and senior Management. Participants of the SMRT RSP and SMRT PSP are required to hold a minimum number of shares during their employment with the Group, to align their interests with the interests of shareholders.

An award under the SMRT RSP is an award of fully-paid ordinary shares of the Company, conditional on the fulfilment of financial performance targets established based on medium-term corporate objectives. Upon fulfilment of the stated performance conditions over a one-year performance period, 50% of the award will vest in the first year, and the balance 50% will vest equally over the subsequent 2 years with fulfilment of service requirements.

An award under the SMRT PSP is an award of fully-paid ordinary shares of the Company, conditional on the fulfilment of financial performance targets based on Absolute and Relative Total Shareholder Returns. Upon fulfilment of the stated performance conditions over a three-year performance period, the award will vest.

Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company and the Group as a whole.

In determining the FY2016 APIP, EBIP and share grants under the SMRT RSP and SMRT PSP, the RC was of the view that the management had met the performance conditions and targets laid out for the plans for FY2016.

Accountability (Principle 10)

The Board is responsible for presenting to the shareholders, a balanced, transparent, and understandable assessment of the Company's and the Group's respective performance, positions and prospects.

Guideline 10.1: Extension of Board's responsibility

The Board provides the shareholders with quarterly and full year financial results which include a detailed explanation and analysis of the Company's performance, position and prospects on a quarterly basis. Since the SGX-ST's introduction of the requirement for Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, a process has been implemented to support Management's representations to the Board on the integrity of the Group's financial statements before the Negative Assurance Statement is given by the Board.

Guideline 10.2: Written policies to ensure compliance

In September 2011, the SGX-ST introduced a further requirement for a listed company to disclose in its annual report an opinion from the Board, with the concurrence of the AC, on the adequacy of the internal controls, addressing financial, operational, compliance and IT risks. The Internal Control and Risk Assurance Declaration for the financial year ended 31 March 2016 is set out in page 86 of this Report.

The Board ensures that it is updated regularly on relevant changes to laws and regulations so that it can monitor and supervise compliance by the Company with such laws and regulations and requirements of regulatory and governmental authorities.

Guideline 10.3: Monthly provision of information

Directors receive monthly operational and financial reports on the performance of each business unit and key corporate departments. These monthly reports which include key performance indicators such as financial and productivity indicators, and debtors ageing and turnover analyses are given to Directors to provide the Board with a better view of each business unit's actual performance, both on a month-on-month and year-on-year basis. The Board also has access to the MOD which track trends, provide analyses on the Group's key performance indicators and monthly executive summary highlighting the key issues. The Board is also apprised of any significant developments on business initiatives, industry developments, regulatory regime and analysts and press commentaries. SMS messages are sent to all Directors when critical safety and security issues arise.

Risk Management and Internal Controls (Principle 11)

Guidelines 11.1 and 11.4: Determination of risk tolerance/risk policies and the establishment of a separate BRC

Risk Management

Risk management is an integral part of the way the Company and the Group as a whole manages and runs its businesses. In order to create, enhance, protect value for its shareholders, the Company proactively manages risks and embeds the risk management process into all planning and decision-making processes as well as its day-to-day operations at the Company and Group levels. The Company also takes a forward-looking stance to risk management by identifying, managing and evaluating opportunities that arise as a result of its risk mitigating measures. In conducting its affairs, the Company understands the importance of preparation and pre-planning to seize any opportunities that arise from its business and simultaneously to actively guard against any risks and uncertainties. In line with this, all major investments and overseas projects undergo a comprehensive due diligence and risk management review process. The Board sets the overall strategic direction and ensures such strategies are aligned with the risk management tolerances and opportunity assessments of the Company as the Company strives for excellence in safety, reliability and progressive innovation.

The ERM structure of the Company and the Group is shown below:



BRC

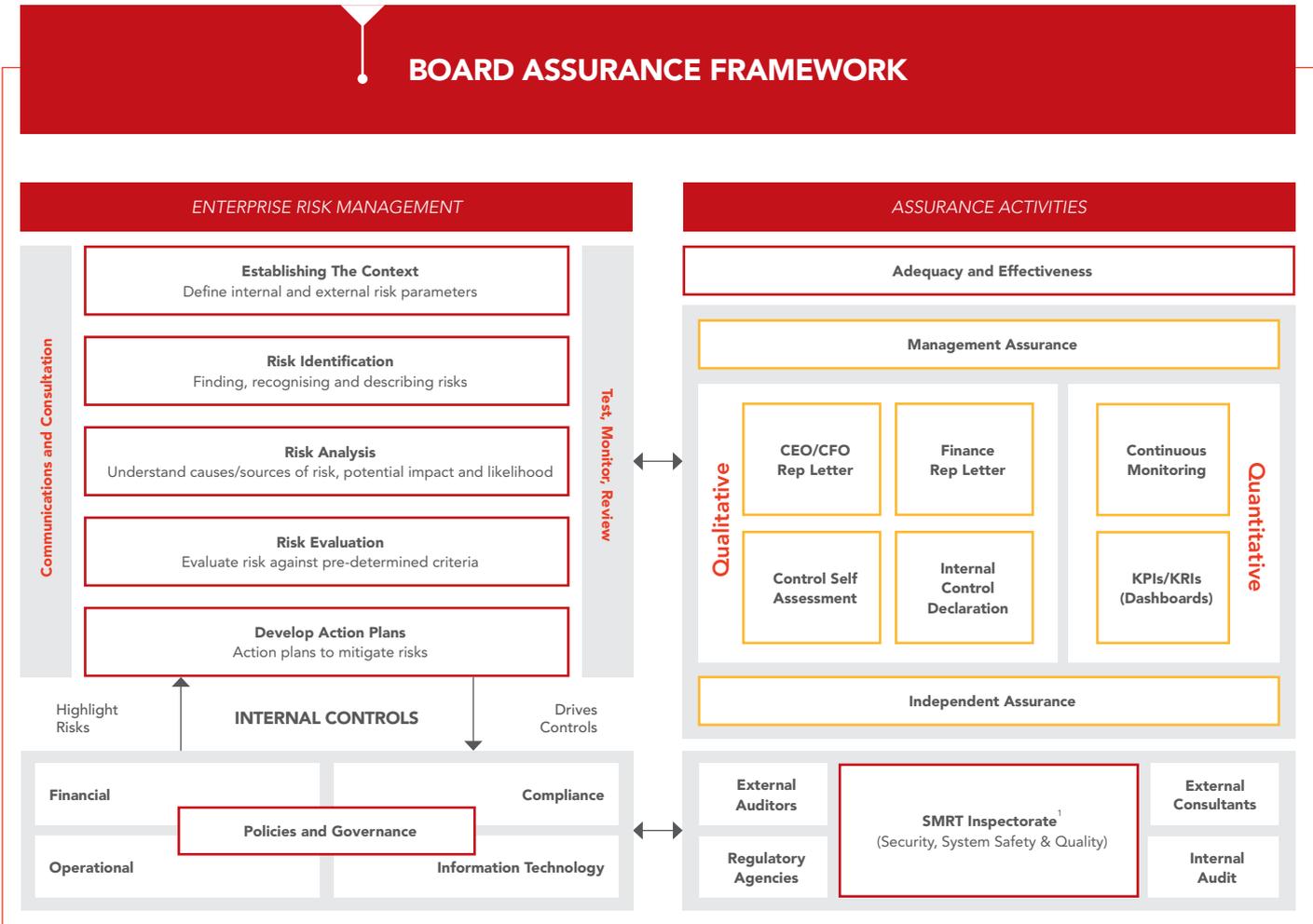
The composition and the terms of reference of the BRC is set out on pages 74 and 91 of this Report respectively.

The primary function of the BRC is to assist the Board in fulfilling its oversight responsibility pertaining to the Group's risk profile and policies and the effectiveness of the Group's risk management system. In order to do so, the BRC regularly convenes with the RMC to review the robustness of the risk management system and key organizational risks. The activities of the BRC are explained in the following section of this Report.

The BRC's primary function is also complemented by the AC which oversees the Group's financial risks, and the Group's operational, compliance and IT risks and risk management policies and systems, where they relate to financial reporting and accounting matters.

Board Assurance Framework

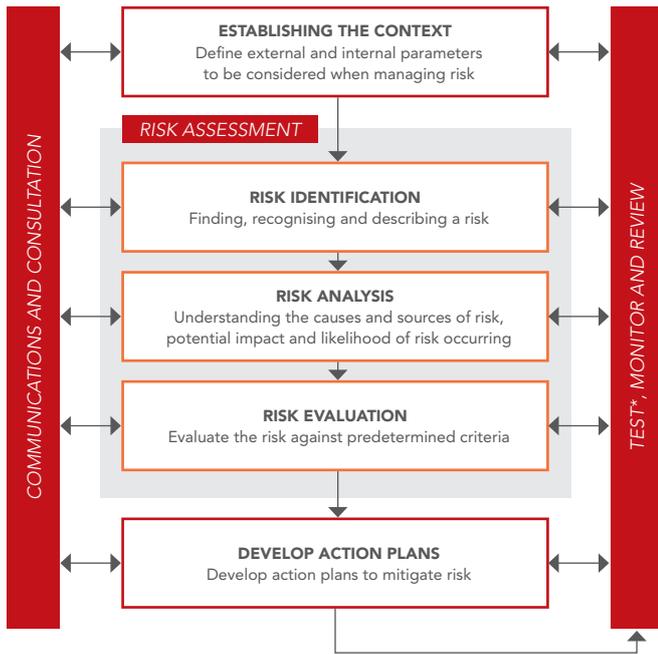
The following diagram depicts the framework by which the Board obtains assurance on the adequacy and effectiveness of Company's and Group's risk management and internal controls which include, but is not limited to, financial, operational, compliance and IT control.



1. SMRT Inspectorate was formed by merging the Health, Safety, Security and Environment department with Trains Inspectorate to better synergize functions and resources to enhance capabilities. This setup will improve the quality of ISO audits, inspections and incident investigations through an integrated approach that cut across safety, security and quality system domains and provide management a consolidated view of trends and risks, as well as complementing Internal Audit's effort in providing enhanced risk control assurance to the Board.

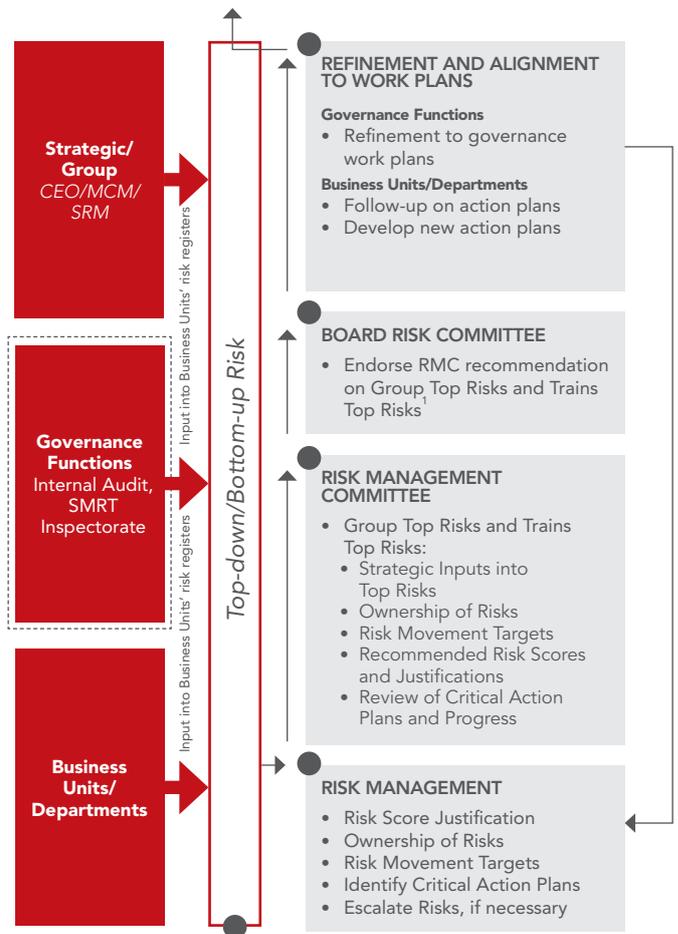
ERM Process

The risk management processes in the Company are largely derived from the ISO 31000 Risk Management – Principles and Guidelines (2009), which enables both the Company and the Group to deal with business opportunities and uncertainties by identifying key risks and enacting the appropriate mitigating plans and actions. The diagram below outlines the key steps used as part of the Company's risk management processes to determine the Company's risk profile and mitigate risks when dealing with emerging opportunities and on-going business operations.



*Applicable for action plans only

The following diagram depicts how Internal Audit, SMRT Inspectorate and the other internal assurance providers, being the BRC and the AC, support the Board in providing their opinions on the adequacy of risk management systems in the Company.



1. The Trains Top Risk register was developed for added resolution on high-impact risks that have an impact on reliability of the operating train network. For more details, please refer to Key Dynamics and Risk Management on page 99.

Guideline 11.2: Adequacy and effectiveness of risk management and internal control systems

Internal Controls

The key elements of both the Company's and the Group's system of controls to manage the financial, operational, compliance and IT risks are as follows:

1. Policies and Governance

Operating Structure

The Group has a well-defined operating structure with clearly established lines of responsibility and delegated authority, as well as reporting mechanisms to both senior Management and the Board thus providing good visibility on the risk control measures utilised by the Company and the Group.

Policies and Procedures

Internal controls are detailed in stipulated procedures, instructions and manuals. The Group's internal auditors and internal assurance functions work hand-in-hand to verify compliance with these internal controls.

The Company and the Group as a whole have adopted a structured ethics programme to provide clear and understandable legal and ethical guidance in situations where ethical decisions have to be made. The Group's Ethics Code identifies the values which all Directors and employees of the Company and the Group are expected to adhere to (namely integrity, honesty, care, accountability, timeliness and fairness). All new employees go through compulsory on-boarding sessions to appreciate, understand and apply the Ethics Code.

2. Financial Reporting

The Board is regularly updated on both the Company and the Group's financial performance via monthly reports. These reports provide explanations for significant variances of financial performance and revised full year forecast, in comparison with budgets and financial performance of corresponding periods in the preceding year. Where relevant, these financial reports are also supplemented with additional information to highlight key operational and financial performance indicators.

A management representation letter, which is provided in connection with due diligence exercised in the preparation of the Group consolidated financial statements, as well as a financial watch list reporting status of significant financial issues of the Group, are presented to both the AC and the Board quarterly. The management representation letter is supported by declarations made individually by the business and finance heads of each business unit. As part of a two-person integrity process, compliance checklists, which are required for submission to the SGX-ST, are also jointly reviewed and confirmed by both the CFO and the Company Secretary.

The Group's financial results are reported to shareholders quarterly in accordance with the requirements of the SGX-ST. In view of its consistent and rigorous accounting and reporting processes, the financial results are released within 1 month of the close of each quarter for the first three quarters and after the end of the financial year. These results announcements provide analyses of significant variances in financial performance. In addition, they offer guidance on the outlook of the Group in the next quarter and for the next 12 months.

Detailed disclosure and analyses of the full year financial performance of the Group, including financial indicators such as Value Added and Economic Value Added, as well as the Group's financial highlights, are located within this Report.

3. Financial Management

Management reviews on a monthly basis the performance of each business unit, which includes significant associates and corporate functions, to instill a high-level of financial and operational discipline at all levels of the Group. The key financial risks (comprising currency, price, credit, liquidity and interest rate) which the Group is exposed

to are managed by a centralized finance function for effective and coordinated oversight.

The Group actively hedges against currency and price fluctuations arising from the purchase of diesel through spot and forward contracts. The Group also implements a variety of credit control procedures for extending credit and monitoring of debt collection.

The Group seeks to manage liquidity risks by ensuring sufficient working capital lines and loan facilities with financial institutions, coupled with established multi-currency medium-term note programmes. When the circumstance warrants, the Group may, from time to time, use derivative financial instruments to guard against interest rate risks.

4. Information Technology Management

Management has set the mandate that it is the responsibility of every staff to understand and actively pre-empt and manage IT risks in the course of their work.

Policy and Process Compliance

To govern risks, Management has established and implemented a clear set of IT policies and procedures benchmarked against various international standards and best practices, including ISO27001, ISO9000, ITIL, COBIT and CMMi. This is to ensure IT controls are implemented to prevent and contain IT risks.

Managing CyberSecurity Vulnerabilities

Management has put in place measures to heighten IT Security, including strengthening SMRT's cyber perimeter defences against unauthorised hacking and cyber-attack incidents. Both the Company and the Group are comprehensively equipped with firewall protection, intrusion prevention/detection systems, application vulnerability scanning, and anti-virus protection.

SMRT has also invested in a CyberSecurity MSS with the aim of providing 24x7 proactive monitoring of cyber security events and incidents. This includes timely detection of, response to and reporting on cyber security incidents, and providing remediation strategies to contain and limit the cyber risk exposures for our organisation. The MSS will be aligned with LTA's COP, as well as industry best practices to ensure that a robust framework and sound underlying processes are in place to properly manage cyber security threats.

Managing Project Risk

IT project risks are managed based on a well-established IT Project Risk Management Procedure, in conjunction with enhanced project management procedures, that further strengthens the management of vendor- and CyberSecurity- related risks in projects.

IT Operations Risk Assessment

Under the Board Assurance Framework, Management drives and conducts operational risk assessment on a yearly basis to assess operation risks.

Risk reviews are also conducted on a regular basis by the risk managers of each department and business unit, with the risk updates provided to the BRC via the RMC.

To ensure the resilience of Business Continuity Management, a comprehensive IT Disaster Recovery Plan has been developed to ensure the continuity of the Group's business in the event of natural or man-made disasters. The key metrics of the IT Disaster Recovery Plan are aligned with the criticality of the Group's business processes.

Risk Awareness

Proactive actions are taken to instil and raise the Group employees' levels of risk awareness through rigorous IT risk assessment during system design, development and implementation. Regular IT governance engagement sessions with staff are also conducted to keep staff abreast of the IT landscape.

Compliance Assurance

To provide further compliance assurance, Internal Audit also conducts yearly independent reviews and audits on IT processes and systems. Any potential risks identified are then highlighted to Management for necessary actions. Any major risks identified are also tracked and reported to the AC.

5. Fraud Risk Management

The Group has a comprehensive fraud risk management framework in place and the key elements are as follows:

a. Fraud Prevention

Promoting an anti-fraud culture

- Management takes a serious view on non-compliances with the Group's policies and procedures and code of conduct. Disciplinary actions are swiftly meted out to the staff in breach.
- Guidelines contained in the Ethics Code serve to guide staff on issues of ethical conduct that may arise in the course of their employment. These requirements are clearly set out in each employee's Employment Terms & Conditions, as well as the HR Policy which is accessible at all times on the Group intranet. The Ethics Code is also incorporated as part of overall on-boarding process for new employees to the Group.

Implementing anti-fraud practices

- Anti-fraud controls are vigorously observed e.g. segregation of duties, access controls and appropriate key performance indicators, mandatory block leave policy for senior Management and staff in sensitive and confidential positions such as procurement, payroll and accounts payables.
- Where relevant, company profile searches and financial evaluation are performed for new vendors.
- Employee due diligence include background reference checks for executive grades and above, insolvency checks for Deputy Directors and above and non-indebtedness declarations for executives and managers. Security clearance is also performed for all employees.
- Internal Audit carries out regular audits where the operating effectiveness of these anti-fraud controls is independently evaluated.

b. Fraud Deterrence

Disciplinary Examples

- Management shares lessons learnt from fraud incidents (within the Group as well as those experienced by other corporate entities) and the corresponding disciplinary action taken, in order to remind all staff to comply with the Company's policies and procedures and the Ethics Code.

Internal Audit

- Internal Audit's continual and close engagement with the business units also serves as a deterrent for any fraudulent activities. Wherever practical, Internal Audit conducts surprise site inspections to avoid predictability and to reduce the likelihood of fraudulent activity arising and/or remaining undetected for long.

Whistleblowing Channels & Responding to Fraud

- There are clearly defined and well-established whistle blowing channels for reporting wrongful or suspect activity. Please refer to details set out below on the "Whistleblowing Programme" in page 87 of this Report.

c. Fraud Detection

- Internal Audit actively engages with the Group business units' line management to implement the Internal Control Monitoring Programme on various high risk processes as part of the Company's on-going fraud detection measures.

CSA Programme

The CSA Programme forms an integral component of the Group's ERM Framework and aims to improve the Group's understanding, control and oversight of risks. The CSA Programme is a self-assessment exercise that provides a documented and auditable trail of accountability from line management and staff to senior Management and the Board. The CSA Programme also places emphasis on the ownership and accountability over the established terms of reference for the respective business unit heads.

The objectives of the CSA Programme are to:

- Enhance the awareness of key process risks and controls amongst the line management and staff;
- Establish a risk-sensitive approach for the business units to assess the effectiveness of their control systems;
- Document the identified control owners for key processes and inculcate a strong sense of accountability throughout the Group; and
- Provide a tangible framework for Management to obtain assurance on the state of internal controls.

Under the CSA Programme, both line management and staff conduct introspective self-assessments on the effectiveness of their control processes during the year. The results of the CSA Programme serve to provide the basis for the respective business units' year-end declarations on the adequacy of their internal controls.

Role of Board and Board Committees

The Board recognises the importance of a robust internal control system to safeguard the assets of the Group and the Company's shareholders' interests. The Board affirms its overall responsibility for the Group's systems of internal control and risk management and for reviewing the adequacy and integrity of those systems on an annual basis.

However, it should be noted that all internal control and risk management systems contain inherent limitations and no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Accordingly, the internal control and risk management systems can provide only reasonable, and not absolute, assurance regarding the achievement of the Group's objectives in the following categories:

- a. effectiveness and efficiency of operations;
- b. reliability of financial reporting; and
- c. compliance with applicable laws and regulations.

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and full year financial reports and financial information derived from such statements, reported publicly. The third category deals with complying with those laws and regulations to which an entity is subject.

Guideline 11.3: Board's opinion on the adequacy and effectiveness of risk management and internal control systems

The internal operational controls relating to rail operations were rigorously reviewed by the BRC and the Board in the past year.

The causes of the rail disruption which occurred on 7 July 2015 have been identified and rectification measures implemented. On 19 April 2016, LTA further announced that the Independent Advisory Panel has completed its review of the rail power supply system, and made several recommendations on the design of the rail system. LTA will be working with the operators to implement these recommendations. SMRT will co-operate with LTA to take all necessary actions.

On 22 March 2016, 2 trainees were hit by a mass rapid transit train while they were on the track near Pasir Ris Station. The incident resulted in 2 fatalities. The incident had been investigated thoroughly to identify the causes, following which necessary corrective actions were implemented immediately. The Accident Review Panel comprised members of the BRC and three independent experts: one each from Keppel Corporation Ltd and Transport for London (which runs the London Underground), and a third who is formerly with Hong Kong MTR Corporation Limited reviewed the investigation findings. The Panel noted that existing safety protection mechanisms are adequate, and current operating procedures continue to be relevant and applicable. The mechanisms and procedures have been progressively improved for greater clarity and ease of ground implementation. The Board and Management remain firmly committed to

providing at all times a safe and secure work environment for our staff and entrenching a strong safety culture in all our operations and across the Group to deliver a safe and reliable rail service to our commuters.

Based on the following:

- the internal controls and risk management systems established and maintained by the Group;
- work performed by the Group's Internal Audit and external auditor;
- regular reviews performed by Management and the internal quality assurance units;
- written assurances from the CEO and the CFO that:
 - i. the financial records of the Company have been properly maintained and the financial statements for the year ended 31 March 2016 give a true and fair view of the Group's operations and finances; and
 - ii. the system of risk management and internal controls in place within the Company is adequate and effective in addressing the material risks in the Group in its current business environment, including material financial, operational, compliance and IT risks; and
- reviews performed by regulatory agencies, external consultants and various Board Committees (in particular the AC and BRC) and the Board;

the Board, with the concurrence of the AC and BRC, is of the opinion that the Group's financial, operational, compliance, IT controls and risk management systems, which the Group considers relevant and material to its current business scope and environment, were adequate and effective as at 31 March 2016. The Board is satisfied that there is a framework to address problems and monitor the implementation of action plans.

AC (Principle 12)

Guidelines 12.1 and 12.2: Composition of the AC

The composition and terms of reference of the AC are set out in pages 74 and 91 of this Report respectively. The activities of the AC are described in pages 86 to 88 of this Report.

A majority of the AC members, including the AC Chairman, has accounting, finance qualifications or work experience. Mr Bob Tan, who has extensive and practical accounting and financial management knowledge and experience, is well qualified to chair the AC. Mr Yap Chee Meng has relevant accounting and related financial management expertise and experience to discharge his responsibilities as an AC member.

Guideline 12.3: Authority of the AC

The AC has the explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC met 5 times during the year under review. The CEO, the CFO, Vice President (Group Finance & Shared Services), Head

(Internal Audit), the Company Secretary and the external auditor attended these meetings.

In addition, whenever necessary, Management will be invited to attend the AC meetings to answer queries and provide detailed insights into their areas of operations. The AC is provided with all necessary information to enable them to make informed decisions.

Guideline 12.4: Role of the AC

The AC Charter provides guidance for the effective operation of the AC by setting out, amongst other things, the AC's terms of reference, authority, composition, conduct of meetings and responsibilities. Annually, the AC will review its Charter to ensure that it remains relevant and is in line with best practices.

The activities undertaken by the AC in the year under review are set out in pages 86 to 88 of this Report.

Guideline 12.5: Private discussion with the external and internal auditors

During the financial year, the AC had 1 meeting with the external auditor and 4 meetings with Internal Audit, without the presence of Management. The deliberate absence of Management provided auditors a forum to raise any potential issues encountered in the course of their work without any possibility of influence by Management.

Guideline 12.6: Review of independence of the external auditor

The external auditor for the year under review is PwC.

The AC conducts a review of the independence of the external auditor annually, prior to their re-appointment. Pursuant to Rule 713 of the SGX-ST Listing Manual, an audit partner may only be in charge of a maximum of 5 consecutive annual audits; the audit partner may then return after 2 years. As the previous PwC audit partner for the Company was in charge of the Company's audits from FY2011 to FY2015, in compliance with Rule 713 of the SGX-ST Listing Manual, the current PwC audit partner for the Company took over from the previous PwC audit partner in FY2016.

The Company has complied with Rule 712 and Rule 715 read with Rule 716 of the SGX-ST Listing Manual in relation to its external auditor.

The AC has reviewed and is satisfied with the standard of the external auditor's work. Additionally, taking cognizance that the external auditor should be free from any business or other relationships with the Group that could materially interfere with its ability to act with integrity and objectivity, the AC undertook a review of the independence of PwC and deliberated on its relationship with the Group. In particular, the AC considered the nature, volume and corresponding fees of the non-audit services provided by PwC in FY2016 and noted that the aggregate fees for PwC's non-audit services exceeded 50% of the aggregate amount of PwC's audit fees in FY2016. The nature and volume of the increased non-audit fees arose primarily from the GST voluntary compliance programme and heightened business development projects undertaken by the Group. The AC noted that these were not prohibited services which were performed

by separate engagement teams of PwC who were not involved in any decision making on behalf of the Management and the fees, relative to the portfolio of the audit partner or PwC, were not of such significance that they may pose a threat to PwC's independence. Additionally, safeguards had been put in place by PwC to ensure that the independence of the audit team would not be impaired. The AC also reviewed all aspects of the Group's relationship with PwC including the processes, policies and safeguards adopted by the Group relating to audit independence. Based on the guidelines set out in the Fourth Schedule of the Accountants (Public Accountants) Rule and the assessment performed, the AC is of the opinion that PwC's independence is neither impaired nor threatened, and PwC is, and is perceived to be, independent for the purpose of the Group's statutory financial audit. The AC accordingly recommended PwC's re-appointment as the external auditor. Details of audit and non-audit fees payable to the external auditor are shown in Note 21 in the Notes to the Financial Statements.

