



SMRT CORPORATION LTD
ANNUAL REPORT 2015

KEEPING SINGAPORE MOVING





OUR VISION

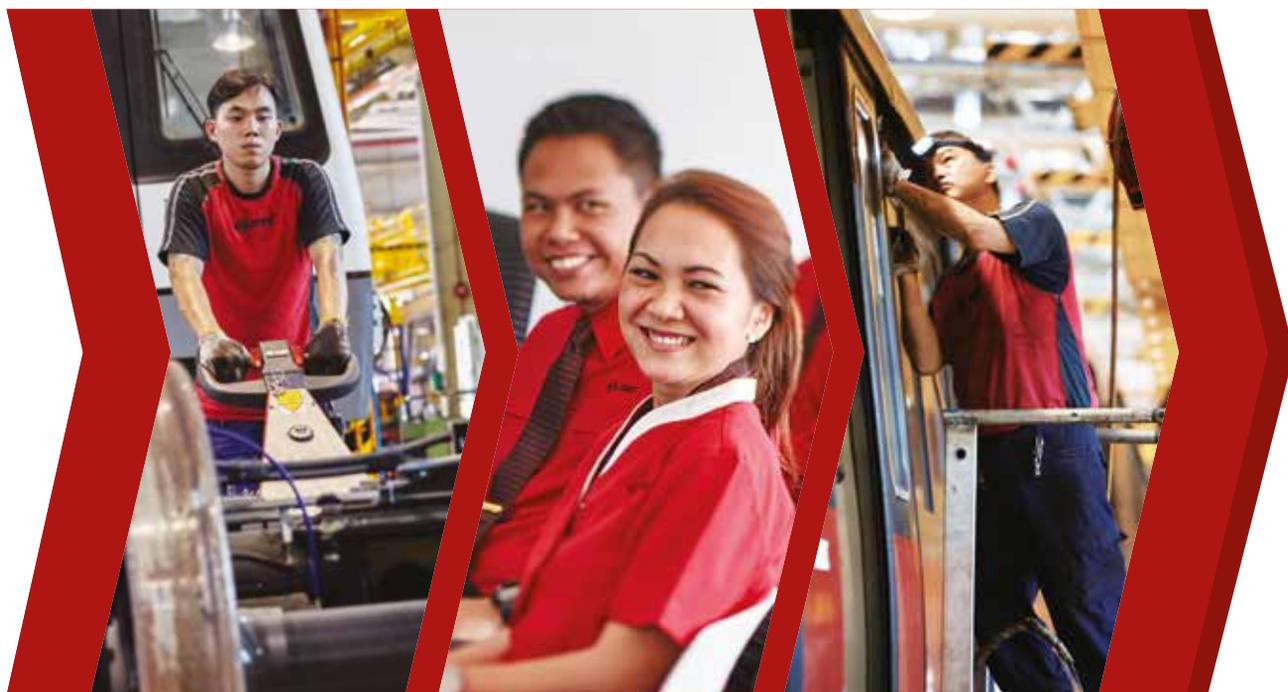
Moving People, Enhancing Lives

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, Mastery, Responsibility and Respect, Teamwork, Nurture and Integrity.



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SMRT Corporation Ltd (SMRT) has been keeping Singapore moving since 1987.

As Singapore's first multi-modal public transport operator, our safe, reliable and comprehensive transport network comprises an extensive mass rapid transit and light rail system that connects seamlessly with our island-wide bus and taxi operations.

Our Non-Public Transport businesses offer operations and maintenance services, as well as rail engineering consultancy and project management expertise both in Singapore and abroad. Our media and property management arms leverage the commercial and media spaces within and beyond our network and offer lifestyle convenience.

We have a strong reputation as a progressive organisation, distinguished by our sound corporate governance, commitment to sustainable development and corporate social responsibility.

SMRT was listed on the Singapore Exchange in July 2000. As of 31 March 2015, our market capitalisation stood at around \$2.4 billion.



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

» Follow us on  SMRTCorpSG and  @SMRT_Singapore

KEEPING SINGAPORE MOVING MOVING PEOPLE, ENHANCING

70s **Trains**
Studies are conducted on the feasibility of