The Board has recommended the re-appointment of the external auditor at the forthcoming AGM.

Guideline 12.7: Whistleblowing programme

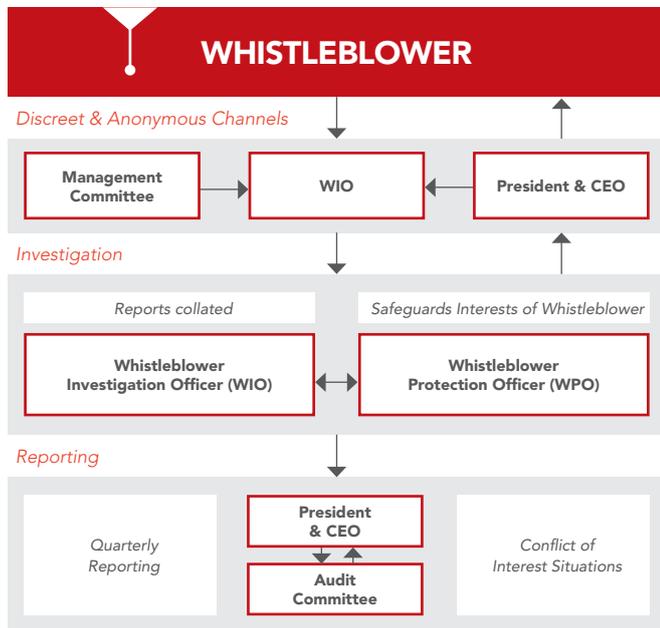
The Group's Whistleblowing Programme as detailed in its Whistleblowing Policy sets out the procedures for raising concerns about possible improprieties in financial reporting or other matters by employees and third parties. It ensures that such concerns can be raised and independently investigated and appropriate follow-up actions taken. The Whistleblowing Programme is reviewed by the AC annually and is in place to encourage the good faith reporting of any suspected improper conduct whilst protecting the whistleblowers from unfair reprisals and/or detrimental action within the limits of applicable laws and regulations. The policy and processes, which conform to the guidelines set out in the Code and market best practices, are communicated via intranet and a variety of mediums. Reports can be lodged by calling the hotline at +65 6553 1711 or fax at +65 6725 8488 or via email at ProtectedDisclosure@smrt.com.sg. The secured and protected disclosure channels include an independent email address and a direct phone hotline which is manned by the Whistleblowing Investigation Officer (the Whistleblowing Investigation Officer is the Head of Internal Audit or any other person appointed by the AC) with consideration given to strict confidentiality. In addition, a whistleblower is able to disclose suspected improper conduct directly to the AC Chairman via a dedicated and secured email channel if the whistleblower is of the view that the case has not been handled satisfactorily and/or if there is an apparent conflict of interest.

All cases reported are objectively investigated and where warranted, appropriate remedial measures are taken. Any and all whistleblowing matters are jointly reviewed quarterly by the CEO and the AC. The CEO also provides guidance to the Whistleblowing Investigation Officer to ensure that disclosures are managed in accordance with the Whistleblowing Policy and that prompt actions are taken in respect of disclosures which are of material/critical impact and/or which require urgent attention.

Corporate Governance continued

Overview of Whistleblowing Structure

The following is a pictorial presentation of the whistleblowing structure:



Guideline 12.8: Disclosure of AC activities

During the financial year, the AC examined and reviewed the following items:

- the quarterly financial statements prior to approving or recommending their release to the Board, as applicable;
- the annual audit plan of the external and internal auditors and the results of the audits performed by them;
- the list of interested person transactions and non-audit services rendered by the external auditor; and
- the re-appointment of the external auditor and its remuneration.

For the year under review, the AC has also taken active measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements by, amongst other things, attending training conducted by professionals or external consultants and being briefed by the external auditor of any applicable changes.

Guideline 12.9: Exclusion from membership of AC

No former partner or a director of the Group's existing auditing firm was appointed as an AC member within 12 months commencing on the date of the relevant member ceasing to be a partner of the auditing firm or director of the auditing corporation and in any case, for as long as he has any financial interest in the auditing firm or auditing corporation.

Internal Audit (Principle 13)

Guideline 13.1: Independence of internal audit function

Internal Audit's mission statement and charter empower it to provide independent and objective assessments on the adequacy and effectiveness of the Group's system of internal controls and risk management.

The Company's internal audit function is serviced in-house. Internal Audit is an independent function that reports directly to the AC Chairman, and administratively to the CEO.

The AC is responsible for approving the hiring, removal, evaluation and compensation of the Head of Internal Audit. As an extension of its function and in keeping with good corporate governance practices, Internal Audit has unfettered access to all Company's documents, records, properties and personnel, including access to the AC.

Guideline 13.2: Adequate resources of internal audit function

Led by the Head of Internal Audit, Internal Audit comprises 13 staff members. When required, Internal Audit also outsources audit projects to reputable firms with project-appropriate resources and specialised skills.

Internal Audit adopts a risk-based approach in its audit. An annual internal audit plan is developed using a risk and control assessment framework, which considers inherent risk and control effectiveness of each auditable entity or process in the Group. Audit projects are planned based on the results of the assessment, with priority given to higher-risk areas. Internal Audit also monitors any new emerging risk during the year, which may require an update to the annual internal audit plan. Head of Internal Audit attends the Management Committee Meetings to be apprised of the Group's strategies and business reviews.

The AC reviews the Audit Plan proposed by Internal Audit. The Audit Plan includes, amongst others, the audit scope, objectives, and resources to be allocated for the Audit Plan. The AC, for the year under review, is satisfied that Internal Audit is adequately resourced and has the appropriate standing within the Company.

Guideline 13.3: Staff qualification and experience

Internal Audit employs suitably qualified and experienced personnel to provide audit and consulting services. In conjunction with industry experience obtained from reputable public accounting and auditing firms, Internal Audit personnel either possess a recognised undergraduate or postgraduate degrees in Accountancy, in lieu of which, equivalent professional and industry qualifications. In addition, they are Certified Internal Auditors, Certified Fraud Examiners, Certified Information Systems Auditors, Certified Risk Management Auditors, Certified Public Accountants or hold Certification in Control Self-Assessment. The certification bodies that govern these professional accreditations require their members to maintain a program of continuing education. A structured and customised training and development roadmap is also in place to ensure that Internal Audit is equipped with technical knowledge and skill sets that are current, relevant and appropriate to their seniority. In addition to in-house trainings, Internal Audit staff also attend trainings and seminars conducted by reputable public accounting and auditing firms, professional service providers and professional associations such as IIA, Institute of Singapore Chartered Accountants, ISACA and Association of Certified Fraud Examiners.

Guideline 13.4: Internal audit standards

As a corporate member of the Singapore branch of the IIA, Internal Audit is committed to performing its work in accordance with the Standards pronounced by the IIA. Internal Audit also applies the ISACA standards in IT audits. An ongoing quality

assurance programme comprising of internal and external assessments also helps to ensure that all audits are performed in accordance with the Standards.

Internal Audit won the 2015 Internal Audit Excellence Award organised by SIAS which is one of the few awards in the market that recognises public-listed companies for their exemplary corporate governance and transparency practices.

Guideline 13.5: Annual review of the adequacy and effectiveness of the internal audit function

On an annual basis, Internal Audit completes a self-assessment on the adequacy and effectiveness of its internal audit activities against its Charter, the Standards, and internal key performance indicators. The AC, having reviewed Internal Audit's self-assessment in conjunction with the Audit Plan for the year under review, is satisfied with the adequacy and effectiveness of Internal Audit.

Shareholder Rights (Principle 14)

Guideline 14.1: Disclosure of information to shareholders

The Company is committed to ensuring that shareholders are sufficiently informed of changes in the Group or its businesses which would be likely to materially affect the price or value of the Company's shares by disclosing as much relevant information as possible, in a timely, fair and transparent manner to shareholders through various media communications, such as SGXNet and the Company's website. The CEO and senior Management attended meetings with investors and also hosted visits by investors and shareholders during the year under review, as part of the engagement with the investors and shareholders.

Guideline 14.2: Rights at general meetings

Shareholders are invited to attend, participate and vote at the general meetings. The notice of the meetings is given within the stipulated timeline and the shareholders are informed of the relevant rules and voting procedures of the meetings.

Guideline 14.3: Appointment of proxies for nominee corporations

To encourage greater shareholders' participation in the general meetings, the Articles of Association comprising part of the Constitution of the Company allows the shareholders to appoint up to 2 proxies so that the shareholders who are unable to attend or hold shares through corporations can attend and participate in general meetings as proxies through proxy forms sent in advance. With the introduction of a new multiple-proxies regime in the Companies Act (Chapter 50 of Singapore), as amended by the Companies (Amendment) Act 2014, relevant intermediaries such as banks, capital market services licence holders which provide custodial services for securities and the Central Provident Fund Board are allowed to appoint more than 2 proxies to attend, speak and vote at shareholders' meetings.

Communication with Shareholders (Principle 15)

Guideline 15.1: IR policy

The Group is committed to maintaining high standards of corporate transparency and disclosure and believes that it should provide regular, effective and fair communication with members of the investment community and investing public. A comprehensive IR programme and policy has been put in place

to provide clear, timely and fair disclosure of information about the Group's business developments and performance.

Guideline 15.2: Timely disclosure of information

The Company does not practise selective disclosure. The Company is committed to disclosing information including material information on a timely basis through the SGXNet and the Company's website. The Company reports financial results on a quarterly basis: within 1 month after the end of each financial quarter for the first 3 quarters, and after the end of the financial year. Briefings/conference calls are held every quarter for analysts and media for the results announcements in the presence of senior Management. The Company notifies the date of the release of its quarterly and full year results at least 2 weeks prior to the date of the results announcements through the SGXNet.

In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, an announcement will be released to the public via SGXNet.

Guideline 15.3: Dialogue with shareholders

Management has taken steps to solicit and understand the view of the shareholder by proactively engaging shareholders and investors through face-to-face meetings, email communication, webpage, teleconferences and company visits to address concerns and update them on any latest corporate and industry developments.

Guideline 15.4: IR activities

The Company's IR page on its corporate website (<http://www.smrt.com.sg/Investor-Relations>) is the key source of information for the investment community. Apart from financial results, it has other investor-related information, including presentations, operating matrix, annual reports and other major announcements made by the Company. The IR team is available to address shareholder and investor queries. Contact details are listed on the website and this Annual Report.

For details on the Group's IR activities, please refer to the Investor Relations section of this Annual Report.

Guideline 15.5: Dividend payment policy

Our dividend policy is set out in page 41 of this Annual Report. For every dividend declaration made, shareholders will be notified via announcement made through the SGXNet.

Conduct of Shareholder Meetings (Guideline 16)

Guideline 16.1: Greater shareholder participation

The Group fully supports active shareholder participation at AGMs and EGMs and views such general meetings as important engagement sessions with shareholders. Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. The Company delivers the Notice of AGM, including explanatory notes or a circular on items of special business in advance to provide ample time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if they wish. The Annual Report is also available to all shareholders on the corporate website or upon request. Notices of general meetings are also published in The Business Times.

Corporate Governance continued

To encourage greater shareholder participation at AGMs, the Company holds its AGMs at centrally located venues that are easily accessible via public transport. For FY2015 AGM, 613 shareholders attended the meeting.

The Company has not implemented absentia voting methods such as by mail, facsimile or email because such voting methods need to be carefully reviewed for feasibility to ensure there is no compromise on the integrity of the information and the proper authentication of the identity of the shareholders.

Guideline 16.2: Separate resolutions

The Group notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's guideline with regards to the "bundling" of resolutions. The Group treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of Directors and approval of Directors' fees, as distinct subjects and submits them to the general meetings as separate resolutions.

Guideline 16.3: Attendance of Directors and other key persons at AGMs

The Chairman, CEO, Chairperson of each Board Committee, Board members, the CFO, the Company Secretary and members of senior Management attend AGMs to take questions and feedback from shareholders. Shareholders present are given the opportunity to take questions and receive feedback on issues pertaining to the proposed resolutions before they are voted on. The external auditor, PwC, are also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditor's report. The Company's legal advisor, WongPartnership LLP, is also present to address shareholders' queries.

Guideline 16.4: Minutes

The Company prepares detailed minutes of general meetings, which include substantive comments or queries from shareholders and responses from the Chairman, Board members and Management. These minutes are available to shareholders upon their request.

Guideline 16.5: Voting by poll

The Company has been conducting electronic poll voting for all the resolutions passed at the AGM and/or EGM for greater transparency in the voting process. Before commencement of the proceedings at the AGM and/or EGM, the independent scrutineer appointed by the Company will disclose the voting and vote tabulation procedures. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders at the meeting. The total numbers and percentage of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

Dealings in Securities

Since 2003, the Group has had in place an internal code of conduct for Directors and employees on securities transactions when they are in possession of unpublished price-sensitive information on the Company's securities.

In accordance with Rule 1207(19) of the SGX-ST Listing Manual, Directors and employees are advised not to deal in the Company's securities during the period commencing 2 weeks before the announcement of the Group's first, second and third quarter financial results and 1 month before the announcement of the Group's full year financial results, and ending on the date of the announcement of the relevant results. The Company also issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealings in listed securities of the Group.

Directors and employees are routinely advised to be mindful of the law on insider trading and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, or the Companies Act. Directors and employees are also advised not to deal in the Company's securities on short-term consideration.

The interests of the key management personnel in the shares of the Company for the financial year ended 31 March 2016 are set out below:

Key Management Personnel	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	%
Desmond Kuek Bak Chye	192,140	0.01	660,140 ⁽²⁾	N.A. ⁽⁹⁾
Manfred Seah Kok Khong	–	–	250,958 ⁽³⁾	N.A. ⁽⁹⁾
Lee Ling Wee	62,150	0.00	362,150 ⁽⁴⁾	N.A. ⁽⁹⁾
Benny Lim Kian Heng	30,510	0.00	210,510 ⁽⁵⁾	N.A. ⁽⁹⁾
Dawn Low Kar Mun	184,010	0.01	173,260 ⁽⁶⁾	N.A. ⁽⁹⁾
Mario Favaitis	38,228	0.00	214,612 ⁽⁷⁾	N.A. ⁽⁹⁾
Colin Lim Fung Wan	–	–	–	–
Goh Eng Kiat	22,600	0.00	62,600 ⁽⁸⁾	N.A. ⁽⁹⁾

(1) Percentages are based on the total number of shares (excluding treasury shares) of 1,523,851,896 as at 31 March 2016.

(2) Mr Desmond Kuek Bak Chye is deemed to have an interest in 660,140 shares pursuant to the grant of contingent awards to him under SMRT RSP and/or SMRT PSP.

(3) Mr Manfred Seah Kok Khong is deemed to have an interest in 250,958 shares pursuant to the grant of contingent awards to him under SMRT RSP and/or SMRT PSP.

(4) Mr Lee Ling Wee is deemed to have an interest in 362,150 shares pursuant to the grant of contingent awards to him under SMRT RSP and/or SMRT PSP.

(5) Mr Benny Lim Kian Heng is deemed to have an interest in 210,510 shares pursuant to the grant of contingent awards to him under SMRT RSP and/or SMRT PSP.

(6) Ms Dawn Low Kar Mun's deemed interest included:

(a) 168,260 shares awarded to Ms Dawn Low Kar Mun pursuant to the grant of contingent awards to her under SMRT RSP and/or SMRT PSP; and

(b) 5,000 shares held by immediate family members of Ms Dawn Low Kar Mun.

(7) Mr Mario Favaitis is deemed to have an interest in 214,612 shares pursuant to the grant of contingent awards to him under SMRT RSP and/or SMRT PSP.

(8) Mr Goh Eng Kiat is deemed to have an interest in 62,600 shares pursuant to the grant of contingent awards to him under SMRT RSP and/or SMRT PSP.

(9) "N.A." means not applicable.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. The Company's disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the year under review can be found in page 173 of this Annual Report.

Material Contracts

Except as disclosed in the financial statements and interested person transactions, there are no material contracts entered into by the Company or any of its subsidiaries that involve the interests of the CEO, any Director, or the controlling shareholder, Temasek Holdings (Private) Limited in FY2016.

Board Committees – Terms of Reference

AC

1. To review the accounting policies of the Company to ensure that the policies are in compliance with accounting standards and in accordance with applicable laws and regulations;
2. To review, with the internal and external auditors, their audit plans;
3. To review, with the internal and external auditors, at least annually, the adequacy of the Company's internal controls, namely financial and accounting controls, operational and compliance controls, IT controls, and risk management policies and systems, to the extent each of these relate to financial reporting and accounting risks, with the purpose of safeguarding the Company's assets and enhancing shareholder value;
4. To review, with internal and external auditors, their audit reports;
5. To review the cooperation given by the Company's officers to the internal and external auditors;
6. To review the adequacy and effectiveness of the internal audit function annually;
7. To review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group;
8. To nominate and review the appointment or re-appointment of the external auditor;
9. To review transactions with interested persons (Interested Person Transactions);
10. To review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that there is independent investigation into all whistleblower complaints and appropriate follow-up;
11. To review significant fraud cases and the adequacy and effectiveness of policies and procedures for preventing and detecting fraud; and
12. To examine all other matters which may be referred to the Committee by the Board or which may be imposed on the Committee by applicable laws or regulations (including without limitation the SGX-ST Listing Manual).

BRC

1. To review the adequacy and effectiveness of policies, procedures and methodologies for identifying, measuring, monitoring and managing risks;
2. To review risk mitigation strategies with Management with regard to the major risks faced by the Group;
3. To review the risk profile and the levels of risk (risk appetite) that the Group takes on to achieve its business objectives and strategies;
4. To report to the Board on material matters, findings and recommendations pertaining to risk management; and
5. To review other risk related matters which may be referred to the BRC by the Board.

EXCO

1. To approve transactions within a designated financial limit in accordance to the FPM;
2. To act on behalf of the Board in urgent situations, when it is not feasible to convene a meeting of the entire Board;
3. To evaluate and recommend to the Board proposed strategic investments, divestments, acquisitions and disposals of businesses and assets and other similar corporate transactions relating to the core and non-core businesses of the Group which exceed the designated financial limit in accordance to the FPM;
4. To sub-delegate any of its powers within its terms of reference as listed above, from time to time, as the EXCO may deem fit; and
5. To carry out such other functions as may be delegated to it by the Board.

NC

1. To review annually, and make recommendations to the Board on, the size and composition (including the balance and diversity of skills, perspective, knowledge, experience and core competencies) of the Board and Board Committees;
2. To identify and review all nominations of any person for the following positions:
 - a. Director (both appointments and re-appointments, the latter to take place at regular intervals and at least once every three (3) years);
 - b. Membership of the RC, the AC and other Board Committees that may be established from time to time;
 - c. the Chairman; and
 - d. the CEO;
3. To review and determine annually, and as and when circumstances require, the independence of each Director, and to make appropriate disclosure;
4. To review Directors serving on multiple boards and determine if such Directors are able to adequately carry out his/her duties as director;
5. To oversee the conduct of an annual evaluation of the Board;
6. To formulate succession plans for Board appointments; and
7. To examine all other matters which may be referred to the Committee by the Board or which may be imposed on the Committee by applicable laws or regulations (including without limitation the Listing Manual of the SGX-ST).

RC

1. Remuneration for the Company's Board and key management personnel
 - a. To review and recommend to the Board the general framework or broad policy of remuneration for the Company's Board and key management personnel and the specific remuneration packages (including but not limited to Director's fees, salaries, allowances, merit increments, bonuses, share option grants, share plan awards, other share-based awards and incentives and benefits in kind) for each Director and the key management personnel:
 - i. Directors;
 - ii. CEO; and
 - iii. Senior Management (the position of "Vice President" and any position above that),
having regard that no person shall be involved in any decisions as to his own remuneration;
 - b. To ensure that, in determining such remuneration policy, the CEO and the senior Management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
 - c. To review the ongoing appropriateness and relevance of the remuneration policy, taking into account any relevant legal requirements and the provisions and recommendations in the Code (including, without limitation, that a significant and appropriate proportion of executive Directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance, that such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company, and that the performance-related remuneration should take into account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks);
 - d. To review whether executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;
 - e. To consider and review the pros and cons of schemes to encourage NEDs to hold shares in the Company and to make recommendations to the Board accordingly;
 - f. To consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company;
 - g. To approve the design of, and determine targets for, any performance-related remuneration schemes operated by the Company and approve the total annual payments made under such schemes;
 - h. To review the design and terms of all employee share option plans, employee share plans and other incentive plans for approval by the Board and shareholders. For any such plans, to determine annually whether grants/awards will be made, and if so, the overall amount of such grants/awards, the individual grants/awards to the CEO and senior Management and the performance targets to be used;
 - i. To review the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that the contracts of service contain fair and reasonable contractual terms which are not overly generous, that any payments made are fair to both the individual and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
 - j. To establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee; and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
 - k. To recommend to the Board matters relating to the continuation in office of the CEO and senior Management, including the suspension or termination of service as an employee of the Company subject to the provisions of the law and their service contract;
2. Nomination, Appointment and Promotion of Senior Management
 - a. To identify and review all:
 - i. nominations and appointments of senior Management (excluding the CEO); and
 - ii. promotions of senior Management; andto recommend their key roles to the Board; and
 - b. To formulate and review succession plans for senior Management (excluding the CEO whose succession is under the purview of the NC) and to oversee senior Management's development of leadership and management talent with the aim of building talent and renewing strong and sound leadership to ensure the continued success of the Company; and
3. Other Terms of Reference
To examine all other matters which may be referred to the Committee by the Board or which may be imposed on the Committee by applicable laws or regulations (including without limitation the Listing Manual of the SGX-ST).

The terms of reference for BSRC have not been finalised at the time of print.

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The Company has also adopted a qualitative approach for Board evaluation which is best suited for the Company in furtherance of its core objectives.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Material transactions involving amongst others capital expenditure in excess of S\$30 million (budgeted) and S\$5 million (unbudgeted) require Board approval.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The NC considers the scope and nature of the Group's operations, balance of skills, perspectives, knowledge and experience of Directors, and the balance of executive directors and NEDs as well as diversity of age, gender and ethnicity on the Board.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Yes. The Board consists of Directors with core competencies in accounting, finance, audit, law, management, engineering, customer service excellence, risk management, strategic planning and business development. Further, since its listing on the SGX-ST, the Company has had at least one female Director on its Board.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board has taken, <i>inter alia</i>, the following steps to enhance its balance and diversity necessary to maximise its effectiveness:</p> <ul style="list-style-type: none"> • the nomination process of Directors takes into consideration the importance of balance of skills, perspectives, knowledge and experience of the Directors as well as diversity of age, gender, ethnicity and tenure on the Board; • annual review by the NC in relation to Directors who are due to retire in accordance with the Articles of Association comprising part of the Constitution of the Company, taking into consideration factors such as the Director's contribution, his performance as well as his length of service on the Board; • annual review by the NC to determine whether Directors who have multiple board representations and other principal commitments have given sufficient time and attention to the affairs of the Company and adequately carry out their duties as a Director; and • annual review by the NC to evaluate the expertise within the Board, taking into consideration, <i>inter alia</i>, the range of skills, knowledge, experience and attributes of the existing Directors as well as whether new competencies are required to enhance the Board's effectiveness. <p>The NC will consider the results of these reviews in its recommendation to the Board for the appointment of new Directors and/or the re-election of Directors.</p>

Corporate Governance continued

Guideline	Questions	How has the Company complied?
Members of the Board		
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>The NC annually reviews the Board size and composition to take stock of the expertise within the Board, and identifies the Board's current and future needs, taking into consideration the evolving business requirements of the Group. The NC considers, <i>inter alia</i>, the range of skills, knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors, each Director's contribution, performance and commitment (such as attendance, preparedness, participation and candour) and whether new competencies are required to enhance the Board's effectiveness. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's bench strength, the NC will shortlist and meet potential candidates. The Company uses external search services such as SID to source for the best candidate to be recruited. In addition, the Company also considers recommendations made by Directors and Management. The NC recommends the most suitable candidate to the Board for appointment as a Director.</p> <p>With respect to the annual retirement and re-election of Directors, the NC reviews each of the retiring Director's contribution, his performance as well as length of service on the Board and makes the relevant recommendations to the Board on their re-election for subsequent shareholders' approval at the AGM.</p>
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, Management conducts a comprehensive and tailored induction and orientation programme for newly appointed Directors. First-time Directors are also provided comprehensive training on the roles, duties and obligations of Directors.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	<p>The training programme for newly appointed Directors includes briefings by CEO and various businesses and corporate units on the Group's businesses and strategic plans and objectives, key business risks, the regulatory environment in which the Group operates, its financial performance, and meetings with the Group's senior Management team. Site visits to the Group's train and bus depots are also conducted to help orientate newly appointed Directors to the operational aspects of the Group.</p> <p>The Company Secretary circulates to the Board articles, reports and press releases, such as those issued by the SGX-ST and ACRA, which are relevant to the Group's businesses to keep all Directors updated on current industry trends and issues as well as changes to applicable laws, regulations and accounting standards. The Company Secretary also informs Directors of relevant upcoming conferences, courses and seminars conducted by, <i>inter alia</i>, the TMS Academy, SID, Singapore Exchange, ACRA and consultants.</p>
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	If a Director is holding a full-time commitment, he may hold up to 4 directorships in listed companies, and if he is not holding a full-time commitment, he may hold up to 6 directorships in listed companies. This is to ensure the Directors can devote sufficient time and attention to the affairs of the Group.
	(b) If a maximum number has not been determined, what are the reasons?	N/A.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NC took into account attendance and contribution at Board and Board Committee meetings and ad-hoc discussions by each Director in deciding the capacity of the Directors.

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	A qualitative approach for Board evaluation was adopted. The evaluation focused on key selected areas such as Board focus, Board structure, Board composition and stakeholder engagement. Following such review, the Board identified transition to New Rail Financing Framework, corporate restructuring post-New Rail Financing Framework, organizational safety review, succession planning, sustainable growth, function of the Board in crisis management, and digital evolution and big data as key areas of focus for the next year to enhance the Board's decision-making processes and overall effectiveness.
	(b) Has the Board met its performance objectives?	Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes, 90% of the Board comprises independent Directors.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	N/A.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Mr Bob Tan Beng Hai and Mr Koh Yong Guan are independent Directors who have served on the Board for more than nine years from date of first appointment. The NC (save for Mr Bob Tan Beng Hai and Mr Koh Yong Guan who abstained from deliberation on their own independence) considered that Mr Bob Tan Beng Hai and Mr Koh Yong Guan have demonstrated independent judgment at Board, and Board Committee meetings, and was of the firm view that they have exercised independent judgment in the best interests of the Company in the discharge of their directors' duties.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has disclosed the Directors' and CEO's remuneration in exact dollar terms, as well as a breakdown into base/fixed salary, variable or performance-related income/bonuses, stock options granted, share-based incentives and awards, and/or other long-term incentives.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has provided disclosure of the Group's top 5 key management personnel's remuneration, in bands of S\$250,000, as well as a breakdown (in percentage) into base/fixed salary, variable or performance-related income/bonuses, stock options granted, share-based incentives and awards, and other long-term incentives.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	S\$4,841,958.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.

Corporate Governance continued

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Performance-related remuneration comprising the short-term and long-term incentive schemes is used to determine the remuneration of the executive Directors and senior Management.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Performance-related remuneration is based on the following: (a) Short-term incentives include the APIP and the EBIP. The APIP is the primary performance-based incentive tool of the Group. APIP's payouts depend on both the Group's performance and the staff's individual performance over the past year. The Group's performance is measured based on a balanced set of financial and non-financial KPIs that are aligned to the Group's 5 strategic thrusts relating to (1) Operational Performance; (2) Customer Experience; (3) Organisational Excellence; (4) Workforce Health; and (5) Sustainable Growth. The EBIP, which is linked to the Company's economic value-add and financial performance forms part of the short term incentives for the Executive Director and Senior Management. An EBIP bonus pool is declared each year based on the EVA generated for the performance year. One third of the EBIP bonus declared is paid out in the current year and the remaining two thirds are deferred and paid out over next 2 years. The amount to be paid out to each eligible staff in each of the three years is subject to the individual staff's performance in each of the years to ensure their sustained performance over the period of payouts. The deferred portions are also subject to claw backs if there is a negative EBIP declared in those 2 years due to poor financial performance. (b) Long-term incentives comprising the SMRT RSP and the SMRT PSP constitute a portion of the total compensation structure for Directors and senior Management. An award under the SMRT RSP is an award of fully-paid ordinary shares of the Company, conditional on the fulfilment of financial performance targets established based on medium-term corporate objective. Upon fulfilment of the stated performance conditions over a one-year performance period, 50% of the award will vest in the first year, and the balance 50% will vest equally over the subsequent 2 years with fulfilment of service requirements. An award under the SMRT PSP is an award of fully-paid ordinary shares of the Company, conditional on the fulfilment of financial performance targets based on Absolute and Relative Total Shareholder Returns. Upon fulfilment of the stated performance conditions over a three-year performance period, the award will vest.
	(c) Were all of these performance conditions met? If not, what were the reasons?	In determining the FY2016 APIP, EBIP and share grants under the SMRT RSP and SMRT PSP, the RC was of the view that the Management had met the performance conditions and targets laid out for the plans for FY2016.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Agenda and Board papers, including background, related materials, copies of disclosure documents, budgets, forecasts and monthly internal financial statements, are uploaded onto a secured platform called Diligent Boardbooks in advance of the Board and Board Committees meetings. Directors receive monthly operational and financial reports on the performance of each business unit and key corporate departments. These monthly reports which include key performance indicators such as financial and productivity indicators, and debtors ageing and turnover analyses are given to Directors to provide the Board with a better view of each business unit's actual performance, both on a month-on-month and year-on-year basis. Material variances between projections and actual results will be also disclosed and explained to Directors. The Board is also apprised of any significant developments on business initiatives, industry developments, regulatory regime and analysts and press commentaries. Directors also have access to an online MOD, with key operations metrics to track trends and to provide analyses on the Group's key performance indicators.

Guideline	Questions	How has the Company complied?
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The internal operational controls relating to rail operations were rigorously reviewed by the BRC and the Board in the past year.</p> <p>The causes of the rail disruption which occurred on 7 July 2015 have been identified and rectification measures implemented. On 19 April 2016, LTA further announced that the Independent Advisory Panel has completed its review of the rail power supply system, and made several recommendations on the design of the rail system. LTA will be working with the operators to implement these recommendations. SMRT will co-operate with LTA to take all necessary actions.</p> <p>On 22 March 2016, 2 trainees were hit by a mass rapid transit train while they were on the track near Pasir Ris Station. The incident resulted in 2 fatalities. The incident had been investigated thoroughly to identify the causes, following which necessary corrective actions were implemented immediately. The Accident Review Panel comprised members of the BRC and three independent experts: one each from Keppel Corporation Ltd and Transport for London (which runs the London Underground), and a third who is formerly with Hong Kong MTR Corporation Limited reviewed the investigation findings. The Panel noted that existing safety protection mechanisms are adequate, and current operating procedures continue to be relevant and applicable. The mechanisms and procedures have been progressively improved for greater clarity and ease of ground implementation. The Board and Management remain firmly committed to providing at all times a safe and secure work environment for our staff and entrenching a strong safety culture in all our operations and across the Group to deliver a safe and reliable rail service to our commuters.</p> <p>The Board's view on the adequacy and effectiveness of the Company's risk management system is based on the following:</p> <ul style="list-style-type: none"> • the internal controls and risk management systems established and maintained by the Group; • work performed by the Group's Internal Audit and external auditor; • regular reviews performed by Management and the internal quality assurance units; • written assurances from the CEO and the CFO: <ul style="list-style-type: none"> i. the financial records of the Company have been properly maintained and the financial statements for the year ended 31 March 2016 give a true and fair view of the Group's operations and finances; and ii. the system of risk management and internal controls in place within the Company is adequate and effective in addressing the material risks in the Group in its current business environment, including material financial, operational, compliance and IT risks; and, • reviews performed by regulatory agencies, external consultants and various Board committees (in particular the AC and BRC) and the Board.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes.

Corporate Governance continued

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Audit fees paid to: - PwC: S\$340,000 - other auditors: S\$21,000 Non-audit fees paid to PwC: S\$272,000
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The AC has confirmed that the non-audit services performed by the external auditor would not affect their independence based on the following reasons: (a) The non-audit services, performed by separate engagement teams of PwC, are within the permitted scope of services under the Fourth Schedule of the Accountants (Public Accountants) Rules; (b) PwC was not involved in any decision making on behalf of the Management; (c) The total fees from the Company's engagement did not constitute a significant portion of PwC's local and global revenue; (d) The total fees from the Company's engagement were not material in relation to the audit partner's portfolio; (e) There was involvement of a second partner on the audit engagement of the Company, whose role is to review and consider significant matters and judgments pertaining to the audit engagement including reviewing the quality of work performed; and (f) PwC's confirmation of independence.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes, through face-to-face meetings, email communication, webpage, teleconferences and company visits to address concerns and update them on any latest corporate and industry developments. The Company has met its retail and institutional investors 37 times in FY2016.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. A dedicated investor relations email account is available to facilitate investors' communication with the Company.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Company's IR page on its corporate website (http://www.smrt.com.sg/Investor-Relations) is the key source of information for the investment community. Apart from financial results, it has other investor-related information, including presentations, operating matrix, annual reports and other major announcements made by the Company. Senior Management also meets with investors, analysts and the media to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N/A.

Achieving Our Strategic Potential by Managing Risk

SMRT strives to be a world-class transport service provider that is safe, reliable and progressive. In providing transport solutions, SMRT understands that the Group’s business environment carries with it both strategic potential and risks.

Risk Management

The Risk Management Process in SMRT, based on the ISO 31000:2009 Risk Management – Principles and Guidelines, enables the Group to optimally deal with business uncertainties by identifying key risks and implementing the appropriate mitigating plans and actions. The diagram below outlines the key steps in SMRT’s Risk Management Process that are used to identify risks and develop mitigating actions.

Risk Identification, Analysis, Evaluation and Mitigation

As part of the Group’s periodic review of our Enterprise Risk Management framework, a risk identification and assessment review was conducted in 4Q FY2016. The process involved all business unit Heads conducting a risk identification exercise with their staff to review existing risks and surface new risks pertinent to their business areas. The Risk Management Committee (RMC) then consolidated and prioritised the key risks material to the Group.

These key risks are addressed within and across business units and functional departments, and mitigating efforts are reviewed regularly by the RMC and subsequently by the Board Risk Committee (BRC) to ensure robustness and strategic alignment.

Enterprise Risk Management Framework

To complement and sustain the organisation-wide effort to identify, analyse, evaluate and mitigate risks, the Enterprise Risk Management (ERM) framework (see next page) aims to:

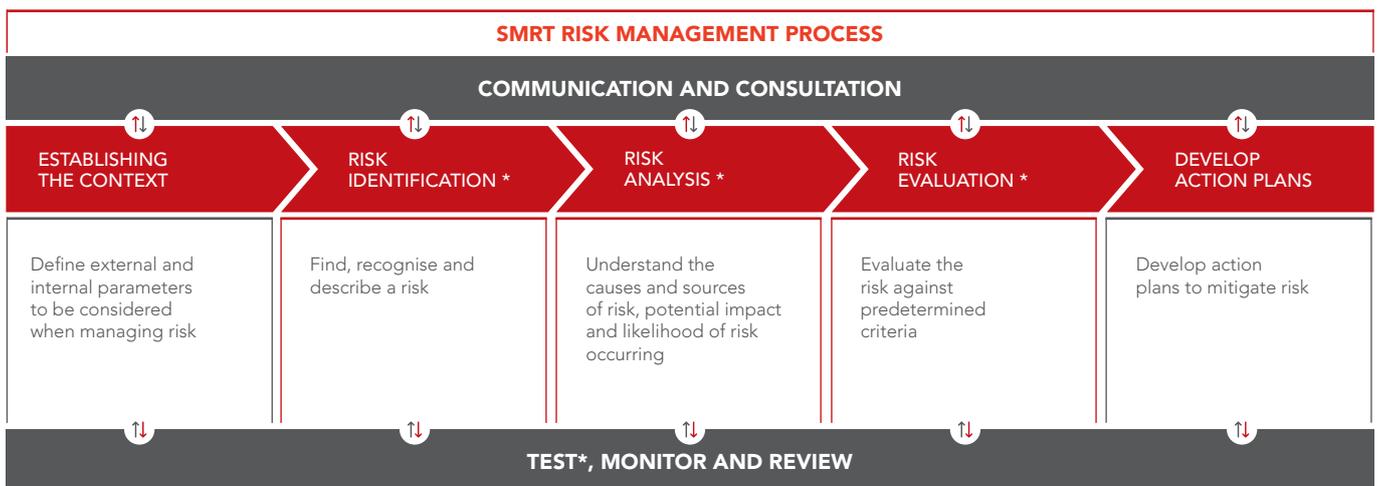
- Promote closer integration between governance functions and business units;
- Embed risk management considerations within existing management processes;
- Apply enhanced risk management evaluation processes;
- Increase the levels of transparency across the organisation.

Including Opportunity Management Within the ERM Scope

The Company also takes a forward-looking stance to risk management in that we identify, manage and evaluate opportunities that arise as a result of our risk mitigating measures. In line with this, all major investments and overseas projects undergo a comprehensive due diligence and risk management review process. The Board sets the overall strategic direction and ensures that such strategies are aligned with the risk management tolerances and opportunity assessments of the Company.

Increased Emphasis on Trains’ Risks

In line with the Company’s commitment to meet the network’s higher capacity needs and higher reliability requirements, a more dedicated focus was put on Trains’ risks. This would enable better correlation between risk mitigation and expected service reliability standards.



* RISK ASSESSMENT

Key Dynamics and Risk Management continued



Managing Our Risks

Energy Cost Risks

The Group is exposed to fluctuating energy prices, such as oil and diesel prices, that affect its energy costs but are outside its sphere of control. The Group mitigates the effects of electricity price fluctuations by entering into fixed price electricity contracts over fixed tenures. The Group may, where deemed appropriate, engage in short-term diesel hedging contracts to partially mitigate any diesel price fluctuations. Where appropriate, foreign exchange contracts are entered into in order to mitigate any currency risk from the purchase of diesel in a foreign currency. Such hedging practices adhere to the Group's Dealing Mandate approved by the Board of Directors. In addition, the Group engages in fuel-conservation and fuel-efficiency efforts, including conducting feasibility studies for alternate energy resources and emerging technologies, to efficiently manage electricity and diesel utilisation throughout the organisation.

Security and Business Continuity Risks

The security and protection of our personnel, facilities, assets and commuters are of overriding consideration in all our business activities as they affect public trust and confidence, our people's morale and corporate image. By adopting a comprehensive, integrated and risk-based approach to our security system, we strive to inculcate a shared vision of a Zero Security Breach operating environment, shaped by our three principles of Collective Ownership, System Discipline and Security as an Integral Part of our Operations.

A Security Steering Committee, chaired by the CEO, governs SMRT's security system and places a clear emphasis on security as a fundamental aspect across the entire Group. Security platforms at all levels and across the various business units of the Group facilitate the institutionalisation of policies, procedures and practices aimed at incorporating security into daily operations. This security eco-system is further supported by inter-agency and international collaborations as SMRT maintains a proactive presence at the Public Transport Security Committee and the UITP Security Commission.

Security vulnerability studies are regularly conducted to assess the infrastructure and network. Security improvements are made through structure redesign and system enhancement on identified gaps. Regular inspections and compliance audits are also conducted and reported, and together with external audits and peer evaluations, provide Management and the Board with a broader and more objective perspective on our security health and emergency preparedness.

The holistic security management approach is coupled with a comprehensive Operations Readiness doctrine. This ensures that SMRT maintains organisational vigilance and readiness so as to swiftly respond to and recover from any threat to the public transport system. Drills and exercises are systematically planned and conducted at SMRT's premises to enhance the Group's capacity to react to and deal with potential threats of terrorism and major transport service disruptions. Inter-agency collaboration with the Singapore Police Force, Singapore Armed Forces and Singapore Civil Defence Force is also a central component of such exercises to rehearse, ensure and entrench security best practices. In 2015, SMRT supported the national-level Exercise Northstar 9 and successfully completed the LTA-led Exercise Greyhound together with SBST.

SMRT's ISO 22301 certification in Business Continuity Management Systems is an extension of SMRT's commitment to adopt best practices in business continuity management. The Group also works closely with the authorities and Government bodies to enhance security infrastructure and procedures.

Regulatory and Operational Risks

The Group's rail, bus and taxi operations are subject to extensive regulation by the authorities and the Public Transport Council (PTC). The terms of the current Licence and Operating Agreement (LOA) for the North-South and East-West Lines and the Bukit Panjang Light Rail Transit (BPLRT), the Licence to Operate the Circle Line, and the Bus Service Operator's Licence (BSOL) are described in the Background – Regulatory Framework section of the Operating and Financial Review section, and further detailed in the Notes to the Financial Statements.

In our rail operations, SMRT is required to comply with Operating Performance Standards (OPS) governing train service delivery, train punctuality, safety and equipment reliability and is subject to financial penalties as set out in the Company Overview in the event of non-compliance. As a rail operator, SMRT also complies with various Codes of Practices (COP) issued by LTA and other agencies.

Under the current BSOL, SMRT is also required to comply with the Quality of Service (QoS) standards for reliability, safety and availability in relation to the provision of bus services. From September 2012, the Bus Service Enhancement Programme (BSEP) has progressively introduced new buses to enhance SMRT's existing bus capacity. Accordingly, passengers can expect more frequent, more reliable and less crowded buses. With the implementation of the trial Bus Services Reliability Framework (BSRF), the authorities incentivise (and penalise) operators against a set of standards for selected services. SMRT has established SOPs and measures designed to earn the maximum incentive from this framework. From September 2016, the public bus industry in Singapore will transit into a Government Contracting Model (GCM) where the Government contracts bus operators to operate bus services through a tendering process. All current bus services were divided into 12 packages. Three packages were tendered out and the remaining nine packages will be negotiated with incumbent operators. SMRT has started the negotiation with LTA on contract terms with the goal of ensuring reliable service delivery and sustainable profits. Under GCM, the Government retains fare revenue and bus operators are paid a service fee to operate. SMRT will continue our efforts on productivity improvement and cost management under GCM.

SMRT Taxis operates under the Taxi Service Operator Licence (TSOL) and is required to comply with the Quality of Service (QoS), Taxi Availability (TA) standards, codes and audit requirements. While the QoS standards monitor the level of service and safety performance delivered by taxi operators and drivers to ensure commuters' satisfaction, the TA standards are set to ensure an adequate taxi supply on the road especially during peak periods through improving the availability of taxis to serve commuters. Likewise, new vehicle purchase is also subject to other policies like the Certificate of Entitlement (COE) and European emission standards which are becoming increasingly stringent. SMRT Taxis work closely with the regulatory authorities to keep abreast of developments and policies that may affect our businesses and the competitive landscape, especially from the Private Hired Vehicle (PHV) trade. In addition, SMRT Taxis adopts competitive marketing strategies to attract new taxi partners while it cultivates and maintains its good relationship with existing partners. SMRT manages operations well and effectively, thereby reducing significantly the risk of the licence being withdrawn.

Fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses are also subject to approval by PTC. Details on the fare structure are shown in the Background – Regulatory Framework section of the Operating and Financial Review.

These business units mitigate non-compliance risks by undergoing stringent and regular operational and maintenance regimes to sustain operational excellence and efficiency. The importance of safety awareness, customer service excellence and adherence to standing operating procedures is also inculcated in every employee through continual training, incentive schemes and on-the-job supervision and coaching.

Overall ridership across our different transport modalities is dependent on the evolving transportation network, socio-economic factors, and seasonal ridership variations. To determine the optimal level of resources needed to adequately meet commuter demand, SMRT analyses ridership data and patterns, and engages with the regulators on related QoS standards.

Safety Risks

SMRT believes that safety is paramount and takes seriously its duty to protect commuters and employees in its delivery of a transport service and lifestyle experience that is safe, reliable and customer-centric. SMRT's Safety System is continually reviewed to mitigate against systemic safety risks. The Safety System emphasises the need to systematically and methodically manage risks in all work processes. It requires swift investigation of the causal factors of any incident and promotes a culture of open reporting and organisational learning. As part of the system, all employees must adhere to authorised instructions, be trained competently, and be educated on safety awareness before being put to work.

A Safety Steering Committee, chaired by the CEO, governs SMRT's safety system and drives a clear emphasis on safety across the entire Group. This is integrated at all levels through safety forums held at respective business unit levels. Division Safety Officers are deployed to directly assist the Rail and Roads Divisions in planning, organising, directing, coordinating and evaluating all safety efforts in the divisions. They serve as a conduit between Management and Line Units to promote tighter safety-operation integration, encourage ground engagement, and deepen partnership within and amongst business units. Technical Safety Boards in the Trains and Roads Divisions have also been established to govern any modifications of SMRT's transport system to ensure the design integrity of equipment and facilities.

As part of the effort to inculcate a culture of safety mindfulness, SMRT regularly reviews its safety risks in operational and strategic-level meetings, and has implemented targeted programmes such as the Human Factors Awareness programme to build self-awareness and drive staff behaviour. These are complemented by a comprehensive safety education campaign, which includes biennial safety quizzes, regular safety alerts, the sharing of lessons learnt, the practice of open reporting and the conduct of bottom-up risk assessments to instil individual accountability.

SMRT has also adopted a Risk Based Maintenance approach using Risk-Centric Maintenance and Failure Mode, Effects and Criticality Analysis methodology which is in turn supported by automated condition monitoring and tracking systems. This helps SMRT anticipate required maintenance interventions, in addition to existing corrective and preventive maintenance regimes, in order to identify and address potential technical issues before they give rise to system-level risks. To further strengthen this effort, SMRT introduced its Quality Management Framework in late 2015 which synergises safety and quality activities, and enables a more holistic review of work procedures and activities.

Hazards related to systems and equipment are addressed at the planning and development stages where controllable aspects of hazards are reviewed and negated. Where these hazards are not able to be completely eliminated, safety and warning devices are employed to minimise and detect hazardous conditions alongside

Key Dynamics and Risk Management continued

the use of appropriate operational procedures. These measures ensure the adoption of safe work procedures.

SMRT's ISO 9001, ISO 14001 and OHSAS 18001 certification is a demonstration of SMRT's commitment to adopt best practices in quality, health, safety and environmental management.

Workforce Health Risks

SMRT continues to invest significant efforts to enhance Workforce Health, and mitigate risks in staffing and competency levels, as well as in workplace culture and staff engagement.

To build a sustainable workforce, we continue to strengthen our recruitment pipelines and enhance staff retention. We regularly review our remuneration structure to ensure it is market competitive, retains the right talent and drives performance in alignment to the Group's strategy. We continue to collaborate with Institutes of Higher Learning to enhance our recruitment pipelines. Such efforts include the launch of the Earn-and-Learn programme, in collaboration with the polytechnics and Institute of Technical Education. This is in line with SkillsFuture – the national effort to deepen skills that are vital to key industries in Singapore.

In our efforts to professionalise our workforce, we launched the SMRT Train Engineer Professionalisation (STEP) programme in May 2015, in collaboration with The Institution of Engineers, Singapore (IES). The programme aims to develop our railway engineers, towards achieving professional accreditation and chartership. Since its launch, 192 have embarked on the journey towards attaining chartership. To further strengthen ground maintenance leadership and attract both young and experienced engineering talent, we developed a new Engineering Maintenance Manager career scheme which re-profiled onerous but important middle manager roles in maintenance operations. In addition, we enhanced our training capabilities with new courses and training systems, such as the Singapore Bus Training and Evaluation Centre (SG BTEC) – Singapore's first team-based bus training centre. Most recently, SMRT has signed a Memorandum of Understanding with the University of Birmingham to jointly conduct courses on railway engineering and operations.

We continue to place emphasis on shaping our organisation culture and enhancing our employee engagement, to elevate our performance to higher levels. We have persisted in our drive to grow a service-centred and innovative mindset, forge a common identity and enhance our shared ownership. Employees continually experience a combination of awareness-raising activities like seminars and talks, awards to encourage out-of-the-box thinking to improve productivity, and opportunities to exercise innovation through task forces and project teams. Such cultural changes also require significant leadership emphasis and support, as well as regular staff engagement, to be effected successfully. Consequently, in 2015 and continuing in 2016, we have been conducting a series of leadership development programmes to groom our leaders at all levels. We have also sustained our employee engagement efforts through our CEO townhalls and senior management dialogues, among other activities.

As a result of these sustained efforts, our overall manpower strength has increased by 30% with a growth of 110% in our engineer corps since 2012. Voluntary attrition rate stabilised to a healthy 5.4% and SMRT's sustainable engagement score stands at an impressive 86%, surpassing the national norm and in line with top global standards. SMRT's HR team and practices continue to be recognised as best-in-class, as demonstrated by the HR Awards won in FY2016, as listed on page 109. Among these awards are NTUC's May Day Model Partnership Award (Management Category) and Plaque of Commendation (Gold), awarded for May Day 2015.

Investment Risks

The Group's investment risks relate largely to capital investments made for the maintenance, upgrading and replacement of operating assets, and acquisitions or investments in business entities. The capital investment projects, including the selection of suppliers and contractors, are subject to financial procedures and internal selection criteria for the purpose of expenditure control. Investment activities relating to acquisitions or investments in business entities are supported by experienced employees and, where necessary, by external professionals for specialised services. The Group adopts a disciplined approach in investment evaluation and decision-making to ensure that it is in line with the Group's strategy and investment objectives. The business proposals for such activities are also guided by operational and financial procedures and presented to the Management and, where relevant, the Board for approval.

Financial Risks

The Group's activities are exposed to a variety of financial risks including credit, foreign currency, market, interest rate and liquidity risks. The Group's risk management strategy features a system of controls to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Audit Committee oversees the Group's financial risk management process through timely reviews of the adequacy and effectiveness of the financial risk management policy, tools, practices, strategies and treatments. The management of these risks is discussed in the Financial Risk Management section of the Notes to the Financial Statements.

Property and Liability Risks

The Group has an insurance programme with reputable insurance companies to insure its exposure to property damage, business interruption and general liability risks. Professional indemnity insurance is also undertaken in respect of professional advice and services rendered by the Group. The Group adopts a proactive approach, with advice and recommendations from its appointed insurance brokers. The risk exposure is reviewed periodically to ensure that SMRT's insurance coverage continues to be appropriate and adequate in light of the cost of premiums as well as the relevant risk profiles of the Group's businesses.

Towards a Professional and Engaged Workforce

At SMRT, we believe that a professional and engaged workforce is vital to achieving our business objectives. We invest significant resources to develop a high-performance, disciplined and competent workforce. We continually strengthen our engineering capabilities and service excellence culture to ensure that our employees enjoy meaningful work in an environment that is engaging, enabling and energising.

Professionalising Human Capital and Encouraging Competency Building

In building a professional workforce for the public transport industry, SMRT has developed and rolled out competency-based career roadmaps. Our Bus Captain Career Scheme and Trains Career Scheme for non-executive operations and technical staff provide attractive career propositions for our employees. Employees enjoy career development and progression opportunities that are anchored on competency-building, core values and productivity. This enables us to grow a corps of dedicated and competent employees to drive reliability, service excellence and business growth.

Rail engineers are the core of SMRT and we pay close attention to their professional development. In May 2015, we launched the SMRT Train Engineer Professionalisation (STEP) programme to develop our railway engineers in Trains and Singapore Rail Engineering. We have since conducted five runs of the foundational STEP-IN (INduction) development programme for new engineer hires, and two runs of STEP-UP (UPgrading) to upgrade and energise incumbent engineers.

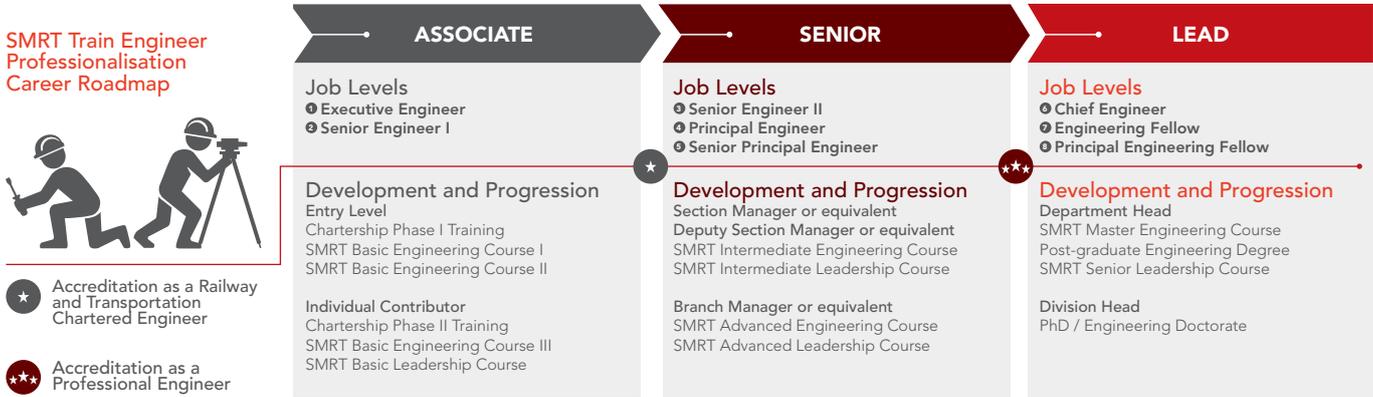
SMRT plays a leading role in our collaboration with the authorities and other industry partners to promote the rail engineering industry and professionalise our rail engineers. Our collaboration with the Institution of Engineers, Singapore has led to the successful launch of the Chartered Engineer programme for railway and transportation professionals. This accreditation recognises the professional skills and values attained by our railway engineers as they go through our STEP programme. Since its launch, 192 of our engineers have embarked on their journey towards attaining chartership. We have strengthened ground maintenance leadership with the new Engineering

In FY2016, SMRT continued to build Professionalism and Pride, focusing on five key Human Resource (HR) areas:

- Professionalising our human capital and encouraging competency building
- Strengthening employee engagement and industrial relations
- Building a sustainable workforce profile
- Supporting organisation restructuring and business growth
- Fostering a values-based culture

Maintenance Manager Career Scheme. Aligned with the SkillsFuture intent of enabling career progression through skills upgrading, both diploma and degree holders can now hold key positions in frontline maintenance. These measures to continually develop and effectively deploy our engineers are coupled with competitive remuneration packages to better attract and retain top engineering talent.

In tandem, we have also invested heavily in our training capability in order to meet SMRT's growing manpower needs. Our dedicated training arm, SMRT Institute, has broadened its curriculum to encompass both functional and soft skills training, and partnered with institutes of higher learning to strengthen capabilities. In February 2016, we signed a MOU with the University of Birmingham to jointly conduct courses on railway engineering and operations.



STEP Career Roadmap provides SMRT's rail engineers with structured competency-based development throughout their career life cycle.

Human Resources continued

The Institute has conducted a review to transform pedagogy and leverage technology to facilitate a more authentic, engaging and effective learning experience. In collaboration with e2i, SMRT developed and began operations of the Singapore Bus Training and Evaluation Centre (SG BTEC), Singapore’s first team-based training centre for bus drivers and service controllers. The Centre features state-of-the-art simulators and an integrated service control centre to enable customised team and scenario-based learning to promote better management of bus service safety and reliability. These initiatives are in line with SkillsFuture, the national effort to deepen skills that are vital to Singapore’s key industries.

Strengthening Employee Engagement and Industrial Relations

In the past year, we have continued to strengthen employee engagement and industrial relations through various communication channels and activities. SMRT’s employees continue to be highly engaged. Our Organisation Climate Survey (OCS), conducted by Towers Watson, indicated that 9 in 10 of our employees are proud to work at SMRT, and 86% of them are sustainably engaged, 4% higher than in the previous survey conducted in 2013. This places SMRT at 7% above the national norm, and on par with global best-in-class standards.

As part of efforts to enhance communication within the Company, we introduced an Employee Engagement and Internal Communications Framework, with closed-loop feedback structures and processes. We also convened various engagement sessions for two-way interaction between Management and employees. As part of the SG50 celebrations, employees were given \$500 worth of shopping vouchers to celebrate their hard work and dedication to nation-building and the Company. The move was well received by employees.

The quality of engagement between the Union and SMRT Management remains high and anchored on principles of trust and open communication, with frequent dialogue and involvement of the Union in policy consultations and change management. In recognition of our excellent labour relations, NTUC awarded SMRT the May Day Model Partnership Award (Management Category) and Plaque of Commendation (Gold) in 2015. These awards are a testament to the strong relationship

built with the Labour Movement and our contributions to improving the welfare and employability of our workers.

Building a Sustainable Workforce Profile

The Land Transport Masterplan will see the doubling of the local rail network by 2030. As public transport is a strategic national priority, SMRT continues to work with LTA to chart the transport industry’s manpower and development needs for the long term.

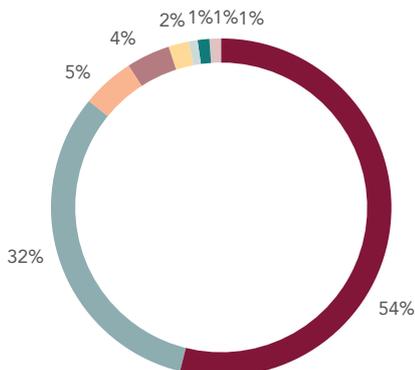
Over the last six years, SMRT has progressively developed strong academia-industry partnerships to grow and sustain the rail engineering talent pipeline for the public transport industry. To date, SMRT has established several MOUs with the Institute of Technical Education, Republic Polytechnic, Singapore Polytechnic and Singapore Institute of Technology. Our recent collaborations include the launch of the Earn-and-Learn programme with the polytechnics and Institute of Technical Education as well as a partnership with the University of Birmingham.

To build a core talent pool and pipeline, we have implemented the enhanced Talent Management Framework, which allows employees to acquire the desired competencies at each career stage through ‘Triple E’ – Education, Exposure and Experience. This philosophy guides us in developing our talent holistically through academic and professional training, enterprise-level and cross-functional project exposure and job rotations across the organisation.

As SMRT’s headcount grows to meet heightening capacity and maintenance needs, we continue to shape a lean and productive workforce with a sustainable age and nationality profile. To retain fit and skilled experienced employees, SMRT extended the re-employment age to 67 years old, ahead of the change in the national statutory mandate. Complementary Age Management and Workforce Health taskforces have been commissioned to address the needs of our fast-maturing workforce and strengthen employees’ physical and mental health. Recommendations from these taskforces include greater automation, better illumination, improved ergonomics, job redesign, flexible work arrangements, enhanced healthcare provisions and health-and-wellness programmes.

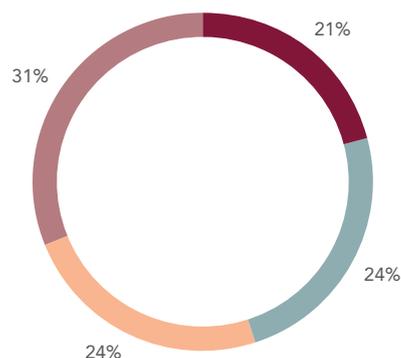
Headcount by Business Unit

- Trains
- Buses
- Automotive
- Corporate Services
- Commercial & Others
- Singapore Rail Engineering
- Taxis
- SMRT Services



Staff Profile by Age

- 30 years and below
- 31 to 40 years
- 41 to 50 years
- Above 50 years



Supporting Organisation Restructuring and Business Growth

SMRT continually reviews and adjusts our organisation design and workforce profile to ensure business relevance and resource optimisation. In FY2016, we increased our overall manpower strength by 12% to support the company's heightening pressures in operations and maintenance in the Trains and Bus Businesses. In addition, a further review of our organisation structure was conducted to promote collaboration across functions and business units and realise greater synergies in work processes and productivity. The review also looked into the organisation of corporate entities to ensure optimal support to the business units in their pursuit of new business and investment deals.

This year saw the formation of SMRT Inspectorate in SMRT Trains to strengthen our safety, security and quality management systems. This is achieved through enhanced education and promotion programmes to increase compliance with safety, security and quality assurance standards, coupled with enhanced inspection efforts on supervisory effectiveness, staff discipline and compliance with work instructions. Integrated audits and data analysis are also integral to enhancing SMRT's operational performance.

To drive sustainable growth, SMRT Services was set up to develop business opportunities in areas such as transport operations and maintenance, sale of technology-related products and services, and consultancy projects that leverage SMRT's existing capabilities in transport and engineering. Finally, as Singapore Rail Engineering's projects pick up pace, we continued to support their capability build-up with a combination of existing SMRT employees and external experienced hires.

Fostering a Values-based Culture

SMRT's core values, SMRTnI (Service Excellence, Mastery, Responsibility and Respect, Teamwork, Nurture and Integrity), form the anchor of our culture building efforts. To foster a values-based culture, we put our employees through various awareness building and values inculcation programmes.

As part of the orientation for new employees, all employees experience the SMRT Service Excellence programme, developed in collaboration with Disney Institute and NTUC LearningHub. The programme aims to enhance the service standards of all

SMRT employees towards Safety, Reliability, Care and Comfort. Our Service Excellence campaign builds on this programme to drive these service values in daily activities. This year, Service Culture Change teams were commissioned to look into enhancing collaboration and trust, supported by Leader Ambassadors - change agents appointed across all employee segments and business units. SMRT has also launched our leadership development programmes to groom leaders at all levels to reinforce our culture change efforts.

Enhancing Efficiency in HR Processes and Systems

SMRT has streamlined our HR processes to raise standards of efficiency, governance and service excellence for the benefit of our employees. Processes and policies have also been reviewed to be compliant with the latest changes in the Employment Act, Employment Fair Practices guidelines and Personal Data Protection Act.

Concurrently, we are upgrading our HR IT systems and infrastructure to enhance efficiency and end-user experience. We launched ACE (Achieving Career Excellence), a one-stop, online performance and learning management portal, with enhanced user interface and streamlined processes for goal-setting and course registration. We have also embarked on a Company-wide upgrade of our Enterprise Resource Planning system.

Recognised for HR Excellence

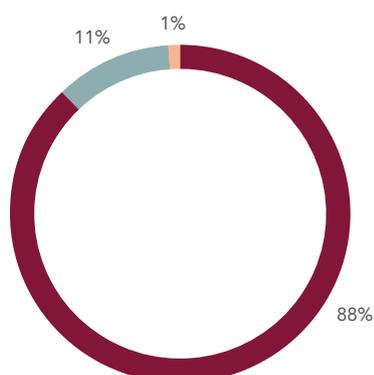
We are encouraged by the recognition received for our human resource practices. The HR team has received several accolades at the Human Resource Magazine Awards 2016, The Singapore HR Awards 2015 and the HR Excellence Awards 2015, including top awards in strategic HR, employee engagement and performance management. On the individual level, we also received accolades for Best HR Leader, Leading CEO and Leading HR Executive.

The Journey Ahead

Looking ahead, SMRT will continue our efforts to professionalise our workforce and instil a sense of pride in our employees. With stronger commitment to productivity and operational performance, we look forward to creating a more positive customer experience and enhanced shareholder value.

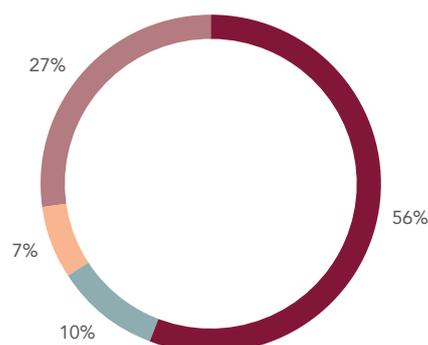
Headcount by Employee Group

● Non Executive ● Executive ● Senior Management



Staff Profile by Completed Years of Service

● 5 years or less ● 6 to 10 years ● 11 to 15 years ● 16 years or more



Serving Our Community

At SMRT, we focus on creating a positive impact on the communities we serve. We are committed to conducting our business in an economically, socially and environmentally friendly manner that balances the interests of our stakeholders.

Redefining Our CSR - Enhancing Lives

SMRT's corporate social responsibility (CSR) strategy is fully aligned with our vision of *Moving People, Enhancing Lives*. Our CSR objectives support sustainable development at SMRT, while giving back to society and fostering a fair and inclusive community. CSR at SMRT is defined by fundamental principles relating to philanthropy, volunteerism, advocacy and operational practices. These principles are encapsulated in our three pillars of Enabling Mobility, Empowering through the Arts & Education, and Encouraging Environmental Sustainability.

In November 2015, we introduced our *Enhancing Lives* logo. SMRT resides in the heart of a caring community. It is bolstered by a pair of supporting hands that represents SMRT's CSR pillars. The colours represent the various modes of transport that SMRT operate (i.e. train network and vehicle livery).



The Enhancing Lives logo affirms our desire to pay it forward to the community.

Enabling Mobility

SMRT's Gift of Mobility (GoM) programme is a key initiative of this CSR pillar. The SMRT GoM Fund was established to provide financially needy individuals with physical disabilities and mobility impairment with point-to-point transfers so that they can receive their medical treatment, seek employment or go to work until a more permanent transport solution is made available to them.

Since 2008, the Fund has disbursed more than \$1.3 million and has helped close to 8,000 beneficiaries through Community Development Councils (CDCs), hospitals and Volunteer Welfare Organisations (VWOs).

In FY2016, we achieved a major CSR milestone with our donation of life-size public transportation models – a decommissioned taxi, a low-floor bus mock-up and a MRT train mock-up – to the JurongHealth Mobility Park. Situated within the integrated healthcare hub of Ng Teng Fong General Hospital and Jurong Community Hospital (JCH), the Mobility Park is purpose-built next to the JCH's indoor rehabilitative facility. The Mobility Park helps patients in their recovery and reintegration back to the community.

The Mobility Park is a result of a three-year partnership with JurongHealth and was officially opened by the Mayor for South West District, Ms Low Yen Ling on 7 January 2016.

On 22 August 2015, the first inclusive playground located at Bishan-Ang Mo Kio Park was officially opened by the Minister for Social and Family Development, Mr Tan Chuan-Jin. The inclusive playground was made possible by the Care & Share Movement, with SMRT as one of the key donors. Children with disabilities can play and enjoy themselves on a wheelchair-friendly merry-go-round, a wheelchair swing as well as a slide that provides additional tactile stimulation. The playground is specially designed for all children to promote inclusive play and interaction.

Empowering Through the Arts and Education

Arts

SMRT actively supports the local arts scene. Since 2011, we have been working with Art Outreach, a non-profit organisation that promotes art education in Singapore, to conduct the Art in Transit tour in the Circle Line stations. To date, we have conducted 172 tours and reached out to 3,205 students and members of the public.

SMRT is the Out-of-Home media partner for local art groups and events such as the Singapore Symphony Orchestra and the NUS Arts Festival. In FY2016, we sponsored over \$320,000 worth of media space across the SMRT network in support of the arts.

Education

The SMRT Learning Journey is an educational outreach programme designed for students between 12 and 16 years old. This programme highlights safety and security features within our train and bus network, and educates students and the community at large on how they can play a part in ensuring a safe and enjoyable journey within our network.

In FY2016, 170 participants joined us on the SMRT Learning Journey. The journey comprises a customised train ride, an introduction to the fully automated Circle Line's Operations Control Centre and a bus ride. The Learning Journey emphasises our ongoing efforts to ensure safety, service excellence and developments of the multi-year rail reliability programme.



Fong Ruo En is enjoying the inclusive playground. She is accompanied by SMRT volunteer, Joelle Chew (in red) and her father.



More than 500 SMRT management and staff celebrated SG50 at 10 MRT stations and five bus interchanges.

Sustaining our Environment

We are active in championing environmental sustainability.

In FY2016, we developed an Environmental Sustainability Framework to do business in a sustainable and responsible manner and to promote sound environmental practices, and encourages transparency and accountability.

The framework is SMRT's strategic commitment to sustainable development and encapsulates the four pillars of Energy, Water, Waste management and overall Green efforts within the organisation.

We also reviewed our environmental sustainability structures within the organisation. The Energy Committee and Green Committee were restructured and two new committees were introduced to manage Water and Waste. SMRT aims to achieve targeted reductions in water, waste and energy consumption over a period of three years.

Conserving Energy

In accordance with the Energy Conservation Act, we have appointed energy managers in SMRT. Yearly reports on energy consumption and production, as well as greenhouse gas emissions are submitted to the authorities.

In FY2016, we introduced an energy saving initiative to upgrade the propulsion system of our first generation trains to the energy efficient Permanent Magnetic Synchronous Motor.

Since 2013, there has been a pipeline of energy saving initiatives to achieve a 10% reduction in energy consumption and carbon footprint over five years. These plans will include a pilot project to replace existing florescent lamps with LED lighting in three MRT stations at Toa Payoh, Novena and Clementi. Energy usage is expected to be reduced by 50% across all three stations.

Other plans include installing a 1MWp solar photovoltaic (PV) system on the rooftop of Bishan Depot. Promising a renewable and cleaner energy source, the solar PV system generates approximately 0.2% of the total electricity consumption on the NSEWL. Should the trial prove successful, we may install the solar PV system across our network.

Cultivating 'Green' Values

Our headquarters is certified as an Eco-Office by the Singapore Environment Council. This certification recognises SMRT's efforts in educating and cultivating our staff to adopt environmentally friendly habits in the work place. We are exploring the certification of our depots as Eco-Offices.

In commemoration of Earth Month, 'Pledge and Be Spotted Going Car/Emission-Free' was launched in April 2015. The objective was to raise awareness for environmental protection, and to reduce carbon footprint. Staff were encouraged to adopt emission-free or car-free modes of travel during that month. Over 1,000 staff pledged their support.

As part of Singapore World Water Day in March 2016, we collaborated with PUB to have water conservation decals at station restrooms and Project: Eco-Shop certified shops. Additionally, stickers were distributed to over 700 shops in our network.

Benchmarking Our Efforts

In FY2016, SMRT Trains has seen an increase in carbon footprint of 0.5 grams per passenger-kilometre, from 12.4 grams per passenger-kilometre in FY2015, to 12.9 grams per passenger-kilometre in FY2016. This increase is potentially contributed by the intensive testing at night for the new signalling systems which will commence operation in FY2017.

In FY2016, SMRT Buses business has seen a slight climb in carbon footprint of 0.5 grams per passenger-kilometre, from 65.5 grams per passenger-kilometre, to 66.0 grams per passenger-kilometre. We continue to monitor our carbon footprint in relation to our operations, employing more fuel-efficient buses and replacing our older bus fleet.

Celebrating SG50

On 9 August 2015, SMRT celebrated Singapore's 50th birthday by providing free travel on our bus and train services. SMRT also participated in the celebrations with activities at 10 MRT stations and five bus interchanges. More than 500 SMRT Management and staff greeted commuters and gave away 200,000 limited edition SG50 buttons and 50,000 SG50 EZ-Link card stickers. Photo walls were set up for the public to take memorable photos.

Corporate Social Responsibility continued

A photo competition gave commuters a chance to win limited edition SMRT SG50 EZ-Link cards.

We also extended our support through the arts & education. We collaborated with Pathlight School for the first time to commission 50 transport-themed art pieces by the students and alumni. Pathlight School, which serves students with autism aged 7 to 18 years, is Singapore’s first autism-focused school offering a unique blend of Singapore’s mainstream academic curriculum with life readiness skills.

These works of art are displayed as wall stickers, billboard posters, and large format light boxes across SMRT’s train network.

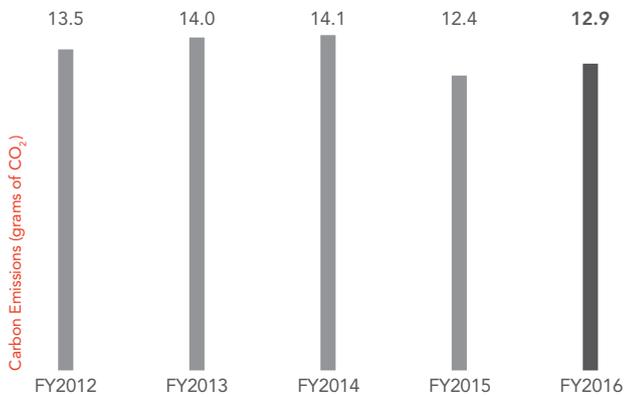
The collaboration demonstrated SMRT’s support for inclusiveness and celebrated the talent of Pathlight students and alumni.

Giving at SMRT

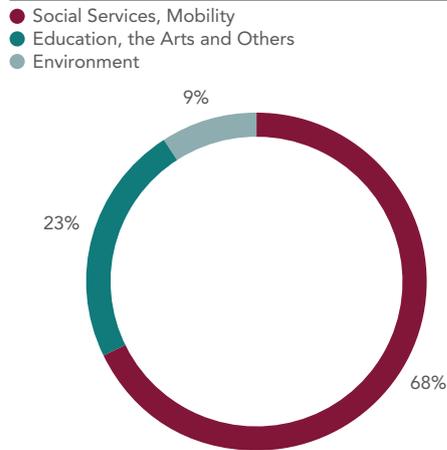
SMRT contributes to charities and other worthy causes with cash donations and in-kind sponsorship.

In the past year, SMRT has provided over \$2 million worth of cash and in-kind sponsorship to charities and social service organisations. We leverage our transport network, including media spaces in the stations, on trains, buses and taxis, to promote causes that we support.

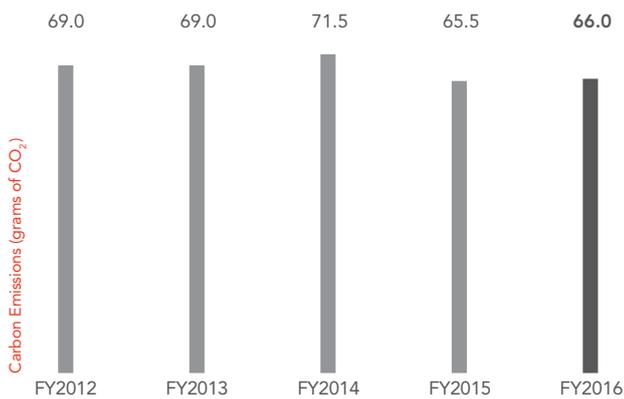
SMRT Trains Carbon Footprint



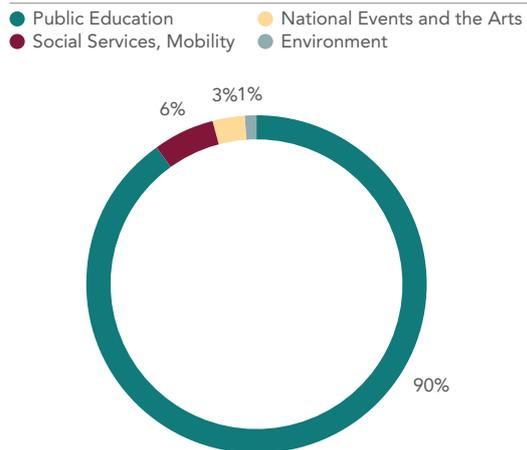
Cash Sponsorship (%)



SMRT Buses Carbon Footprint



In-kind Sponsorship (%)



Awards and Accolades

On Track to Attaining Excellence



Operational Performance

ISO 55001 : 2014
TÜV SÜD PSB Pte Ltd



Organisational Excellence

Internal Audit Excellence Award
SIAS 16th Investors' Choice Award 2015
Securities Investors Association (Singapore)

Achieving Corporate Ethics Mark
Chartered Institute of Procurement & Supply

Best Government Sector PR Campaign
The PR Awards 2016
Marketing Magazine

Best PR Campaign by In-House PR Team
The PR Awards 2016
Marketing Magazine

Best PR Campaign – Public Services
The PR Awards 2016
Marketing Magazine

Local Hero Brand (Winner)
Brands Digital Excellence Awards 2016
Heardable, Inc.



Customer Experience

Singapore Service Excellence Medallion (Service Professional) 2015
SPRING Singapore

Singapore Experience Awards (Customer Service – Transport) 2015
Singapore Tourism Board

National Kindness Award – Transport Gold 2015
Singapore Kindness Movement, Traffic Police & Land Transport Authority

Excellent Service Awards (EXSA) 2015
SPRING Singapore



Workforce Health

Best Engagement & Retention Strategies
HRM Awards 2016
Human Resources Magazine (HRM) Asia

Best Reward & Recognition Strategies (Special Recognition)
HRM Awards 2016
Human Resources Magazine (HRM) Asia

Excellence in HR Strategic Plan (Gold)
HR Excellence Awards 2015
Human Resources magazine

Excellence in Graduate Development (Silver)
HR Excellence Awards 2015
Human Resources magazine

Excellence in Mature Workforce Practices (Silver)
HR Excellence Awards 2015
Human Resources magazine

Excellence in Talent Management (Bronze)
HR Excellence Awards 2015
Human Resources magazine

Leading HR Practices in Strategic HR
The Singapore HR Awards 2015
Singapore Human Resources Institute

Leading HR Practices in Performance Management
The Singapore HR Awards 2015
Singapore Human Resources Institute

Leading HR Practices in Employee Relations & People Management
The Singapore HR Awards 2015
Singapore Human Resources Institute

Leading HR Practices in Lifelong Learning (Special Mention)
The Singapore HR Awards 2015
Singapore Human Resources Institute

Leading HR Practices in Compensation & Rewards Management (Special Mention)
The Singapore HR Awards 2015
Singapore Human Resources Institute

Leading HR Practices in Workplace Safety & Health (Special Mention)
The Singapore HR Awards 2015
Singapore Human Resources Institute

May Day Plaque of Commendation (Gold) 2015
National Trade Union Congress (NTUC)

May Day Model Partnership Award (Management Category) 2015
National Trade Union Congress (NTUC)

Financial Report

- 112 Directors' Statement
- 118 Independent Auditor's Report
- 119 Balance Sheets
- 120 Consolidated Income Statement
- 121 Consolidated Statement of Comprehensive Income
- 122 Consolidated Statement of Changes in Equity
- 123 Statement of Changes in Equity
- 124 Consolidated Statement of Cash Flows
- 125 Notes to the Financial Statements



The Directors present their statement to the members together with the audited consolidated financial statements of SMRT Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2016.

1. Opinion of the Directors

In the opinion of the Directors,

- (a) the balance sheet and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 119 to 172 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Koh Yong Guan	Chairman
Desmond Kuek Bak Chye	President & Group CEO
Bob Tan Beng Hai	
Lee Seow Hiang	
Moliah Hashim	
Patrick Ang Peng Koon	
Peter Tan Boon Heng	
Tan Ek Kia	
Yap Kim Wah	
Yap Chee Meng	

3. Directors' Interests in Shares or Debentures

According to the Register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors holding office at the end of the financial year (including those held by their spouses and infant children) had any interests in the shares, debentures and share options of the Company and related corporations (other than wholly-owned subsidiaries) except as follows:

Name of Directors and Corporations in which interests are held	Holdings in the name of the Director, Spouse or Infant children	
	At beginning of the year/date of appointment, if later	At end of the year
Koh Yong Guan		
SMRT Corporation Ltd		
– ordinary shares	70,000	86,700
Mapletree Logistics Trust Management Ltd		
– units in Mapletree Logistics Trust	16,000	16,000
Singapore Airlines Limited		
– ordinary shares	4,800	3,000
Singapore Telecommunications Limited		
– ordinary shares	19,090	19,090
Singapore Technologies Engineering Ltd		
– ordinary shares	23,108	23,108
Desmond Kuek Bak Chye		
SMRT Corporation Ltd		
– ordinary shares	52,000	192,140
– unissued ordinary shares under share awards	494,000	660,140
Singapore Telecommunications Limited		
– ordinary shares	2,230	2,230
Bob Tan Beng Hai		
SMRT Corporation Ltd		
– ordinary shares	–	11,500
Patrick Ang Peng Koon		
SMRT Corporation Ltd		
– ordinary shares	–	6,400
Peter Tan Boon Heng		
SMRT Corporation Ltd		
– ordinary shares	–	9,300
Mapletree Logistics Trust Management Ltd		
– units in Mapletree Logistics Trust	–	252,500
Tan Ek Kia		
SMRT Corporation Ltd		
– ordinary shares	–	10,500
Mapletree Greater China Commercial Trust Management Ltd		
– units in Mapletree Greater China Commercial Trust	10,000	10,000
Yap Kim Wah		
SMRT Corporation Ltd		
– ordinary shares	–	9,300
Singapore Telecommunications Limited		
– ordinary shares	–	40,000
Yap Chee Meng		
SMRT Corporation Ltd		
– ordinary shares	–	9,200
Singapore Telecommunications Limited		
– ordinary shares	177	72,677

There were no changes in any of the above-mentioned interests in the Company or in related corporations between the end of the financial year and 21 April 2016.

4. Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as disclosed under the "Share Plans" section of this statement.

5. Share Plans

On 15 July 2004, members of the Company approved the adoption of The SMRT Corporation Restricted Share Plan ("SMRT RSP") 2004 and The SMRT Corporation Performance Share Plan ("SMRT PSP") 2004 (collectively, the "Share Plans 2004") at an Extraordinary General Meeting ("EGM"). With the expiry of the Share Plans 2004 on 14 July 2014, members of the Company approved the adoption of SMRT RSP 2014 and SMRT PSP 2014 (collectively, the "Share Plans 2014") at the Annual General Meeting ("AGM") held on 16 July 2014.

The Share Plans 2014 are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Yap Chee Meng, Mr Tan Ek Kia and Madam Moliah Hashim.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such terms for the implementation and administration of the Share Plans 2014 as it thinks fit.

The salient features of the Share Plans 2014 are as follows:

- SMRT RSP 2014 is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.
- SMRT PSP 2014 is targeted at senior management in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance.
- Eligible participants
 - Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
 - Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Share Plans 2014 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

- Awards
Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT that awards made under SMRT RSP 2014 are aligned with the principle of pay-for-performance.

Awards granted under SMRT PSP 2014 are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted awards under SMRT PSP 2014, as well as SMRT RSP 2014 although differing performance targets are likely to be set for each award.

Non-executive directors of the Group will be eligible to participate in the Share Plans 2014.

- Size and duration
The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plans on any date, when added to the aggregate number of shares issued and issuable and/or transferred and transferable in respect of (a) all awards granted under the Plans and (b) all awards, shares and options granted under any other share scheme implemented by the Company and for the time being in force, shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date.

5. Share Plans (cont'd)

- Size and duration (cont'd)
In addition, the total number of shares which may be issued or transferred pursuant to awards granted under the Plans from the date of AGM to be held on 5 July 2016 and the date of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier, shall not exceed 1% of the total number of issued shares (excluding treasury shares) from time to time.

The Share Plans 2014 shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 16 July 2014, provided always that the Share Plans 2014 may continue beyond the 10-year period with the approval of the shareholders in a general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Share Plans 2014, any awards made to employees prior to such expiry or termination will continue to remain valid.

- Events prior to vesting
Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the Share Plans 2014 to the senior management staff are described below:

	SMRT PSP 2014	SMRT RSP 2014
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a one-year performance period based on medium-term corporate objectives.
Date of grant	3 August 2015	3 August 2015 and 31 August 2015
Performance period	1 April 2015 to 31 March 2018	1 April 2015 to 31 March 2016
Vesting condition	Based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a one-year performance period, 50% of the award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 144% depending on the achievement of pre-set performance targets over the performance period.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
26 December 2012						
- For senior management	150,000	-	(124,200)	(25,800)	-	-
31 July 2013						
- For senior management	210,000	-	(30,000)	-	-	180,000
- For executive director (Desmond Kuek Bak Chye)	130,000	-	-	-	-	130,000
15 October 2014						
- For senior management	486,384	-	-	-	-	486,384
- For executive director (Desmond Kuek Bak Chye)	130,000	-	-	-	-	130,000
3 August 2015						
- For senior management	-	615,479	-	-	-	615,479
- For executive director (Desmond Kuek Bak Chye)	-	130,000	-	-	-	130,000
	1,106,384	745,479	(154,200)	(25,800)	-	1,671,863

5. Share Plans (cont'd)

SMRT RSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
30 March 2012						
– For senior management	45,600	–	(3,500)	(42,100)	–	–
26 December 2012						
– For senior management	72,200	–	(3,900)	(68,300)	–	–
31 July 2013						
– For senior management	610,200	–	(40,100)	(318,200)	–	251,900
– For executive director (Desmond Kuek Bak Chye)	104,000	–	–	(52,000)	–	52,000
15 October 2014						
– For senior management	2,071,103	–	(46,725)	(1,104,814)	141,747	1,061,311
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	(88,140)	46,280	88,140
15 December 2014						
– For senior management	37,905	–	(5,836)	(14,496)	(3,079)	14,494
3 August 2015						
– For senior management	–	2,307,205	(50,000)	–	–	2,257,205
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
31 August 2015						
– For senior management	–	123,314	–	–	–	123,314
	3,071,008	2,560,519	(150,061)	(1,688,050)	184,948	3,978,364

Under the Share Plans 2014, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2016 were 1,671,863 (2015: 1,106,384) for SMRT PSP 2004 and SMRT PSP 2014, and 3,978,364 (2015: 3,071,008) for SMRT RSP 2004 and SMRT RSP 2014.

Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,507,795 (2015: 1,659,600) fully-paid SMRT shares for SMRT PSP 2004 and SMRT PSP 2014, and 5,082,988 (2015: 4,056,200) fully-paid SMRT shares for SMRT RSP 2004 and SMRT RSP 2014.

6. Audit Committee

The Audit Committee of the Board of Directors (the "Committee") comprises four non-executive independent directors. The Committee's members are:

Bob Tan Beng Hai Chairman
Peter Tan Boon Heng
Yap Kim Wah
Yap Chee Meng

6. Audit Committee (cont'd)

The Committee carried out its function in accordance with the Act, including the following:

- reviewed the accounting policies of the Company and the Group to ensure that the policies are in compliance with accounting standards and in accordance with applicable laws and regulations;
- reviewed, with the internal and external auditors, their audit plans;
- reviewed, with the internal and external auditors, the adequacy of the Company and the Group's internal controls, namely financial and accounting controls, operational and compliance controls, information technology controls, and risk management policies and systems, to the extent each of these relate to financial reporting and accounting risks, with the purpose of safeguarding the Company and the Group's assets and enhancing shareholder value;
- reviewed, with the internal and external auditors, their audit reports;
- reviewed the cooperation given by the Company's officers to the internal and external auditors;
- reviewed the adequacy and effectiveness of the internal audit function;
- reviewed the proposed audit scope, approach and results, and the independence and objectivity of the external auditor;
- reviewed the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group;
- nominated and reviewed the appointment or re-appointment of the external auditor;
- reviewed with Management the quarterly and annual financial statements and financial announcements of the Company and the Group required by the Singapore Exchange Securities Trading Limited ("SGX-ST");
- reviewed transactions with interested persons;
- reviewed the fees for non-audit services rendered by the external auditors and their affiliates and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditor for the audit of the financial statements of the Company and the Group;
- reviewed the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that there is independent investigation into all whistleblower complaints and appropriate follow-up;
- reviewed significant fraud cases and the adequacy and effectiveness of policies and procedures for preventing and detecting fraud; and
- examined all other matters which may be referred to the Committee by the Board or which may be imposed on the Committee by applicable laws or regulations (including without limitation the SGX-ST Listing Manual).

7. Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Koh Yong Guan
Director

Desmond Kuek Bak Chye
Director

28 April 2016

To the Members of SMRT Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") set out on pages 119 to 172, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Company and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 of financial statements that give a true and fair view 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 28 April 2016

Balance Sheets

As at 31 March 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Property, plant and equipment	4	2,130,729	2,042,484	21,174	12,420
Intangible asset	5	13,614	13,614	–	–
Investments in subsidiaries	6	–	–	325,823	325,823
Interests in associates and joint ventures	7	52,018	55,768	–	–
Other investments	8	19,152	20,629	–	–
		2,215,513	2,132,495	346,997	338,243
Current assets					
Inventories	9	80,081	80,917	–	–
Trade and other receivables	10	192,199	167,684	54,983	69,705
Fixed deposits with banks and financial institutions		81,338	9,358	–	–
Cash at banks and in hand		150,891	146,759	7,045	6,904
		504,509	404,718	62,028	76,609
Total assets		2,720,022	2,537,213	409,025	414,852
Equity attributable to equity holders of SMRT					
Share capital	11	171,571	169,143	171,571	169,143
Reserves	12	3,282	9,145	4,420	3,185
Accumulated profits		741,051	681,228	173,755	215,177
		915,904	859,516	349,746	387,505
Non-controlling interest		(1,657)	(638)	–	–
Total equity		914,247	858,878	349,746	387,505
Non-current liabilities					
Interest-bearing borrowings	14	750,000	812,671	–	–
Provisions	15	30	32	–	–
Deferred tax liabilities	16	199,940	165,649	2,363	1,510
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	34,616	39,758	–	–
		1,004,898	1,038,422	2,363	1,510
Current liabilities					
Interest-bearing borrowings	14	71,169	8,934	–	–
Trade and other payables	19	667,750	568,231	56,107	25,259
Provisions	15	61,958	57,895	809	578
Current tax payable		–	4,853	–	–
		800,877	639,913	56,916	25,837
Total liabilities		1,805,775	1,678,335	59,279	27,347
Total equity and liabilities		2,720,022	2,537,213	409,025	414,852

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement
Year Ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Revenue	20	1,296,589	1,235,535
Other operating income	21(a)	77,333	57,961
Staff costs	21(b)	(535,951)	(483,593)
Depreciation of property, plant and equipment	4	(213,343)	(203,155)
Amortisation of asset-related grants	18	9,676	10,025
Repairs and maintenance costs		(139,874)	(121,850)
Electricity and diesel costs		(132,309)	(150,655)
Other operating expenses	21(c)	(223,671)	(223,461)
Profit from operations		138,450	120,807
Finance costs	21(d)	(12,607)	(12,527)
Interest and investment income	21(e)	1,271	1,587
Share of results of associates and joint ventures (net of tax)		2,219	989
Profit before income tax	21	129,333	110,856
Income tax expense	22	(21,058)	(20,402)
Profit after income tax		108,275	90,454
Attributable to:			
Equity holders of SMRT		109,294	91,000
Non-controlling interest		(1,019)	(546)
		108,275	90,454
Earnings per share attributable to equity holders of SMRT (in cents):			
Basic	23	7.2	6.0
Diluted	23	7.2	6.0

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
Year Ended 31 March 2016

	2016 \$'000	2015 \$'000
Profit for the year	108,275	90,454
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to the income statement:</i>		
Change in fair value of available-for-sale financial assets, net of tax	(1,443)	(51)
Effective portion of change in fair value of cash flow hedge, net of tax	(6,492)	(4,753)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	7,001	4,217
Currency translation differences arising from consolidation	(6,164)	6,295
Other comprehensive income for the year, net of tax	(7,098)	5,708
Total comprehensive income for the year	101,177	96,162
Attributable to:		
Equity holders of SMRT	102,196	96,708
Non-controlling interest	(1,019)	(546)
	101,177	96,162

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year Ended 31 March 2016

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Hedge reserve \$'000	Share- based payment reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of SMRT \$'000	Non- controlling interest \$'000	Total equity \$'000
At 1 April 2015	169,143	6,125	465	(630)	3,185	681,228	859,516	(638)	858,878
Profit/(loss) for the year	-	-	-	-	-	109,294	109,294	(1,019)	108,275
Other comprehensive income	-	(6,164)	(1,443)	509	-	-	(7,098)	-	(7,098)
Transactions with owners, recorded directly in equity:									
Issue of performance shares	2,428	-	-	-	(2,428)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	3,663	-	3,663	-	3,663
Final dividend paid of 1.75 cents per share in respect of year 2015	-	-	-	-	-	(26,637)	(26,637)	-	(26,637)
Interim dividend paid of 1.50 cents per share in respect of year 2016	-	-	-	-	-	(22,858)	(22,858)	-	(22,858)
Proceeds from unclaimed dividends	-	-	-	-	-	24	24	-	24
Total transactions with owners	2,428	-	-	-	1,235	(49,471)	(45,808)	-	(45,808)
At 31 March 2016	171,571	(39)	(978)	(121)	4,420	741,051	915,904	(1,657)	914,247
At 1 April 2014	168,240	(170)	516	(94)	1,977	631,283	801,752	(92)	801,660
Profit/(loss) for the year	-	-	-	-	-	91,000	91,000	(546)	90,454
Other comprehensive income	-	6,295	(51)	(536)	-	-	5,708	-	5,708
Transactions with owners, recorded directly in equity:									
Issue of performance shares	903	-	-	-	(903)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	2,111	-	2,111	-	2,111
Final dividend paid of 1.20 cents per share in respect of year 2014	-	-	-	-	-	(18,258)	(18,258)	-	(18,258)
Interim dividend paid of 1.50 cents per share in respect of year 2015	-	-	-	-	-	(22,832)	(22,832)	-	(22,832)
Proceeds from unclaimed dividends	-	-	-	-	-	35	35	-	35
Total transactions with owners	903	-	-	-	1,208	(41,055)	(38,944)	-	(38,944)
At 31 March 2015	169,143	6,125	465	(630)	3,185	681,228	859,516	(638)	858,878

Statement of Changes in Equity

Year Ended 31 March 2016

Company	Share capital \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 April 2015	169,143	3,185	215,177	387,505
Profit for the year	-	-	8,049	8,049
Transactions with owners, recorded directly in equity:				
Issue of performance shares	2,428	(2,428)	-	-
Value of employee services received for share-based payment	-	3,663	-	3,663
Final dividend paid of 1.75 cents per share in respect of year 2015	-	-	(26,637)	(26,637)
Interim dividend paid of 1.50 cents per share in respect of year 2016	-	-	(22,858)	(22,858)
Proceeds from unclaimed dividends	-	-	24	24
Total transactions with owners	2,428	1,235	(49,471)	(45,808)
At 31 March 2016	171,571	4,420	173,755	349,746
At 1 April 2014	168,240	1,977	227,759	397,976
Profit for the year	-	-	28,473	28,473
Transactions with owners, recorded directly in equity:				
Issue of performance shares	903	(903)	-	-
Value of employee services received for share-based payment	-	2,111	-	2,111
Final dividend paid of 1.20 cents per share in respect of year 2014	-	-	(18,258)	(18,258)
Interim dividend paid of 1.50 cents per share in respect of year 2015	-	-	(22,832)	(22,832)
Proceeds from unclaimed dividends	-	-	35	35
Total transactions with owners	903	1,208	(41,055)	(38,944)
At 31 March 2015	169,143	3,185	215,177	387,505

The accompanying notes form an integral part of these financial statements.

The accompanying notes form an integral part of these financial statements.

	2016 \$'000	2015 \$'000
Operating activities		
Profit before income tax	129,333	110,856
Adjustments for:		
– Amortisation of asset-related grants	(9,676)	(10,025)
– Depreciation of property, plant and equipment	213,343	203,155
– Dividend income	(155)	(206)
– Grant released upon disposal/write-off of property, plant and equipment	(491)	(3)
– Interest expense	12,607	12,527
– Interest income	(1,116)	(1,381)
– Loss on disposal of property, plant and equipment	3,484	124
– Property, plant and equipment written off	4,050	4,815
– Provisions made during the year	21,136	20,994
– Share-based payment expenses	3,663	2,111
– Share of results of associates and joint ventures (net of tax)	(2,219)	(989)
– Grant income	(48,796)	(33,585)
	325,163	308,393
Changes in working capital:		
– Inventories	836	3,408
– Trade and other receivables	(2,116)	(42,655)
– Trade and other payables	10,662	29,241
Cash generated from operations	334,545	298,387
Income taxes refunded/(paid), net	7,803	(9,041)
Interest paid	(12,411)	(11,960)
Cash flows from operating activities	329,937	277,386
Investing activities		
Dividends received	4,899	206
Interest received	1,145	1,383
Investment in joint ventures	–	(1,500)
Loan to joint venture	(1,000)	–
Purchase of property, plant and equipment	(291,042)	(462,543)
Proceeds from disposal of:		
– property, plant and equipment	36,126	1,619
– other investments	–	5,000
Cash flows from investing activities	(249,872)	(455,835)
Financing activities		
Grant received	40,843	30,492
Proceeds from issuance of unsecured quoted notes	–	300,000
Repayment of financial liabilities	(34,675)	(199,900)
Proceeds from borrowings	39,545	88,698
Proceeds from unclaimed dividends	24	35
Dividends paid	(49,495)	(41,090)
Cash flows from financing activities	(3,758)	178,235
Net change in cash and cash equivalents	76,307	(214)
Cash and cash equivalents at beginning of the year	156,117	155,524
Effect of exchange rate fluctuations on cash held	(195)	807
Cash and cash equivalents at end of the year	232,229	156,117
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	81,338	9,358
Cash at banks and in hand	150,891	146,759
	232,229	156,117

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

1. Domicile and Activities

SMRT Corporation Ltd (“SMRT” or the “Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 251 North Bridge Road, Singapore 179102.

The immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The principal activities of the Company are those relating to investment holding and provision of management services to Group companies. The subsidiaries are involved in eight key businesses as follows:

- (i) **Rail Operations**
Its principal activities are to provide transport-related businesses in Singapore. It operates the North-South-East-West and Circle lines of the Mass Rapid Transit System (the “MRT System”) and the Bukit Panjang Light Rapid Transit System (the “LRT System”).
- (ii) **Bus Operations**
Its principal activities are to provide public bus services.
- (iii) **Taxi Operations**
Its principal activities are to provide rental of taxis, provision of taxi services and sales of diesel to taxi hirers.
- (iv) **Rental**
Its principal activities are the leasing of commercial spaces, retail operations and property management.
- (v) **Advertising**
Its principal activities are the sale and management of media spaces, marketing and e-commerce.
- (vi) **Engineering Services**
Its principal activities are to provide consultancy, project management services, leasing of fibre optic cables and rail engineering services.
- (vii) **Other Services**
Its principal activities are to provide charter hire services and repair & maintenance services.
- (viii) **Investment Holding and Support Services**
Its principal activities are to provide management and other support services to Group companies and investment holding.

2. Licence and Operating Agreements

(a) SMRT Trains Ltd ("MRT")

A Licence and Operating Agreement (the "MRT LOA") with the Land Transport Authority ("LTA") under which MRT is licensed to operate the North-South-East-West lines of the Mass Rapid Transit System (the "MRT System") in Singapore came into effect on 1 April 1998. The MRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for a period of 30 years from 1 April 1998 at an annual licence fee calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the MRT LOA, and at 1% from 1 April 2003 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. From and including 1 April 2012, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. MRT may request LTA to extend the licence for a further period of 30 years whereupon LTA may, if it deems fit, renew the licence for a further 30 years or such other period and upon such terms and conditions as LTA may impose.
- (ii) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the MRT LOA. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.
- (iii) Upon the expiration or cancellation of the licence, MRT is required to surrender all parts of the North-South-East-West lines of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the MRT LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the MRT LOA terms by MRT, MRT is required upon cancellation, to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

A licence was granted by LTA under which MRT is licensed to operate the Circle line of the Mass Rapid Transit System (the "CCL System") in Singapore which came into effect on 4 May 2009. The licence sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence shall be for a term (the "Initial Licence Term") of 10 years from 4 May 2009 at an annual licence fee calculated at the sum of 0.5% of the annual passenger revenue net of goods and services tax and rebates, and 0.5% of the annual non-fare revenue net of goods and services tax from 4 May 2009 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. From and including 1 April 2012, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation.
- (ii) The licence may be renewed by LTA, if it deems fit, for a further period of 30 years from the expiry of the Initial Licence Term, subjected to any other terms and conditions as LTA may impose.
- (iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.
- (iv) Prior to MRT's purchase of the operating assets, MRT is required to set aside annually the sum of S\$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which included the cost of any major overhaul of any equipment, machinery or any part of the CCL System comprising all assets and infrastructure required to operate the CCL System. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.
- (v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.
- (vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.
- (vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT upon cancellation.

2. Licence and Operating Agreements (cont'd)

(b) SMRT Light Rail Pte Ltd ("LRT")

A Licence and Operating Agreement (the "LRT LOA") with LTA under which LRT is licensed to operate the Bukit Panjang Light Rapid Transit System (the "LRT System") in Singapore came into effect on 6 November 1999. The LRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for the period from 6 November 1999 to 31 March 2028, at an annual licence fee calculated at 0.5% of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates from 6 November 1999 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. From and including 1 April 2012, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. LRT may request LTA to extend the licence for a period of 30 years whereupon LTA may, if it deems fit, renew the licence for a period of 30 years or such other period and upon such terms and conditions as LTA may impose.
- (ii) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.
- (iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of \$3 million or 75% of the post-tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.
- (iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.
- (v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.
- (vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT upon cancellation.

3. Summary of Significant Accounting Policies

3.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation involving uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements, are described in note 30.

3. Summary of Significant Accounting Policies (cont'd)

3.2 Changes in Accounting Policies

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

3.3 Basis of Consolidation Business Combination

Business combinations are accounted for under the acquisition method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed and fair value of any contingent consideration arrangement at the acquisition date.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the income statement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "intangible assets" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in income statement as a gain from bargain purchase.

Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date in which control ceases.

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to income statement or transferred directly to retained profits if required by a specific standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income statement.

Associates and Joint Ventures

Associates are those entities in which the Group has significant influence, but not control, generally accompanied by voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

3. Summary of Significant Accounting Policies (cont'd)

3.3 Basis of Consolidation (cont'd)

Associates and Joint Ventures (cont'd)

Associates and joint ventures are accounted for using the equity method of accounting less impairment losses, if any, and are recognised initially at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates and joint ventures over the Group's share of the fair value of the identifiable net assets of the associates and joint ventures. It is included in the carrying amount of the investments and is neither amortised nor tested individually for impairment. When the Group's share of the fair value of the identifiable net assets of the associates and joint ventures exceeds the cost of acquisition paid by the Group, the excess is recognised in income statement as part of the share of results of associates and joint ventures.

In applying the equity method of accounting, the Group's share of its associates' and joint ventures' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates and joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term unsecured receivables, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has legal or constructive obligation or has made payments on behalf of the investee. If the associates or joint ventures subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Investments in associates and joint ventures are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity is re-measured at its fair value if it is a financial asset. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposals, is recognised in income statement. When significant influence or joint control is not lost, only a proportionate share of the amounts previously recognised in other comprehensive income relating to that associate or joint venture are reclassified to income statement and form part of the gain or loss on partial disposal.

Transactions Eliminated on Consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Transactions With Non-controlling Interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to equity holders of the Company, and are presented separately in the consolidated income statement, statement of changes in equity and within equity in the consolidated balance sheet, separately from equity attributable to equity holders of the Company. Total comprehensive income is attributed to the non-controlling interest based on their respective interest in a subsidiary, even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted as transactions with equity holders of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributed to the equity holders of the Company.

Accounting Policies of Subsidiaries, Associates and Joint Ventures

Where necessary, accounting policies of subsidiaries, associates and joint ventures have been adjusted on consolidation to be consistent with the policies adopted by the Group.

3.4 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 balance sheet date are translated to the functional currency at the exchange rate at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currency 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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 following page) which is recognised in other comprehensive income.

3. Summary of Significant Accounting Policies (cont'd)

3.4 Foreign Currencies (cont'd)

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign exchange differences are recognised in other comprehensive income. When a foreign operation is disposed off, in part or in full, the foreign currency translation reserve is transferred to the income statement as part of the gains or losses on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

3.5 Property, Plant and Equipment

Owned Assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads and capitalised borrowing costs.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Depreciation

Depreciation is calculated on a straight-line basis so as to allocate the depreciable amounts of the property, plant and equipment and major components that are accounted for separately over their estimated useful lives as follows:

Leasehold land, properties and infrastructure	-	3 to 40 years
Furniture, fittings, office equipment and computers	-	3 to 10 years
Motor vehicles	-	5 years
Rolling stock	-	10 to 30 years
Power supply equipment	-	5 to 25 years
Signalling, communication and automatic fare collection systems	-	3 to 30 years
Buses	-	5 to 20 years
Taxis	-	7.67 years
Plant and machinery	-	3 to 20 years
Other operating equipment	-	3 to 30 years

No depreciation is provided on unregistered buses and taxis and assets under construction until such assets are completed and ready for operational use.

Property, plant and equipment costing less than \$1,000 per item are expensed off as and when they are purchased.

3. Summary of Significant Accounting Policies (cont'd)

3.5 Property, Plant and Equipment (cont'd)

Depreciation (cont'd)

Depreciation method, estimated useful lives and residual values of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate. The effects of any revision are recognised in the income statement when the changes arise.

3.6 Intangible Assets

Goodwill on acquisition of subsidiaries and businesses on or after 1 April 2010 represents the excess of the purchase consideration, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries and businesses prior to 1 April 2010 and on acquisition of associates and joint ventures represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on the acquisition of subsidiaries is presented as intangible assets and carried at cost less accumulated impairment losses. Goodwill on the acquisition of associates and joint ventures is presented together with the carrying amount of the investments. Gains and losses on the disposal of subsidiaries, associates and joint ventures include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 April 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in income statement on disposal.

Goodwill is tested for impairment on an annual basis in accordance with note 3.13. If the initial accounting for an acquisition was based on provisional estimates of fair value of assets, liabilities and contingent liabilities, the provisional values are adjusted within 12 months of the acquisition date and goodwill arising from the acquisition is adjusted subsequently on a retrospective basis.

3.7 Non-derivative Financial Instruments

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

Equity and debt securities held by the Group are classified as being available-for-sale and are stated at fair value, determined as the quoted bid price at the balance sheet date. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Dividend income on available-for-sale financial assets is also recognised separately in the income statement.

Unquoted equity and other investments are measured at cost less accumulated impairment losses. It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of market prices in an active market, significant range of fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Financial assets classified as available-for-sale are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Held-to-maturity Investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities. If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

3. Summary of Significant Accounting Policies (cont'd)

3.7 Non-derivative Financial Instruments (cont'd)

Held-to-maturity Investments (cont'd)

Financial assets classified as held-to-maturity are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.8 Derivative Financial Instruments and Hedging Activities

The Group uses derivative financial instruments to partially hedge its exposure to financial risks arising from its business activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

For derivatives that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely related, and the combined instrument is not measured at fair value through the income statement.

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects profit or loss.

Separable Embedded Derivatives

Changes in the fair value of the separable embedded derivatives are recognised immediately in the income statement.

3.9 Inventories

Inventories comprising engineering spares and consumables used for the maintenance of the MRT and LRT systems, buses and taxis and which are not intended for resale, are stated at cost less allowance for obsolete inventories. Allowance is made for obsolete, slow-moving and defective inventories based on management's estimates and judgement, taking into account historical trends and market conditions etc.

All other inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. Summary of Significant Accounting Policies (cont'd)

3.10 Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

3.11 Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

3.13 Impairment

Impairment of Financial Assets

A financial asset is assessed at each balance sheet 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 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 (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. The carrying amount of these assets is reduced through the use of an impairment allowance account. When the asset becomes uncollectible, it is written off against the allowance account.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

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.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For investments in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

3. Summary of Significant Accounting Policies (cont'd)

3.13 Impairment (cont'd)

Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the assets' recoverable amounts are estimated.

Goodwill is tested for impairment annually and as and when indicators of impairment are identified. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Calculation of Recoverable Amount

For the purpose of impairment testing, the recoverable amount (i.e. the greater of the assets' net selling price and value-in-use), is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. 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.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

Reversals of Impairment

An impairment loss for an asset other than goodwill is reversed, if and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

3.14 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 and are measured at the lower of their carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while they are classified as held-for-sale. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

3.15 Liabilities and Interest-bearing Borrowings

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Interest-bearing liabilities are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

3.16 Intra-group Financial Guarantees

Financial guarantees are financial instruments issued by the Group 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.

3. Summary of Significant Accounting Policies (cont'd)

3.16 Intra-group Financial Guarantees (cont'd)

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date and is subsequently amortised to income statement over the period of the debt instrument. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.17 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.18 Provisions

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Provision for Accident Claims

A provision for accident claims is recognised when an accident has occurred. The amount of provision is based on the claims outstanding and estimated amounts payable.

The expected reimbursement from insurance policies and other parties in respect of the expenses required to settle a provision, is recognised as a separate asset disclosed as "Recoverable in respect of accident claims" included in "Other receivables, deposits and prepayments".

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. Provision for accident claims payable includes such vehicle insurance premium payable to insurers.

A provision for accident claims is recognised as an expense in the income statement as and when incurred. The provision is reviewed at least at each balance sheet date. The effects of any revision in management's estimate of amounts payable are recognised in the income statement when the changes arise.

3.19 Income Tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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 tax 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 only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.20 Fuel Equalisation Account ("FEA")

The FEA has been set up in accordance with the directive of the Public Transport Council ("PTC") to account for electricity tariff and diesel price adjustment charge, as part of the mechanism for regulating public transport fares. Annual contributions to the FEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a drawdown as may be catered for by the purpose of the FEA mechanism. The PTC may also direct such transfers that it considers necessary.

3. Summary of Significant Accounting Policies (cont'd)

3.21 Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with the attached conditions.

Asset-related Grants

Asset-related grants received from the LTA and/or other government bodies for the purchase of eligible assets are deferred and amortised in the income statement using the straight-line method and over the same periods in which the related property, plant and equipment are depreciated.

Other Grants

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised.

3.22 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared and approved.

3.23 Revenue Recognition

Passenger Revenue

Passenger revenue from MRT and LRT systems and public bus services is recognised at the end of the ride.

Taxi Rental and Rental Revenue

Rental revenue receivable under operating leases is recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received.

Advertising Revenue

Advertising revenue is recognised on an accrual basis over the terms of the contract.

Sales of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Engineering and Other Services

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised when services are rendered.

Revenue from operating and maintenance services is recognised over the period during which the service is provided.

Revenue from rail engineering services is recognised in accordance with the accounting policy for construction contract set out in note 3.10.

Provision for foreseeable losses, on contracts not yet completed, is made as soon as such losses are determinable.

3.24 Leases

Lessee – Operating Leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the leases.

Contingent rents are recognised as an expense in the income statement when incurred.

Lessor – Operating Leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income (net of any incentives given to the lessees) from operating leases is recognised in the income statement on a straight-line basis over the term of the leases.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the term of the leases on the same basis as the lease income.

Contingent rents are recognised as income in the income statement when earned.

3. Summary of Significant Accounting Policies (cont'd)

3.25 Finance Costs

Interest expense and similar charges 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 prepare for its intended use or sale.

3.26 Interest and Investment Income

Interest income from bank deposits and other debt securities is recognised in the income statement using the effective interest method.

Dividend income from subsidiaries is recognised on the date that the Group's right to receive payment is established.

Dividend income from other equity investments is recognised in the income statement at gross on a receipt basis.

Gain or loss on disposal of investment is accounted for in the income statement as they arise.

3.27 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's CEO and the operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.28 Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined Benefit Plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value. The discount rate is the market yield of quoted Singapore Government Bonds at balance sheet date. The calculation is performed using the projected unit credit method.

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, any actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period that the gain or loss arises.

Short-term Accumulating Compensated Absences

Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Equity and Equity Related Compensated Benefits

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") allow the Group to award employees fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and, in the case of awards under the SMRT RSP, upon expiry of the prescribed vesting period. For shares granted pursuant to awards under these plans, and the amount of cash which may be paid upon the release of such awards, the fair value of the awards is measured at grant date and spread over the vesting period. At each balance sheet date, the Group may revise the fair value of the awards based on actual performance achieved. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

4. Property, Plant and Equipment

Group	Leasehold land, properties and infrastructure \$'000	Furniture, fittings, office equipment and computers \$'000	Motor vehicles \$'000	Rolling stock \$'000	Power supply equipment \$'000	Signalling, communication and automatic fare collection systems \$'000	Buses \$'000	Taxis \$'000	Plant and machinery \$'000	Other operating equipment \$'000	Assets under construction \$'000	Total \$'000
Cost												
At 1 April 2014	319,850	91,486	7,267	1,309,618	157,509	315,879	374,635	307,845	28,527	404,700	149,552	3,466,868
Additions	3,760	3,494	863	170,142	423	15,244	2,168	45,155	452	8,410	369,080	619,191
Disposals/Write-offs	(787)	(693)	(351)	(2,864)	(1,245)	(11,465)	(32,511)	(29,830)	(1,946)	(32,165)	–	(113,857)
Transfers/Reclassifications	32,129	5,699	–	2,506	345	4,621	128,007	49,522	4,349	17,795	(244,973)	–
At 31 March 2015	354,952	99,986	7,779	1,479,402	157,032	324,279	472,299	372,692	31,382	398,740	273,659	3,972,202
At 1 April 2015	354,952	99,986	7,779	1,479,402	157,032	324,279	472,299	372,692	31,382	398,740	273,659	3,972,202
Additions	7,162	2,088	1,208	46,813	536	3,867	3,741	5,965	2,431	9,210	268,900	351,921
Disposals/Write-offs	(1,962)	(6,121)	(876)	(1,324)	(5,597)	(3,027)	(71,962)	(29,637)	(4,445)	(17,134)	–	(142,085)
Transfers/Reclassifications	1,771	6,960	307	18,426	486	8,869	83,899	15,287	2,503	30,825	(169,333)	–
At 31 March 2016	361,923	102,913	8,418	1,543,317	152,457	333,988	487,977	364,307	31,871	421,641	373,226	4,182,038
Accumulated depreciation and impairment losses												
At 1 April 2014	84,396	60,406	4,719	776,280	124,392	222,562	178,594	76,673	23,000	274,077	–	1,825,099
Depreciation charge for the year	20,040	10,393	1,001	63,967	4,666	19,157	22,065	40,702	2,135	19,029	–	203,155
Disposals/Write-offs	(765)	(677)	(326)	(1,904)	(1,240)	(11,384)	(32,384)	(17,503)	(1,912)	(30,441)	–	(98,536)
At 31 March 2015	103,671	70,122	5,394	838,343	127,818	230,335	168,275	99,872	23,223	262,665	–	1,929,718
At 1 April 2015	103,671	70,122	5,394	838,343	127,818	230,335	168,275	99,872	23,223	262,665	–	1,929,718
Depreciation charge for the year	21,270	10,556	1,025	65,480	3,364	18,061	26,552	44,207	2,916	19,912	–	213,343
Disposals/Write-offs	(874)	(5,248)	(694)	(1,323)	(5,018)	(2,947)	(38,544)	(20,065)	(3,410)	(13,629)	–	(91,752)
At 31 March 2016	124,067	75,430	5,725	902,500	126,164	245,449	156,283	124,014	22,729	268,948	–	2,051,309
Carrying amount												
At 31 March 2015	251,281	29,864	2,385	641,059	29,214	93,944	304,024	272,820	8,159	136,075	273,659	2,042,484
At 31 March 2016	237,856	27,483	2,693	640,817	26,293	88,539	331,694	240,293	9,142	152,693	373,226	2,130,729

The Group's wholly-owned subsidiary, SMRT Buses Ltd., is expected to transfer ownership of 175 buses at estimated net book value of \$66.3 million to LTA under the Bus Service Enhancement Programme (the "BSEP") on 31 May 2016.

4. Property, Plant and Equipment (cont'd)

Company	Furniture, fittings, office equipment and computers \$'000	Communication systems \$'000	Motor vehicles \$'000	Other operating equipment \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
Cost							
At 1 April 2014	22,741	2,477	441	28	124	3,459	29,270
Additions	2,446	41	7	29	40	2,121	4,684
Disposals/Write-offs	(53)	(14)	–	–	(73)	–	(140)
Transfers/Reclassifications	1,880	–	–	–	–	(1,880)	–
At 31 March 2015	27,014	2,504	448	57	91	3,700	33,814
At 1 April 2015	27,014	2,504	448	57	91	3,700	33,814
Additions	320	4	238	79	257	11,356	12,254
Disposals/Write-offs	(828)	–	(278)	–	–	–	(1,106)
Transfers/Reclassifications	702	–	–	–	–	(702)	–
At 31 March 2016	27,208	2,508	408	136	348	14,354	44,962
Accumulated depreciation and impairment losses							
At 1 April 2014	15,581	1,906	161	16	69	–	17,733
Depreciation charge for the year	3,336	334	66	10	10	–	3,756
Disposals/Write-offs	(50)	(6)	–	–	(39)	–	(95)
At 31 March 2015	18,867	2,234	227	26	40	–	21,394
At 1 April 2015	18,867	2,234	227	26	40	–	21,394
Depreciation charge for the year	3,001	149	50	19	18	–	3,237
Disposals/Write-offs	(746)	–	(97)	–	–	–	(843)
At 31 March 2016	21,122	2,383	180	45	58	–	23,788
Carrying amount							
At 31 March 2015	8,147	270	221	31	51	3,700	12,420
At 31 March 2016	6,086	125	228	91	290	14,354	21,174

5. Intangible Asset

Group	Goodwill	
	2016 \$'000	2015 \$'000
Cost		
At 1 April and 31 March	63,373	63,373
Impairment losses		
At 1 April and 31 March	49,759	49,759
Carrying amount		
At 1 April and 31 March	13,614	13,614
Impairment Test for Business Unit Containing Goodwill		
Goodwill is allocated to the Group's business unit:		
	2016 \$'000	2015 \$'000
Taxi operations	13,614	13,614

The recoverable amount of the taxi operations is determined based on value-in-use calculations. The calculations use cash flow projections based on an approved five-year plan. The terminal value at the end of the five-year period is computed using the capitalised earnings method which converts a single period of expected earnings into an indication of value based on a capitalisation rate or earnings multiple. The key assumptions used for the analysis are:

- The size of the taxi fleet approximate those existing at date of review.
- Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.
- Operating expenses are based on historical trends, taking into account expected inflation.
- The pre-tax Weighted Average Cost of Capital ("WACC") of the Group is approximately 7% (2015: 6%) per annum.

The Taxi business is sensitive to changes in the cost of Certificates of Entitlement ("COE") prices for the taxi vehicles. If the cost of COE continues to increase, resulting in a 51% drop (2015: 16%) in the forecast cash flows, the recoverable amount will be reduced to a level comparable with its carrying value. If Management's estimated pre-tax WACC applied to the discounted cash flows as at 31 March 2016 is increased by 5% (2015: 1%), the recoverable amount will be reduced to a level comparable with its carrying value.

6. Investments in Subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	418,332	418,332
Impairment losses	(92,509)	(92,509)
	325,823	325,823

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2016 %	2015 %
¹ SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
¹ SMRT Light Rail Pte. Ltd.	Singapore	100	100
¹ SMRT Services Pte. Ltd. and its subsidiary:	Singapore	100	100
² SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
¹ SMRT International Pte Ltd	Singapore	100	100
¹ SMRT Commercial Pte. Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Alpha Pte. Ltd.	Singapore	70	70
¹ SMRT Advertising & Properties Pte. Ltd.	Singapore	100	-
¹ The X Collective Pte. Ltd.	Singapore	100	-
¹ SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Buses Ltd.	Singapore	100	100
¹ SMRT Taxis Pte. Ltd. and its subsidiary:	Singapore	100	100
¹ Strides Transportation Pte. Ltd.	Singapore	100	-
¹ SMRT Automotive Services Pte. Ltd.	Singapore	100	100
¹ Bus-Plus Services Pte Ltd	Singapore	100	100
¹ SMRT Capital Pte. Ltd.	Singapore	100	100
¹ SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
⁴ SMRT Cayman I	Cayman Islands	100	100
⁴ SMRT Cayman II	Cayman Islands	100	100
³ SMRT Hong Kong Limited	Hong Kong	100	100
¹ SMRT Institute Pte. Ltd.	Singapore	100	100
¹ Singapore Rail Engineering Pte. Ltd.	Singapore	100	100

¹ Audited by PricewaterhouseCoopers LLP, Singapore
² Audited by PricewaterhouseCoopers United Arab Emirates
³ Audited by PricewaterhouseCoopers LLP, Hong Kong
⁴ Not required to be audited in its country of incorporation

7. Interests in Associates and Joint Ventures

	Group	
	2016 \$'000	2015 \$'000
Interests in associates and joint ventures	69,312	73,062
Impairment loss	(17,294)	(17,294)
	52,018	55,768

The summarised financial information relating to the associates and joint ventures disclosed below is not adjusted for the percentage of ownership held by the Group.

Details of the material associate are as follows:

Name of associate	Place of incorporation and business	Effective equity interest held by the Group	
		2016 %	2015 %
Held by SMRT Far East Pte. Ltd.:			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49

The principal activities of Shenzhen Zona Transportation Group Co., Ltd. are that of taxi services, bus services, vehicle management and maintenance services.

Summarised financial information of the material associate is as follows:

	2016 \$'000	2015 \$'000
Summarised Balance Sheet		
Current assets	22,336	38,463
<i>Includes:</i>		
– Cash and cash equivalents	2,556	20,657
Current liabilities	91,522	111,952
<i>Includes:</i>		
– Financial liabilities (excluding trade payables)	87,433	107,561
Non-current assets	195,013	222,937
Non-current liabilities	19,377	36,797
<i>Includes:</i>		
– Financial liabilities	17,913	34,478
– Other liabilities	1,463	2,319

	2016 \$'000	2015 \$'000
Summarised Statement of Comprehensive Income		
Revenue	77,705	65,613
Interest income	88	64
Expenses		
<i>Includes:</i>		
– Depreciation and amortisation	(15,368)	(14,236)
– Interest expense	(1,183)	(5,221)
Profit before income tax	7,105	5,075
Income tax expense	(1,319)	(1,008)
Profit after income tax	5,786	4,067
Dividends received from associated company	584	356

7. Interests in Associates and Joint Ventures (cont'd)

Details of the joint ventures are as follows:

Name of joint ventures	Place of incorporation and business	Effective equity interest held by the Group	
		2016 %	2015 %
Held by SMRT Road Holdings Ltd.:			
Hailo Singapore Pte. Ltd.	Singapore	50	50
Held by Singapore Rail Engineering Pte. Ltd.:			
Railise Pte. Ltd.	Singapore	50	50
Faiveley Rail Engineering Singapore Pte. Ltd.	Singapore	50	–

The principal activity of Hailo Singapore Pte. Ltd. is that of an operator of the Hailo taxi booking application in Singapore.

The principal activities of Railise Pte. Ltd. are marketing and supply of energy efficient propulsion systems to mass transit operators in global markets (excluding Japan), as well as provision of integration services which allow new traction system to seamlessly work with other components of the train.

The principal activities of Faiveley Rail Engineering Singapore Pte. Ltd. are marketing and supply of Maintenance, Repair and Overhaul ("MRO") services for specific rolling stock components in Southeast Asia (excluding Thailand, Hong Kong and Taiwan).

Summarised financial information of the joint ventures is as follows:

	Hailo Singapore Pte. Ltd.		Railise Pte. Ltd.		Faiveley Rail Engineering Singapore Pte. Ltd.		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Summarised Balance Sheet								
Current assets	1,118	1,665	5,133	–	3,694	–	9,945	1,665
<i>Includes:</i>								
– Cash and cash equivalents	46	240	3,693	–	1,433	–	5,172	240
Current liabilities	1,129	386	5,970	253	3,492	–	10,591	639
<i>Includes:</i>								
– Financial liabilities (excluding trade payables)	1,000	246	1	253	157	–	1,158	499
Non-current assets	2	1,230	7	–	4	–	13	1,230
Non-current liabilities	–	–	–	–	–	–	–	–

	Hailo Singapore Pte. Ltd.		Railise Pte. Ltd.		Faiveley Rail Engineering Singapore Pte. Ltd.		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Summarised Statement of Comprehensive Income								
Revenue	44	35	2,839	–	4,518	–	7,401	35
Expenses								
<i>Includes:</i>								
– Depreciation and amortisation	(28)	(13)	(1)	–	–	–	(29)	(13)
(Loss)/Profit before & after income tax	(1,318)	(1,691)	(577)	(253)	207	–	(1,688)	(1,944)

8. Other Investments

	Group	
	2016 \$'000	2015 \$'000
Non-current		
Quoted available-for-sale equity security	2,732	4,175
Quoted held-to-maturity debt securities	16,420	16,454
	19,152	20,629

Held-to-maturity debt securities bear interest at rates ranging from 3.08% to 3.60% (2015: 3.08% to 3.60%) per annum and will mature in 4.28 years to 6.45 years (2015: 5.28 years to 7.46 years).

8. Other Investments (cont'd)

The maximum exposure to credit risk of the debt securities at the balance sheet date is the carrying amount. Debt securities are neither past due nor impaired.

9. Inventories

	Group	
	2016 \$'000	2015 \$'000
Spare parts, diesel, tyres and consumable stores	97,691	98,847
Allowance for obsolete inventories	(17,610)	(17,930)
	80,081	80,917

10. Trade and Other Receivables

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	10(a)	37,105	34,430	61	–
Other receivables, deposits and prepayments	10(b)	155,094	133,254	4,915	4,300
Amounts due from subsidiaries	10(c)	–	–	50,007	65,405
		192,199	167,684	54,983	69,705

10(a) Trade Receivables

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	27	42,863	39,828	61	–
Allowance for doubtful receivables	27	(5,758)	(5,398)	–	–
		37,105	34,430	61	–

Trade receivables of the Group include \$1,125,000 (2015: \$901,000) due from subsidiaries and/or associates of the ultimate holding company and \$2,474,000 (2015: \$Nil) due from joint ventures. There is no allowance for doubtful debts arising from the outstanding balances.

Trade receivable of the Company is due from a joint venture which is neither past due nor impaired.

10(b) Other Receivables, Deposits and Prepayments

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits	932	234	19	19
Prepayments	16,474	9,955	2,967	1,666
Staff loans and advances	1,064	1,058	60	54
Interest receivable	120	115	–	–
Recoverable in respect of accident claims	9,315	8,335	–	–
Advances to suppliers	40,426	29,299	13	81
Other receivables	86,763	84,258	1,856	2,480
	155,094	133,254	4,915	4,300

10(c) Amounts Due from Subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Current account (trade)	50,007	37,726
Interest-bearing loans	–	27,679
	50,007	65,405

In the previous financial year, the interest-bearing loans to subsidiaries are unsecured, bear interest at 0.48% per annum and are repayable on demand. The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

11. Share Capital

	Group and Company			
	2016		2015	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,522,138	169,143	1,521,508	168,240
Issue of performance shares under SMRT RSP & SMRT PSP	1,714	2,428	630	903
At 31 March	1,523,852	171,571	1,522,138	169,143

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company's primary objectives in capital management are to maintain a capital base and commensurate with the Group's scale of operations to sustain future development of the business and to provide adequate returns to shareholders.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interest. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There was no change in the Group's approach to capital management during the financial year.

Certain subsidiaries of the Group are subject to obligations and capital expenditure requirements imposed under the Licence and Operating Agreement in note 2. The Company undertakes periodic discussions with the regulator to enable such requirements be fulfilled in meeting its capital management objectives.

12. Reserves

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fair value reserve	(978)	465	-	-
Hedge reserve	(121)	(630)	-	-
Share-based payment reserve	4,420	3,185	4,420	3,185
Foreign currency translation reserve	(39)	6,125	-	-
	3,282	9,145	4,420	3,185

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investment until the investment is derecognised or impaired.

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares. For information about the equity compensation benefits plans, refer to note 13.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

13. Equity Compensation Benefits

On 15 July 2004, members of the Company approved the adoption of the SMRT RSP 2004 and the SMRT PSP 2004 (collectively, "Share Plans 2004") at an EGM. With the expiry of the Share Plans 2004 on 14 July 2014, members of the Company approved the adoption of the SMRT RSP 2014 and SMRT PSP 2014 (collectively, "Share Plans 2014") at the AGM held on 16 July 2014.

The Share Plans 2014 are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Yap Chee Meng, Mr Tan Ek Kia and Madam Moliah Hashim.

13. Equity Compensation Benefits (cont'd)

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such terms for the implementation and administration of the Share Plans 2014 as it thinks fit.

The salient features of the Share Plans 2004 and Share Plans 2014 are as follows:

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans")

- SMRT RSP 2004 and SMRT RSP 2014 are intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.
- SMRT PSP 2004 and SMRT PSP 2014 are targeted at senior management in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance.
- Eligible participants
 - Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
 - Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Plans shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

- Awards

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT to ensure that awards made under SMRT RSP 2004 and SMRT RSP 2014 are aligned with the principle of pay-for-performance.

Awards granted under SMRT PSP 2004 and SMRT PSP 2014 are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted awards under SMRT PSP 2004 and SMRT PSP 2014, as well as SMRT RSP 2004 and SMRT RSP 2014 although differing performance targets are likely to be set for each award.

For Share Plans 2004, non-executive directors of the Group, the holding company and associated companies were not eligible to participate. For Share Plans 2014, non-executive directors of the Group will be eligible to participate.

- Size and duration

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plans, when added to the aggregate number of shares issued and issuable and/or transferred and transferable in respect of (a) all awards granted under the Plans and (b) all awards, shares and options granted under any other share scheme implemented by the Company and for the time being in force, shall not exceed 10% (2015: 10%) of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date.

In addition, the total number of shares which may be issued or transferred pursuant to awards granted under the Plans from the date of the AGM to be held on 5 July 2016 and the date of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier, shall not exceed 1% (2015: 1%) of the total number of issued shares (excluding treasury shares) from time to time.

The Share Plans 2004 was in force at the discretion of the Committee for a maximum period of 10 years commencing from 15 July 2004 and expired on 14 July 2014. The Share Plans 2014 shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 16 July 2014, provided always that the Share Plans 2014 may continue beyond the 10-year period with the approval of the shareholders in a general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plans 2004 or Share Plans 2014, any awards made to employees prior to such expiry or termination will continue to remain valid.

13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

- (f) Events prior to vesting
Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the Share Plans 2014 to the senior management staff are described below:

	SMRT PSP 2014	SMRT RSP 2014
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a one-year performance period based on medium-term corporate objectives.
Date of grant	3 August 2015	3 August 2015 and 31 August 2015
Performance period	1 April 2015 to 31 March 2018	1 April 2015 to 31 March 2016
Vesting condition	Based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a one-year performance period, 50% of the award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 144% depending on the achievement of pre-set performance targets over the performance period.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions:

Assumptions at Grant Date	2016		2015	
	SMRT PSP 2014	SMRT RSP 2014	SMRT PSP 2014	SMRT RSP 2014
Historical volatility				
SMRT				
- 15 October 2014	-	-	20.22%	20.22%
- 15 December 2014	-	-	-	20.97%
- 3 August 2015	23.245%	23.245%	-	-
- 31 August 2015	-	24.286%	-	-
Straits Times Index				
- 15 October 2014	-	-	11.55%	-
- 3 August 2015	5.56%	-	-	-
Risk-free interest rates				
Yield of Singapore Government Securities on Date of Grant				
- 15 October 2014	-	-	1.195%	0.322% - 1.195%
- 15 December 2014	-	-	-	0.566% - 0.705%
- 3 August 2015	1.289%	0.932% - 1.289%	-	-
- 31 August 2015	-	0.969% - 1.407%	-	-
Term				
- 15 October 2014	-	-	2.7 years	0.7 to 2.7 years
- 15 December 2014	-	-	-	0.5 to 2.5 years
- 3 August 2015	2.9 years	1 to 3 years	-	-
- 31 August 2015	-	0.9 to 2.9 years	-	-
SMRT expected dividend yield	--- Management's forecast ---	---	---	Management's forecast ---
Share price				
- 15 October 2014	-	-	\$1.48	\$1.48
- 15 December 2014	-	-	-	\$1.58
- 3 August 2015	\$1.355	\$1.355	-	-
- 31 August 2015	-	\$1.220	-	-

13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

For non-market conditions, achievement factors have been estimated for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
26 December 2012						
- For senior management	150,000	-	(124,200)	(25,800)	-	-
31 July 2013						
- For senior management	210,000	-	(30,000)	-	-	180,000
- For executive director (Desmond Kuek Bak Chye)	130,000	-	-	-	-	130,000
15 October 2014						
- For senior management	486,384	-	-	-	-	486,384
- For executive director (Desmond Kuek Bak Chye)	130,000	-	-	-	-	130,000
3 August 2015						
- For senior management	-	615,479	-	-	-	615,479
- For executive director (Desmond Kuek Bak Chye)	-	130,000	-	-	-	130,000
	1,106,384	745,479	(154,200)	(25,800)	-	1,671,863

SMRT RSP

Grant date	Balance as at 1 April 2014	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2015 or as at date of resignation
30 March 2012						
- For senior management	138,000	-	-	-	(138,000)	-
26 December 2012						
- For senior management	215,000	-	(65,000)	-	-	150,000
31 July 2013						
- For senior management	275,000	-	(65,000)	-	-	210,000
- For executive director (Desmond Kuek Bak Chye)	130,000	-	-	-	-	130,000
15 October 2014						
- For senior management	-	486,384	-	-	-	486,384
- For executive director (Desmond Kuek Bak Chye)	-	130,000	-	-	-	130,000
	758,000	616,384	(130,000)	-	(138,000)	1,106,384

The estimated fair value at date of grant for each share granted on 3 August 2015 pursuant to SMRT PSP was \$1.16.

13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd) SMRT RSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
30 March 2012						
– For senior management	45,600	–	(3,500)	(42,100)	–	–
26 December 2012						
– For senior management	72,200	–	(3,900)	(68,300)	–	–
31 July 2013						
– For senior management	610,200	–	(40,100)	(318,200)	–	251,900
– For executive director (Desmond Kuek Bak Chye)	104,000	–	–	(52,000)	–	52,000
15 October 2014						
– For senior management	2,071,103	–	(46,725)	(1,104,814)	141,747	1,061,311
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	(88,140)	46,280	88,140
15 December 2014						
– For senior management	37,905	–	(5,836)	(14,496)	(3,079)	14,494
3 August 2015						
– For senior management	–	2,307,205	(50,000)	–	–	2,257,205
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
31 August 2015						
– For senior management	–	123,314	–	–	–	123,314
	3,071,008	2,560,519	(150,061)	(1,688,050)	184,948	3,978,364

SMRT RSP

Grant date	Balance as at 1 April 2014	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2015 or as at date of resignation
23 August 2010						
– For senior management	109,800	–	–	(109,800)	–	–
30 March 2012						
– For senior management	95,400	–	(1,800)	(48,000)	–	45,600
26 December 2012						
– For senior management	166,000	–	(12,500)	(81,300)	–	72,200
31 July 2013						
– For senior management	1,052,500	–	(103,600)	(338,700)	–	610,200
– For executive director (Desmond Kuek Bak Chye)	156,000	–	–	(52,000)	–	104,000
15 October 2014						
– For senior management	–	2,086,103	(15,000)	–	–	2,071,103
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
15 December 2014						
– For senior management	–	37,905	–	–	–	37,905
	1,579,700	2,254,008	(132,900)	(629,800)	–	3,071,008

The estimated fair values at grant date for each share granted on 3 August 2015 and 31 August 2015 pursuant to SMRT RSP 2014 range from \$1.257 to \$1.323 and \$1.133 to \$1.194 respectively.

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2016 were 1,671,863 (2015: 1,106,384) for SMRT PSP 2004 and SMRT PSP 2014, and 3,978,364 (2015: 3,071,008) for SMRT RSP 2004 and SMRT RSP 2014.

13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,507,795 (2015: 1,659,600) fully-paid SMRT shares for SMRT PSP 2004 and SMRT PSP 2014, and 5,082,988 (2015: 4,056,200) fully-paid SMRT shares for SMRT RSP 2004 and SMRT RSP 2014.

The total amount recognised in the financial statements (before taxes) for share-based payment transactions with employees is summarised as follows:

	Group and Company	
	2016 \$'000	2015 \$'000
Expenses		
(i) Performance share plan under SMRT PSP	469	168
(ii) Performance-based restricted shares under SMRT RSP	3,194	1,943
	3,663	2,111

14. Interest-Bearing Borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Group's exposure to interest rate risk, refer to note 27.

	Group	
	2016 \$'000	2015 \$'000
Non-current liabilities		
Unsecured quoted fixed rate notes	750,000	750,000
Secured loan from third party	–	62,671
	750,000	812,671
Current liabilities		
Secured loan from third party	67,119	4,884
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,050
	71,169	8,934
Total	821,169	821,605

Terms and Debt Repayment Schedule

Group	Interest rate	Year of maturity	Note	Carrying amount	
				2016 \$'000	2015 \$'000
Unsecured loan from non-controlling shareholder of subsidiary	4.00%	Repayable on demand		4,050	4,050
Unsecured quoted fixed rate notes	1.20%	2017	(b)(i)	350,000	350,000
Unsecured quoted fixed rate notes	1.388%	2017	(b)(ii)	200,000	200,000
Unsecured quoted fixed rate notes	2.363%	2022	(b)(iii)	100,000	100,000
Unsecured quoted fixed rate notes	3.072%	2024	(b)(iv)	100,000	100,000
Secured loan from third party	6.00%	2032	(c)	67,119	67,555
				821,169	821,605

The Group has established the following Medium Term Note ("MTN") Programmes, pursuant to which the companies that established the programmes may issue notes from time to time to finance the general corporate funding requirements of the Group.

- On 13 January 2005, the Company put in place a S\$500 Million Multi-Currency MTN Programme.
- On 15 September 2009, a subsidiary put in place a S\$1 Billion Multi-Currency Guaranteed MTN Programme. This MTN Programme was increased to S\$1.3 Billion on 9 May 2014.

Under these MTN Programmes, the companies that established the programmes may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programmes.

14. Interest-Bearing Borrowings (cont'd)

Terms and Debt Repayment Schedule (cont'd)

Details of notes outstanding at the balance sheet date are as follows:

- The S\$350 million 5-year unsecured fixed rate notes issued by a subsidiary on 5 October 2012 is due in 2017. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- The S\$200 million 3-year unsecured fixed rate notes issued by a subsidiary on 16 October 2014 is due in 2017. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- The S\$100 million 10-year unsecured fixed rate notes issued by a subsidiary on 5 October 2012 is due in 2022. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- The S\$100 million 10-year unsecured fixed rate notes issued by a subsidiary on 11 June 2014 is due in 2024. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- The loan from third party extended to a subsidiary is secured on a fixed charge over the buses and associated accessories acquired under the Bus Service Enhancement Programme ("BSEP"). The repayment of loan is funded to the extent of the BSEP grant made available to the subsidiary. At balance sheet date, the carrying amount of buses and associated accessories pledged amounted to \$73,541,000 (2015: \$73,380,000).

The Company has extended guarantee to the holders of the notes in respect of the subsidiary's S\$1.3 Billion Multi-Currency Guaranteed MTN Programme. The financial guarantees amounted to \$806,658,000 (2015: \$819,069,000). The period in which the financial guarantees expire is as follows:

	Company	
	2016 \$'000	2015 \$'000
Less than 1 year	12,445	12,411
Between 1 and 5 years	584,166	591,176
More than 5 years	210,047	215,482
	806,658	819,069

15. Provisions

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Liability for defined benefit plan	15(a)	30	32	–	–
Liability for short-term accumulating compensated absences	15(b)	5,701	5,141	809	578
Provision for accident claims	15(c)	56,257	52,754	–	–
		61,988	57,927	809	578

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current	61,958	57,895	809	578
Non-current	30	32	–	–
	61,988	57,927	809	578

(a) Liability for defined benefit plan

The Group has a retirement benefit plan each for certain eligible management staff/executives and other employees. The terms of these plans, which are unfunded, are as follows:

- Certain management staff and executives who are eligible for the scheme, subject to having completed at least five years of service prior to 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their monthly basic salary as at 31 March 2004 multiplied by each completed year of service as at 31 March 2004. The maximum benefit is capped at two and a half times of their monthly basic salary as at 31 March 2004.
- Certain other employees who are eligible for the scheme, subject to having joined on or before 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their last drawn monthly basic salary multiplied by each completed year of service up to 62 years of age. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

15. Provisions (cont'd)

(a) Liability for defined benefit plan (cont'd)

Movements in the net liability recognised in the balance sheet

	Note	Group	
		2016 \$'000	2015 \$'000
At 1 April		32	25
Expense (reversed)/recognised during the year	21(b)	(2)	7
At 31 March		30	32

Recognised in the income statement

	Group	
	2016 \$'000	2015 \$'000
Current service (credits)/costs	(3)	6
Interest on obligations	1	1
	(2)	7

Principal actuarial assumptions

Principal actuarial assumptions used in calculating the Group's liability for defined benefit plan include estimated future salary increases, employee turnover rates based on historical trends and discount rates based on the market yield at balance sheet date on quoted Singapore Government Bonds that have maturity dates approximating the average discount period.

(b) Liability for short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

Movements in the net liability recognised in the balance sheet

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 April		5,141	2,673	578	252
Provision made during the year	21(b)	565	2,468	231	326
Provision used		(5)	–	–	–
At 31 March		5,701	5,141	809	578

(c) Provision for accident claims

Provision for accident claims are accounted for in accordance with the accounting policy set out in note 3.18. The Group expects to incur the liability over the next 12 months.

Movements in the net liability recognised in the balance sheet

	Group	
	2016 \$'000	2015 \$'000
At 1 April	52,754	47,590
Provision made during the year	31,579	28,938
Provision used during the year	(28,076)	(23,774)
At 31 March	56,257	52,754

16. Deferred Tax

Deferred tax liabilities/(assets) and movements in temporary differences during the year are attributable to the following:

	At 1/4/2014 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2015 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2016 \$'000
Group							
Excess of net book value over tax written down value of property, plant and equipment	178,880	21,339	–	200,219	30,853	–	231,072
Other temporary differences	(23,072)	(11,388)	(110)	(34,570)	3,334	104	(31,132)
	155,808	9,951	(110)	165,649	34,187	104	199,940
Company							
Excess of net book value over tax written down value of property, plant and equipment	1,477	158	–	1,635	1,486	–	3,121
Other temporary differences	(42)	(83)	–	(125)	(633)	–	(758)
	1,435	75	–	1,510	853	–	2,363

17. Fuel Equalisation Account ("FEA")

	Group	
	2016 \$'000	2015 \$'000
At 1 April and 31 March	20,312	20,312

The FEA is accounted for in accordance with the policy set out in note 3.20.

18. Deferred Grants

	Note	Group	
		2016 \$'000	2015 \$'000
Grants received		493,138	488,113
Accumulated amortisation:			
At 1 April		(448,355)	(438,327)
Amortisation during the year		(9,676)	(10,025)
Released on assets disposed/written-off	21(a)	(491)	(3)
At 31 March		(458,522)	(448,355)
		34,616	39,758

Included in grants received is \$480,000,000 (2015: \$480,000,000) of asset-related grant from LTA to defray part of the purchase cost of the operating assets of the MRT system.

19. Trade and Other Payables

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables and accrued operating expenses	19(a)	290,888	251,655	26,201	17,928
Other payables and refundable deposits	19(b)	376,862	316,576	7,441	7,131
Amounts due to subsidiaries	19(c)	–	–	22,465	200
		667,750	568,231	56,107	25,259

19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include \$2,777,000 (2015: \$1,440,000) due to subsidiaries and/or associates of the ultimate holding company and \$1,618,000 (2015: \$Nil) due to joint ventures.

19(a) Trade Payables and Accrued Operating Expenses (cont'd)

Trade payables and accrued operating expenses of the Company include \$64,000 (2015: \$43,000) due to subsidiaries and/or associates of the ultimate holding company.

Trade payables and accrued operating expenses are unsecured, interest-free and repayable on demand.

19(b) Other Payables and Refundable Deposits

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Unearned revenue	5,210	6,139	–	–
Rental deposits	38,254	38,696	–	–
Other deposits	9,352	9,163	76	53
Interest payable	5,601	5,405	–	–
Purchase of property, plant and equipment	310,645	249,766	729	2,027
Other payables	7,800	7,407	6,636	5,051
	376,862	316,576	7,441	7,131

19(c) Amounts Due to Subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Current account (non-trade)	800	200
Interest-bearing loans	21,665	–
	22,465	200

The interest-bearing loans from subsidiaries are unsecured, bear interest at 1.73% (2015: Nil%) per annum and are repayable on demand.

The non-trade balances are unsecured, interest-free and are repayable on demand.

20. Revenue

	Group	
	2016 \$'000	2015 \$'000
Passenger revenue	929,483	892,139
Taxi rental	137,579	130,034
Rental revenue	135,616	120,378
Advertising revenue	38,950	36,178
Sales of goods	10,273	12,850
Engineering and others	44,688	43,956
	1,296,589	1,235,535

21. Profit before Income Tax

The following items have been included in arriving at profit before income tax:

	Note	Group	
		2016 \$'000	2015 \$'000
(a) Other operating income			
Unutilised tickets and farecards		1,396	1,556
Maintenance income		10,198	8,204
Grant released upon disposal/write-off of property, plant and equipment	18	491	3
Grant income		48,796	33,585
Others		16,452	14,613
		77,333	57,961

Included in grant income is the BSEP Grant received from the LTA to defray the cost of purchasing and running additional buses under the Bus Service Enhancement Programme.

21. Profit before Income Tax (cont'd)

	Note	Group	
		2016 \$'000	2015 \$'000
(b) Staff costs			
Wages and salaries		459,202	413,907
Defined contribution plans		56,012	49,214
Special employment credit/Wage credit scheme		(17,360)	(14,145)
Defined benefit plan	15(a)	(2)	7
Short-term accumulating compensated absences	15(b)	565	2,468
Value of employee services received for share-based payment		3,663	2,111
Other staff-related expenses and benefits-in-kind		33,871	30,031
		535,951	483,593
Included in staff costs is compensation to key management personnel of the Group as follows:			
Directors' fees – Company		876	908
Director and senior management personnel of the Group:			
– employee benefits		20,619	15,192
– defined contribution plans		424	303
		21,919	16,403
(c) Other operating expenses			
Audit fees paid to:			
– auditors of the Company		340	334
– other auditors		21	21
Non-audit fees paid to auditors of the Company		272	297
Cost of inventories sold		6,391	9,634
Foreign exchange loss		317	150
Licence fees paid to LTA		6,353	6,345
Operating lease expenses		22,804	16,499
Loss on disposal of property, plant and equipment		3,484	124
Property, plant and equipment written off		4,050	4,815
(d) Finance costs			
Net change in fair value of cash flow hedge transferred to the income statement		–	113
Interest paid and payable on quoted fixed rate notes and shareholder's loan		12,607	12,414
		12,607	12,527
(e) Interest and investment income			
Dividends received from available-for-sale equity security		155	206
Interest income from:			
– bank deposits and balances		601	748
– held-to-maturity debt securities		515	633
		1,271	1,587

22. Income Tax Expense

	Group	
	2016 \$'000	2015 \$'000
Current tax expense		
Current year	6	565
(Over)/Under provision in respect of prior years	(13,135)	9,886
	(13,129)	10,451
Deferred tax expense		
Movements in temporary differences	25,701	18,494
Under/(Over) provision in respect of prior years	8,486	(8,543)
	34,187	9,951
Income tax expense	21,058	20,402

Reconciliation of effective tax rate

	Group	
	2016 \$'000	2015 \$'000
Profit before income tax	129,333	110,856
Less: Share of results of associates and joint ventures (net of tax)	(2,219)	(989)
	127,114	109,867
Tax calculated using Singapore tax rate of 17% (2015: 17%)	21,609	18,677
Expenses not deductible for tax purposes	5,822	3,762
Income not subject to tax	(3,096)	(2,352)
(Over)/Under provision in respect of prior years	(4,649)	1,343
Tax incentives	(551)	(2,578)
Others	1,923	1,550
	21,058	20,402

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	Group					
	2016			2015		
	Before tax \$'000	Tax credit \$'000	After tax \$'000	Before tax \$'000	Tax charge \$'000	After tax \$'000
Currency translation differences arising from foreign operations	(6,164)	–	(6,164)	6,295	–	6,295
Fair value adjustments on available-for-sale equity security	(1,443)	–	(1,443)	(51)	–	(51)
Fair value adjustments on cash flow hedge	613	(104)	509	(646)	110	(536)
Other comprehensive income	(6,994)	(104)	(7,098)	5,598	110	5,708

Deferred tax balances have not been recognised for the following temporary differences:

	Group	
	2016 \$'000	2015 \$'000
Excess of net book value over tax written down value of property, plant and equipment	(14,773)	(5,847)
Deductible temporary differences	3,347	3,458
Unutilised tax losses, donations and capital allowances	27,668	12,406
	16,242	10,017

The tax losses are subject to agreement by the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits.

23. Earnings Per Share

Basic earnings per share is based on:

	Group	
	2016 \$'000	2015 \$'000
Net profit attributable to equity holders of the Company	109,294	91,000

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,522,138	1,521,508
– shares issued under share plan	1,285	473
Weighted average number of ordinary shares in issue	1,523,423	1,521,981

Diluted earnings per share is based on:

	Group	
	2016 \$'000	2015 \$'000
Net profit attributable to equity holders of the Company	109,294	91,000

The effect of the issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,523,423	1,521,981
– contingently issuable shares under SMRT PSP and SMRT RSP	4,568	2,630
Weighted average number of ordinary issued and potential shares assuming full conversion	1,527,991	1,524,611

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

24. Operating Segments

The Group has eight reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Rail:

Rail operations : Provision of MRT and LRT services

Non-Rail:

Bus operations : Provision of public bus services

Taxi operations : Rental of taxis, provision of taxi services and sales of diesel to taxi hirers

Rental : Leasing of commercial spaces, retail operations and property management

Advertising : Sale and management of media spaces, marketing and e-commerce

Engineering services : Provision of consultancy, project management services, leasing of fibre optic cables and rail engineering services

Other services : Provision of charter hire services and repair & maintenance services

Investment holding and support services : Provision of management and other support services to Group companies and investment holding

Information regarding the results of each reportable segment is included in the following page. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

24. Operating Segments (cont'd)

	Rail		Non-Rail							Reconciliation		
	MRT \$'000	LRT \$'000	Bus operations \$'000	Taxi operations \$'000	Rental \$'000	Advertising \$'000	Engineering services \$'000	Other services \$'000	Investment holding and support services \$'000	Sub-total \$'000	Elimination \$'000	Total \$'000
(a) Revenue and expenses												
2016												
Revenue												
– external customers	670,236	10,785	248,462	147,852	135,616	38,950	11,274	33,414	–	1,296,589	–	1,296,589
– inter-segment	–	–	1,793	–	–	1,441	23,760	1,048	70,383	98,425	(98,425)	–
Operating expenses (net of other income)	(554,115)	(13,681)	(211,978)	(85,153)	(38,672)	(14,946)	(34,945)	(29,890)	(65,284)	(1,048,664)	94,192	(954,472)
Depreciation and amortisation	(104,078)	(1,713)	(32,365)	(45,660)	(13,590)	(2,703)	(118)	(285)	(3,238)	(203,750)	83	(203,667)
Segment operating results	12,043	(4,609)	5,912	17,039	83,354	22,742	(29)	4,287	1,861	142,600	(4,150)	138,450
Finance costs												(12,607)
Interest income												1,116
Investment income												155
Share of results of associates and joint ventures (net of tax)												2,219
Income tax expense												(21,058)
Profit after income tax												108,275
Non-controlling interest												1,019
Profit for the year attributable to equity holders of SMRT												109,294
2015												
Revenue												
– external customers	644,242	9,757	238,140	142,883	120,378	36,178	15,249	28,708	–	1,235,535	–	1,235,535
– inter-segment	–	–	478	–	–	320	1,437	907	56,315	59,457	(59,457)	–
Operating expenses (net of other income)	(526,936)	(13,275)	(218,289)	(87,018)	(27,676)	(11,812)	(19,056)	(27,084)	(49,441)	(980,587)	58,989	(921,598)
Depreciation and amortisation	(103,920)	(275)	(26,856)	(42,125)	(13,107)	(2,767)	(27)	(173)	(3,714)	(192,964)	(166)	(193,130)
Segment operating results	13,386	(3,793)	(6,527)	13,740	79,595	21,919	(2,397)	2,358	3,160	121,441	(634)	120,807
Finance costs												(12,527)
Interest income												1,381
Investment income												206
Share of results of associates and joint ventures (net of tax)												989
Income tax expense												(20,402)
Profit after income tax												90,454
Non-controlling interest												546
Profit for the year attributable to equity holders of SMRT												91,000

24. Operating Segments (cont'd)

	Rail		Non-Rail							Reconciliation		
	MRT \$'000	LRT \$'000	Bus operations \$'000	Taxi operations \$'000	Rental \$'000	Advertising \$'000	Engineering services \$'000	Other services \$'000	Investment holding and support services \$'000	Sub-total \$'000	Elimination \$'000	Total \$'000
(b) Assets and liabilities												
2016												
Operating assets	1,138,031	36,057	401,539	261,765	261,708	35,946	63,802	30,273	132,635	2,361,756	(331,973)	2,029,783
Assets under construction	340,357	475	10,057	492	6,640	129	667	6	14,403	373,226	–	373,226
Segment assets	1,478,388	36,532	411,596	262,257	268,348	36,075	64,469	30,279	147,038	2,734,982	(331,973)	2,403,009
Intangible asset												13,614
Interest in associates and joint ventures												52,018
Investments and cash equivalents												251,381
Total assets												2,720,022
Segment liabilities	870,015	63,410	305,767	220,302	52,281	5,476	57,430	12,609	110,775	1,698,065	(913,399)	784,666
Current tax payable												–
Interest-bearing borrowings												821,169
Deferred tax liabilities												199,940
Total liabilities												1,805,775
2015												
Operating assets	1,125,530	16,827	364,575	285,159	286,723	35,799	70,381	35,700	200,094	2,420,788	(403,362)	2,017,426
Assets under construction	236,631	129	28,551	103	3,253	138	855	298	3,701	273,659	–	273,659
Segment assets	1,362,161	16,956	393,126	285,262	289,976	35,937	71,236	35,998	203,795	2,694,447	(403,362)	2,291,085
Intangible asset												13,614
Interest in associates and joint ventures												55,768
Investments and cash equivalents												176,746
Total assets												2,537,213
Segment liabilities	899,046	39,002	348,500	256,706	57,163	5,989	71,390	14,468	107,361	1,799,625	(1,113,397)	686,228
Current tax payable												4,853
Interest-bearing borrowings												821,605
Deferred tax liabilities												165,649
Total liabilities												1,678,335
(c) Other segment information												
2016												
Capital expenditure	213,988	21,347	74,966	22,050	3,122	1,036	1,024	2,332	12,303	352,168	(247)	351,921
Non-cash expenses other than depreciation, impairment losses and amortisation	4,001	(114)	6,344	16,887	2,006	188	16	461	5,205	34,994	(177)	34,817
2015												
Capital expenditure	334,344	12,477	163,014	90,100	12,569	–	1,000	1,245	4,684	619,433	(242)	619,191
Non-cash expenses other than depreciation, impairment losses and amortisation	4,190	(63)	5,072	16,220	644	37	298	51	2,475	28,924	17	28,941

24. Operating Segments (cont'd)

Geographical Segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of business.

	Singapore \$'000	Others \$'000	Consolidated Total \$'000
2016			
Revenue	1,296,589	–	1,296,589
Non-current assets *	2,144,320	52,041	2,196,361
2015			
Revenue	1,235,535	–	1,235,535
Non-current assets *	2,056,626	55,240	2,111,866

* Excludes other investments

25. Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere, the Group had the following significant related party transactions on terms agreed between the parties:

	Group	
	2016 \$'000	2015 \$'000
Subsidiaries and/or associates of the ultimate holding company		
Maintenance income received/receivable	1,610	2,224
Charter hire income received/receivable	69	383
Sales of other goods and services	1,618	1,816
Purchases of goods and services	64,436	105,354
Joint ventures		
Sales of other goods and services	4,422	399
Purchases of goods and services	7,388	–

26. Commitments

The Group had the following commitments as at the balance sheet date:

(a) Capital expenditure commitments:

	Group	
	2016 \$'000	2015 \$'000
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	661,344	621,266
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	409,591	389,304

Included in (a)(i) above are commitments with subsidiaries and/or associates of the ultimate holding company amounting to \$5,412,000 (2015: \$37,304,000) that are contracted but not provided for.

26. Commitments (cont'd)

(b) Non-cancellable operating leases payable:

Future minimum lease payables under non-cancellable operating leases are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Within 1 year	22,909	21,058	2,556	2,344
After 1 year but within 5 years	65,169	63,921	5,112	14
After 5 years	97,353	101,263	–	–
	185,431	186,242	7,668	2,358

The Group leases depot spaces, commercial spaces and office facilities which typically run for periods of 3 years to 30 years. The leases have varying terms and escalation clauses.

(c) Non-cancellable operating leases receivable:

	Group	
	2016 \$'000	2015 \$'000
Within 1 year	110,472	117,190
After 1 year but within 5 years	103,073	130,526
After 5 years	1,835	2,823
	215,380	250,539

Included above are rental receivables commitments from subsidiaries and/or associates of the ultimate holding company amounting to \$3,618,000 (2015: \$3,420,000).

The Group leases out commercial spaces and the leases have varying terms and escalation clauses. Some lessees are required to pay contingent rents computed based on their sales achieved.

27. Financial Risk Management

Overview

The Group's activities are exposed to various financial risks namely credit risk, liquidity risk, market risk, foreign currency risk and interest rate risk. The Group seeks to manage its financial risk to minimize the potential adverse effects of these risks on the financial performance of the Group. It is the Group's policy not to engage in foreign exchange and/or derivatives speculation.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the risk management policy, methodology, tools, practices, strategies and treatments.

The Group's risk management policies and guidelines are summarised below:

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter-party to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Where appropriate, the Group obtains collaterals from customers. In respect of trade receivables, the Group has guidelines governing the process of granting credit as a service provider in respective segments of its business. Investments and financial transactions are restricted to counter-parties that meet the appropriate credit criteria and are of high credit standing.

Except for the intra-group financial guarantees as disclosed in note 14, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

27. Financial Risk Management (cont'd)

Credit Risk (cont'd)

Other Investments, Cash and Cash Equivalents

Cash and fixed deposits are placed with banks that are regulated. The Group limits its credit risk exposure in respect of debt security investments by investing only in investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due. As at 31 March 2016, only 6.5% (2015: 9.3%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

Receivables

The exposure to credit risk for trade receivables (net of impairment) at balance sheet date by business segment is as follows:

	Group	
	2016 \$'000	2015 \$'000
Rail operations	9,797	12,142
Bus operations	4,066	3,099
Taxi operations	1,878	1,801
Rental of premises	5,294	1,992
Advertising business	5,263	5,809
Others	10,807	9,587
	37,105	34,430

The Group has a large and diversified customer base. There was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$6,676,000 (2015: \$7,812,000) that is due from Transit Link Pte Ltd, which is a subsidiary of LTA.

The recoverable in respect of accident claims (note 10(b)), which are receivable from insurance companies, have not been included in the above disclosure as management does not view them to be subject to significant credit risk.

Impairment Losses for Receivables

Included in trade receivables are trade debtors with the following aging analysis as of the balance sheet date:

	Group			
	2016		2015	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
Not past due	27,530	74	14,998	21
Past due 1 – 30 days	6,205	123	10,475	84
Past due 31 – 120 days	3,323	468	6,349	427
Past due more than 120 days	5,805	5,093	8,006	4,866
	42,863	5,758	39,828	5,398

The changes in impairment loss in respect of trade receivables during the financial year are as follows:

	Group	
	2016 \$'000	2015 \$'000
At 1 April	5,398	5,042
Impairment loss recognised	1,404	1,091
Write-off against debtors	(1,044)	(735)
At 31 March	5,758	5,398

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses. When the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

27. Financial Risk Management (cont'd)

Credit Risk (cont'd)

Impairment Losses for Receivables (cont'd)

The Company has no significant trade receivables. The Company has no carried forward impairment loss and has not made any impairment loss for other receivables or outstanding balances from subsidiaries during the financial year.

Financial Guarantees

The principal risk to which the Company is exposed to is credit risk in connection with a guarantee contract it has issued to one of its subsidiary company in relation to the MTN Programme (note 14). The intra-group financial guarantees are eliminated in preparing the consolidated financial statements.

Liquidity Risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and sufficient credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows from time to time.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments:

Group	Cash flows				
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within the next 1 to 5 years \$'000	More than 6 years \$'000
2016					
Non-derivative financial liabilities					
Unsecured quoted fixed rate notes due 2017 ^	550,000	563,971	6,995	556,976	–
Unsecured quoted fixed rate notes due 2022 ^	100,000	116,554	2,369	11,822	102,363
Unsecured quoted fixed rate notes due 2024 ^	100,000	126,133	3,081	15,368	107,684
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,212	4,212	–	–
Secured loan from third party	67,119	67,788	67,788	–	–
Trade and other payables *	656,939	656,939	656,939	–	–
	1,478,108	1,535,597	741,384	584,166	210,047
2015					
Non-derivative financial liabilities					
Unsecured quoted fixed rate notes due 2017 ^	550,000	570,947	6,976	563,971	–
Unsecured quoted fixed rate notes due 2022 ^	100,000	118,917	2,363	11,828	104,726
Unsecured quoted fixed rate notes due 2024 ^	100,000	129,205	3,072	15,377	110,756
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,212	4,212	–	–
Secured loan from third party	67,555	98,870	8,803	37,892	52,175
Trade and other payables *	556,687	556,687	556,687	–	–
	1,378,292	1,478,838	582,113	629,068	267,657
Company					
2016					
Non-derivative financial liabilities					
Amounts due to subsidiaries	22,465	22,465	22,465	–	–
Trade and other payables *	33,642	33,642	33,642	–	–
	56,107	56,107	56,107	–	–
2015					
Non-derivative financial liabilities					
Amounts due to subsidiaries	200	200	200	–	–
Trade and other payables *	25,059	25,059	25,059	–	–
	25,259	25,259	25,259	–	–

^ Includes interest payable

* Excludes unearned revenue and interest payable

27. Financial Risk Management (cont'd)

Liquidity Risk (cont'd)

The Group had sufficient undrawn bank financing facilities as well as multicurrency medium term note programmes to finance its obligations. The secured loan from third party relates to borrowings for the buses acquired under the BSEP. With the transfer of buses (note 4), repayment of the secured loan will be set off against the proceeds from transfer. Trade and other payables of the Group include rental deposits of \$38,254,000 (2015: \$38,696,000) and provisions of \$61,988,000 (2015: \$57,927,000) which are not expected to result in significant cash outflow within the next one year because of their nature.

Information relating to financial guarantees issued by the Company is set out in note 14.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the 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.

Foreign Currency Risk

The Group incurs foreign currency risks on investments, receivables and purchases that are denominated in a currency other than the respective functional currencies of Group entities. As at 31 March 2016, the currencies giving rise to this risk were primarily the United States Dollar (USD), Euro Dollar (EUR), British Pound (GBP) and Japanese Yen (JPY).

The Group uses forward exchange contracts to partially hedge its foreign currency risk. The Group only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled-over upon maturity at market rates. There were no significant outstanding forward exchange contracts as at 31 March 2016 and 31 March 2015.

In respect of other monetary assets and liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's significant exposure to foreign currencies is as follows:

Group	2016				2015			
	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000
Financial assets								
Trade and other receivable	76	-	-	-	-	-	-	-
Cash and cash equivalents	12,584	9,044	646	5,282	-	-	-	-
	12,660	9,044	646	5,282	-	-	-	-
Financial liabilities								
Trade and other payables	(3,891)	(4,406)	(2,964)	(1,054)	(4,748)	(2,041)	(2,559)	(1,792)
Net assets	8,769	4,638	(2,318)	4,228	(4,748)	(2,041)	(2,559)	(1,792)

The Company does not have any significant foreign currency exposure as at 31 March 2016 or as at 31 March 2015.

Sensitivity Analysis

A 10% (2015: 10%) strengthening of the functional currency of each of the Group's entities against the following major currencies at the balance sheet date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	2016 \$'000	2015 \$'000
USD	(877)	475
EUR	(464)	204
GBP	232	256
JPY	(423)	179
Net Impact	(1,532)	1,114

A 10% weakening of functional currency of each of the Group's entities against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

27. Financial Risk Management (cont'd)

Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Interest Rate Profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at balance sheet date.

Group	Effective interest rate	
	2016 %	2015 %
Financial assets		
Fixed deposits with banks and financial institutions	0.76	0.20
Held-to-maturity debt securities	3.13	3.13
Financial liabilities		
Unsecured quoted fixed rate notes due 2017	1.20	1.20
Unsecured quoted fixed rate notes due 2017	1.39	1.39
Unsecured quoted fixed rate notes due 2022	2.36	2.36
Unsecured quoted fixed rate notes due 2024	3.07	3.07
Unsecured loan from non-controlling shareholder of subsidiary	4.00	4.00
Secured loan from third party	6.00	6.00

Company

Financial assets		
Amounts due from subsidiaries	-	0.48
Financial liabilities		
Amounts due to subsidiaries	1.73	-

Sensitivity analysis

At the balance sheet date, the Group and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below:

Group	2016	2015
	\$'000	\$'000
Financial assets		
Fixed deposits with banks and financial institutions	81,338	9,358
Company		
Financial assets		
Amounts due from subsidiaries	-	27,679
Financial liabilities		
Amounts due to subsidiaries	21,665	-

For these variable-rate financial assets and liabilities, an increase in 100 basis points (2015: 100 basis points) in interest rate at the balance sheet date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	2016	2015
	Group \$'000	Company \$'000
Variable rate instruments	813	(217)
2015		
Variable rate instruments	94	277

27. Financial Risk Management (cont'd)

Interest Rate Risk (cont'd)

Sensitivity Analysis (cont'd)

A 100 basis points (2015: 100 basis points) decrease in interest rate at the balance sheet date would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

Equity Price Risk

Sensitivity analysis

The Group has available-for-sale investment in equity securities and is exposed to price risk. The Group's quoted equity security is listed on the SGX-ST. On the basis that all other variables remain unchanged, a 10% increase/(decrease) in the underlying listed equity price at the balance sheet date would increase/(decrease) the fair value reserve by \$273,200 (2015: \$417,500).

The Company has no equity investments apart from its investments in subsidiaries.

Fair Values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2016 are represented in the following table:

Group	Note	2016		2015	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Held-to-maturity debt securities	8	16,420	16,639	16,454	16,610
Unrecognised gain			219		156
Financial liabilities					
Unsecured quoted fixed rate notes	14	750,000	756,443	750,000	744,266
Secured loan from third party	14	–	–	62,671	71,860
		750,000	756,443	812,671	816,126
Unrecognised loss			(6,443)		(3,455)

The fair value of financial assets and interest-bearing borrowings are determined by reference to their last quoted bid prices and asking prices respectively at the balance sheet date.

The fair value of secured loan from third party is determined by discounting the relevant cash flows using market interest rate at the balance sheet date.

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

- carried at fair values; or
- short-term in nature; or
- repriced frequently.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2016				
Quoted available-for-sale equity security	2,732	–	–	2,732
2015				
Quoted available-for-sale equity security	4,175	–	–	4,175

27. Financial Risk Management (cont'd)

The Company did not have any financial instrument carried at fair value as at 31 March 2016 or as at 31 March 2015.

Financial instruments by category

Group	Loans and receivables \$'000	Held-to-maturity financial assets \$'000	Available-for-sale financial assets \$'000	Financial liabilities at amortised cost \$'000
2016				
Other investments	–	16,420	2,732	–
Trade and other receivables *	135,299	–	–	–
Cash and cash equivalents	232,229	–	–	–
Financial liabilities	–	–	–	(821,169)
Trade and other payables ^	–	–	–	(662,540)
	367,528	16,420	2,732	(1,483,709)
2015				
Other investments	–	16,454	4,175	–
Trade and other receivables *	128,430	–	–	–
Cash and cash equivalents	156,117	–	–	–
Financial liabilities	–	–	–	(821,605)
Trade and other payables ^	–	–	–	(562,092)
	284,547	16,454	4,175	(1,383,697)
Company				
2016				
Trade and other receivables *	52,003	–	–	–
Cash and cash equivalents	7,045	–	–	–
Trade and other payables ^	–	–	–	(56,107)
	59,048	–	–	(56,107)
2015				
Trade and other receivables *	67,958	–	–	–
Cash and cash equivalents	6,904	–	–	–
Trade and other payables ^	–	–	–	(25,259)
	74,862	–	–	(25,259)

* Excludes prepayments and advances to suppliers

^ Excludes unearned revenue

28. Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 2.50 cents (2015: 1.75 cents) per share, amounting to a net dividend of \$38,096,297 (2015: \$26,637,416). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 March 2017.

29. New Accounting Standards and Interpretations Not Yet Adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2016 or later periods and which the Group has not early adopted are:

- FRS 114 Regulatory deferral accounts
- Amendments to:
 - FRS 27 Separate financial statements (Equity method in separate financial statements)
 - FRS 16 Property, plant and equipment and FRS 38 Intangible assets (Clarification of acceptable methods of depreciation and amortisation)
 - FRS 16 Property, plant and equipment and FRS 41 Agriculture (Agriculture: Bearer plants)
 - FRS 111 Joint arrangements (Accounting for acquisitions of interests in joint operations)
 - FRS 110 Consolidated financial statements and FRS 28 Investments in associates and joint ventures (Sale or contribution of assets between an investor and its associate or joint venture)
 - FRS 1 Presentation of financial statements (Disclosure initiative)
 - FRS 110 Consolidated financial statements and FRS 28 Investments in associates and joint ventures (Investment entities: Applying the consolidation exception)

29. New Accounting Standards and Interpretations Not Yet Adopted (cont'd)

- Annual improvements 2014 (effective for annual periods commencing on or after 1 January 2016)
 - FRS 105 Non-current assets held for sale and discontinued operations (Methods of disposal)
 - FRS 34 Interim financial reporting (Information disclosed elsewhere in the interim financial information)
 - FRS 107 Financial instruments: Disclosures (Servicing contracts and interim financial statements)
 - FRS 19 Employee benefits (Determining the discount rates for post-employment benefit obligations)
- FRS 109 Financial instruments (effective for annual periods commencing on or after 1 January 2018)
- FRS 115 Revenue from contract with customers (effective for annual periods commencing on or after 1 January 2018)

Management anticipates that the adoption of the above INT FRS, amendments to FRS and amendments to INT FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

30. Accounting Estimates and Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical Accounting Judgements Made in Applying the Group and Company's Accounting Policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Goodwill

The Group performs impairment reviews to ensure that the carrying value of goodwill does not exceed its recoverable amount from the cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations of the business unit. In arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

Provision for Accident Claims

Claims for accidents involving the Group's vehicles are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. Past claims history and severity of the accident cases are used to estimate the amount which the Group will have to pay to third parties for such claims.

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. The insurance premium payable is based on agreed minimum sum payable in advance and an additional amount payable should the incurred claims per vehicle exceed the minimum amount as stipulated in the insurance policy for that year.

Impairment of Non-financial Assets

Property, plant and equipment, investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Where there is objective evidence or indication of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use or the fair value less costs to sell requires the Group to make an estimate of the expected future cash flows to be generated and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

31. Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2016.

Group Properties & Interested Person Transactions

Group Properties

Major properties held for investment are listed below:

Location	Description/Existing Use	Tenure of Lease	Remaining Term of Lease (Years)
3 Bishan Street 14	A 2-storey recreation clubhouse	Leasehold	5.54
6 Ang Mo Kio Street 62	A bus depot comprising a 4-storey administrative office block, a workshop building with a 2-storey office block and 7 single-storey bus parking bay-cum-workshop	Leasehold	4.67
60 Woodlands Industrial Park E	A bus depot comprising garaging with 3-storey workshop facilities and 2-storey ancillary office	Leasehold	11.32
209 Kranji Road	A single-storey bus depot with office-cum-canteen, workshop, washing shed and other ancillary facilities	Leasehold	3.75

Interested Person Transactions

Pursuant to Chapter 9 of the SGX-ST Listing Manual, a general mandate was obtained for recurrent transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations but not in respect of the purchases or sales of assets, undertakings or businesses.

Interested Person/Nature of Transactions	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000
Sale of Goods and Services		
MediaCorp Pte Ltd	641	–
SIA Engineering Company Limited	329	–
Singapore Telecommunications Ltd ¹	1,218	–
SingTel Mobile Singapore Pte Ltd ¹	638	–
Purchases of Goods and Services		
Certis CISCO Security Pte Ltd	23,152	–
NCS Communications Engineering Pte Ltd ¹	985	–
Power Automation Pte Ltd	934	–
Singapore Technologies Electronics Ltd ²	331	–
Singapore Technologies Kinetics Ltd ²	7,886	–
Singapore Telecommunications Ltd ¹	6,149	–
Singapore Test Services Pte Ltd ²	783	–
Starhub Ltd	161	–

- Part of SingTel Group.
- Part of Singapore Technologies Engineering Group.

Shareholding Statistics

As at 10 May 2016

Share Capital

Number of shares issued	: 1,523,851,896
Issued and fully paid-up capital	: S\$171,570,627.91
Class of shares	: ordinary shares
Voting rights	: one vote per share
Treasury shares	: nil

Distribution of Shareholdings

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	29	0.06	671	0.00
100 - 1,000	16,074	32.43	15,915,643	1.04
1,001 - 10,000	26,863	54.20	120,253,165	7.89
10,001 - 1,000,000	6,564	13.24	266,306,448	17.48
1,000,001 and above	32	0.07	1,121,375,969	73.59
Total	49,562	100.00	1,523,851,896	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	824,400,030	54.10
2	Citibank Nominees Singapore Pte Ltd	84,943,399	5.57
3	DBS Nominees (Private) Limited	54,191,976	3.56
4	DBSN Services Pte. Ltd.	29,103,518	1.91
5	HSBC (Singapore) Nominees Pte Ltd	28,347,867	1.86
6	United Overseas Bank Nominees (Private) Limited	16,530,110	1.08
7	Raffles Nominees (Pte) Limited	15,232,430	1.00
8	OCBC Nominees Singapore Private Limited	8,771,827	0.58
9	HL Bank Nominees (Singapore) Pte Ltd	7,511,000	0.49
10	Bank of Singapore Nominees Pte. Ltd.	5,625,340	0.37
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,599,697	0.37
12	Quah Wee Lai	3,600,000	0.24
13	OCBC Securities Private Limited	3,575,887	0.23
14	DBS Vickers Securities (Singapore) Pte Ltd	3,462,700	0.23
15	CIMB Securities (Singapore) Pte. Ltd.	3,018,302	0.20
16	Yim Chee Chong	2,703,000	0.18
17	Phillip Securities Pte Ltd	2,648,700	0.17
18	DB Nominees (Singapore) Pte Ltd	2,467,900	0.16
19	Tan Nak Yong	2,400,000	0.16
20	Tan Chong & Sons Motor Company (Singapore) Private Limited	2,000,000	0.13
	Total	1,106,133,683	72.59

Substantial Shareholder

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.10	1,861,470	0.12

Note:
Temasek Holdings (Private) Limited is deemed interested in 1,861,470 ordinary shares in which its subsidiaries and associated company have direct or deemed interests.

Shareholding Held in Hands of Public

Based on information available to the Company as at 10 May 2016, approximately 45.70% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

Notice of Seventeenth Annual General Meeting

SMRT CORPORATION LTD
(Incorporated in the Republic of Singapore)
Company Registration No.: 200001855H
(the "Company")

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Stamford Ballroom, Level 4, Raffles City Convention Centre, Fairmont Singapore, 80 Bras Basah Road, Singapore 189560 on Tuesday, 5 July 2016 at 2.30 p.m. to transact the following business:

Ordinary Business:

- To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2016 together with the Independent Auditor's Report thereon. **Resolution 1**
- To declare a final (tax exempt one-tier) dividend of 2.50 cents per share in the Company for the financial year ended 31 March 2016 ("Final Dividend"). **Resolution 2**
- To approve the sum of S\$876,000 (FY2015: S\$908,296) as payment of Directors' fees by the Company for the financial year ended 31 March 2016. **Resolution 3**
- To re-elect the following directors of the Company who retire by rotation in accordance with Article 94 of the Company's Articles of Association, comprising part of the Constitution of the Company (the "Constitution") and who, being eligible, offer themselves for re-election:
 - Mr Patrick Ang Peng Koon; **Resolution 4**
 - Mr Yap Kim Wah; **Resolution 5**
 - Mr Peter Tan Boon Heng; and **Resolution 6**
 - Mdm Moliah Hashim. **Resolution 7**
- To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

Special Business:

To consider, and if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

- General authority to allot and issue shares
"That authority be and is hereby given to the Directors, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), to:
 - (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
 - (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares, if any), (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed five per cent (5%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") from time to time) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares, if any) shall be based on the total number of issued Shares (excluding treasury shares, if any) at the time this Resolution is passed, after adjusting for:
 - new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - any subsequent bonus issue, consolidation or subdivision of Shares;
 - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (the "Listing Manual") (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company; and
 - (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting ("AGM") of the Company or (ii) the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." **Resolution 9**

7. Authority to grant, allot and issue Shares pursuant to vesting of awards

"That authority be and is hereby given to the Directors to:

- (a) grant awards in accordance with the provisions of The SMRT Corporation Restricted Share Plan 2014 (the "SMRT RSP 2014") and/or The SMRT Corporation Performance Share Plan 2014 (the "SMRT PSP 2014" and together with the SMRT RSP 2014, the "Share Plans 2014"); and
- (b) allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of awards under The SMRT Corporation Restricted Share Plan (adopted by the Company in July 2004) (the "SMRT RSP 2004") and/or The SMRT Corporation Performance Share Plan (adopted by the Company in July 2004) (the "SMRT PSP 2004" and together with the SMRT RSP 2004, the "Share Plans 2004") and/or such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of awards under the Share Plans 2014,

provided always that:

- (i) the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the Share Plans 2014 and/or the Share Plans 2004 (as the case may be) on any date, when added to the aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all awards, Shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed ten per cent (10%) of the total number of issued Shares (excluding treasury shares) on the day preceding such date; and
- (ii) the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the Share Plans 2014 and/or the Share Plans 2004 (as the case may be) during the period commencing from the date of this Resolution and ending on the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, shall not exceed one per cent (1%) of the total number of issued Shares (excluding treasury shares) from time to time." **Resolution 10**

8. Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9"), for the Company, its subsidiaries and associated companies that are entities at risk as defined under Chapter 9, to enter into any of the transactions falling within the types of interested person transactions described in the Letter to Shareholders dated 6 June 2016 (the "Letter"), with any person who falls within the classes of interested persons described in the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for interested person transactions as set out in the Letter (the "IPT Mandate");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM of the Company is held or required by law to be held, whichever is the earlier; and
- (c) the Directors be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution." **Resolution 11**

9. Proposed Renewal of the Share Purchase Mandate

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases (each an "On-Market Purchase") on the SGX-ST; and/or
 - (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,
 and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (the "Share Purchase Mandate");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate (as more particularly set out in the Letter) may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next AGM of the Company is held or required by law to be held; or
 - (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) market days (a "market day" being a day on which the SGX-ST is open for trading in securities) on which transactions in the Shares were recorded immediately preceding the date of Share purchase or acquisition by the Company (for an On-Market Purchase) or, as the case may be, the date of the making of the offer (for an Off-Market Purchase), deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate actions occurring after the relevant five (5)-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the Off-Market Purchase of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased or acquired, means the maximum purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

- (i) in the case of an On-Market Purchase, 105 per cent of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120 per cent of the Average Closing Price of the Shares; and

"Maximum Limit" means the number of issued Shares representing five per cent (5%) of the total number of Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." **Resolution 12**

Any Other Business:

- 10. To transact any other business that may be transacted at an AGM.

By Order of the Board

Jacquelin Tay Gek Poh
Company Secretary

Singapore, 6 June 2016

Notice of Books Closure

NOTICE IS ALSO HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 21 July 2016 for the preparation of dividend warrants. Duly completed registrable transfers of the Shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 20 July 2016 will be registered to determine members' entitlements to the proposed Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 20 July 2016 will be entitled to the proposed Final Dividend. Payment of the Final Dividend, if approved by members at the AGM to be held on 5 July 2016, will be made on 4 August 2016.

Explanatory Notes on Ordinary Business to be Transacted:

Resolution 3

Is to approve the sum of S\$876,000 as payment of Directors' fees for the non-executive Directors for the financial year ended 31 March 2016. If approved, the Company will pay to each of the non-executive Directors approximately 85% of his total Directors' fees in cash and approximately 15% in the form of Shares ("Remuneration Shares"). The Company will arrange for the Remuneration Shares to be purchased from the market for the non-executive Directors on the first trading day immediately after the date Resolution 3 is passed ("Trading Day"), at the market price of the Shares on the SGX-ST on the Trading Day, and for the Remuneration Shares to be delivered to the respective non-executive Directors. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. The Remuneration Shares will rank *pari passu* with the then existing Shares.

The Directors' fees structure (per annum) proposed for the financial year ended 31 March 2016 is appended below:

Board of Directors	
Chairman's Basic Fee	S\$90,000
Board Member's Basic Fee	S\$45,000
Audit Committee	
Chairman's Basic Fee	S\$35,000
Member's Basic Fee	S\$25,000
Remuneration Committee/ Board Risk Committee/ Nominating Committee/ Executive Committee	
Chairman's Basic Fee	S\$25,000
Member's Basic Fee	S\$12,000
Attendance Fee (per meeting)	
For each respective Board and/or Board Committee meeting in excess of five Board and/or Board Committee meetings per annum	S\$2,000

Resolutions 4-7

Mr Patrick Ang Peng Koon will, upon re-election as a Director of the Company, continue to serve as a Member of the Board Risk Committee and the Board Safety Review Committee.

Mr Yap Kim Wah will, upon re-election as a Director of the Company, continue to serve as a Member of the Audit Committee, the Board Risk Committee and the Board Safety Review Committee. Mr Yap Kim Wah is considered independent for the purposes of Rule 704(8) of the Listing Manual.

Mr Peter Tan Boon Heng will, upon re-election as a Director of the Company, continue to serve as a Member of the Audit Committee, the Board Risk Committee and the Board Safety Review Committee. Mr Peter Tan Boon Heng is considered independent for the purposes of Rule 704(8) of the Listing Manual.

Mdm Moliah Hashim will, upon re-election as a Director of the Company, continue to serve as a Member of the Remuneration Committee.

The profiles of Messrs Patrick Ang Peng Koon, Yap Kim Wah, Peter Tan Boon Heng and Mdm Moliah Hashim can be found in the Company's Annual Report 2016. There are no relationships (including immediate family relationships) between each of these Directors and the other Directors of the Company, the Company or its 10% shareholders.

Explanatory Notes on Special Business to be Transacted:

Resolution 9

Is to empower the Directors, from the date of the passing of Resolution 9 to the date of the next AGM of the Company, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total fifty per cent (50%) of the total number of issued Shares (excluding treasury shares), with a sub-limit of five per cent (5%) of the total number of issued Shares (excluding treasury shares) for issues other than on a *pro-rata* basis to existing shareholders of the Company. The sub-limit of five per cent (5%) for non *pro-rata* issues is lower than the twenty per cent (20%) sub-limit allowed under the Listing Manual. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that Resolution 9 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or Share options or the vesting of Share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Resolution 10

Is to empower the Directors to grant awards pursuant to the Share Plans 2014 and to allot and issue fully paid-up Shares pursuant to the vesting of awards granted under the Share Plans 2004 and/or the Share Plans 2014 provided that: (a) the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the Share Plans 2014 and/or the Share Plans 2004 (as the case may be) on any date, when added to the aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all awards, Shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, does not exceed ten per cent (10%) of the total number of issued Shares (excluding treasury shares) on the day preceding such date; and (b) the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the Share Plans 2014 and/or the Share Plans 2004 (as the case may be) from the date of Resolution 10 until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, does not exceed one per cent (1%) of the total number of issued Shares (excluding treasury shares) from time to time.

Resolution 11

Is to authorise the Interested Person Transactions as described in the Letter and empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

Resolution 12

Is to empower the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate five per cent (5%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares) in the capital of the Company from the date of the AGM of the Company until the earlier of: (a) the date the next AGM of the Company is held or required to be held or (b) the date on which the purchase or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whether by way of market purchase(s) or off-market purchase(s), as more particularly set out in the Letter.

The Company intends to use its internal sources of funds and/or external borrowings to finance the purchase or acquisition of Shares. The amount of financing required for the Company to purchase or acquire the Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. Please refer to the Letter for an illustration of the financial effects of an assumed purchase or acquisition of the Shares by the Company, based on the audited financial statements of the Company for the financial year ended 31 March 2016 and on certain assumptions.

Notes

1. A member, who is entitled to attend, speak and vote at the AGM and is not a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore), is entitled to appoint up to two proxies to attend, speak and vote in his/her stead.
2. A member which is entitled to attend, speak and vote at the AGM and is a relevant intermediary may appoint more than two proxies to exercise all or any of his rights to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him (which number and class of Shares shall be specified).
3. A proxy need not be a member of the Company.
4. Please see the Letter and the Notes to Proxy Form for more information.

Personal Data Privacy

By submitting an instrument appointing a proxy or proxies and/or representative(s) to attend, speak and vote at the AGM and/or adjournment thereof, a member of the Company:

1. Consents to the collection, use and disclosure of the member's personal data by the Company (and or its agents) for the purpose of processing and administration by the Company (or its agents) of proxy(ies) and representative(s) appointed for the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with the applicable laws, listing rules, regulations and/or guidelines (collectively the "Purposes");
2. Warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
3. Agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page is intentionally left blank.

Subsidiaries

SINGAPORE

SMRT Trains Ltd.
SMRT Commercial Pte. Ltd.
SMRT Capital Pte. Ltd.
SMRT Far East Pte. Ltd.
SMRT Advertising & Properties Pte. Ltd.
The X Collective Pte. Ltd.
251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
www.smrt.com.sg

SMRT Alpha Pte. Ltd.
251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 7759
www.smrt.com.sg

SMRT Services Pte. Ltd.
SMRT International Pte Ltd
300 Bishan Road
Singapore 579828
Telephone: (65) 6554 8535
Facsimile: (65) 6453 7645
www.smrt.com.sg

SMRT Light Rail Pte. Ltd.
1 Woodlands Road
#03-01 Junction 10
Singapore 677899
Telephone: (65) 6893 6456
Facsimile: (65) 6762 6732
www.smrt.com.sg

SMRT Road Holdings Ltd.
SMRT Buses Ltd.
6 Ang Mo Kio Street 62
Singapore 569140
Telephone: (65) 6331 1000
Facsimile: (65) 6482 3842
www.smrt.com.sg

SMRT Taxis Pte. Ltd.
60 Woodlands Industrial Park E4
Singapore 757705
Telephone: (65) 6369 0111
Facsimile: (65) 6369 3639
www.smrt.com.sg

SMRT Automotive Services Pte. Ltd.
60 Woodlands Industrial Park E4
Singapore 757705
Telephone: (65) 6866 2695
Facsimile: (65) 6368 7420
www.smrt.com.sg

Bus-Plus Services Pte Ltd
6 Ang Mo Kio Street 62
Singapore 569140
Telephone: (65) 6481 0166
Facsimile: (65) 6484 0129
www.smrt.com.sg

SMRT Institute Pte. Ltd.
300 Bishan Road
Singapore 579828
Facsimile: (65) 6552 8974

Singapore Rail Engineering Pte. Ltd.
251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
www.singrail.com.sg

Strides Transportation Pte. Ltd.
60 Woodlands Industrial Park E4
Singapore 757705
Telephone: (65) 6477 5977
Facsimile: (65) 6369 3639

2getthere Asia Pte. Ltd.
251 North Bridge Road
Singapore 179102
Telephone: (65) 6554 8505
Facsimile: (65) 6453 7645

CAYMAN ISLANDS

SMRT Cayman I
SMRT Cayman II
C/o 251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
www.smrt.com.sg

HONG KONG

SMRT Hong Kong Limited
C/o 251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
www.smrt.com.sg

MIDDLE EAST

SMRT Engineering (Middle East) FZE
Office 310, 3rd Floor
Building LB17, JAFZA
P.O. Box 126370
Dubai, United Arab Emirates
www.smrt.com.sg

Associated/Joint Venture Companies

SINGAPORE

Ortus Infrastructure Capital Pte. Ltd.
29B Club Street
Singapore 069414
Telephone: (65) 6222 1700
Facsimile: (65) 6222 0170

Hailo Singapore Pte. Ltd.
46 Kim Yam Road
#04-20 The Herencia
Singapore 239351
Telephone: (65) 6341 6025
www.hailoapp.com/locations/singapore

Railise Pte. Ltd.
251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
www.railise.com.sg

Faiveley Rail Engineering
Singapore Pte. Ltd.
251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
www.singrail.com.sg

CHINA

Shenzhen Zona Transportation
Group Co., Ltd.
4 Floor, Xihu Building
Baoan South Road
Luohu District, Shenzhen
People's Republic of China, PC 518001
Telephone: (0086-755) 2380 1111
Facsimile: (0086-755) 2380 1111
www.zona.com.cn



SMRT takes corporate citizenship seriously and we endeavour to do our part to protect the environment. PRINTING: This report is printed responsibly as certified by Forest Stewardship Council™ (FSC™), a global, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide. It does not use lamination or UV finishing. PAPER: This report is printed on Green Forest Offset paper, an FSC™ certified paper manufactured with a Chlorine and Acid Free process.

Designed and Produced by Black Sun Pte Ltd



SMRT CORPORATION LTD

251 North Bridge Road

Singapore 179102

Telephone: (65) 6331 1000

www.smrt.com.sg

Company Registration No.: 200001855H

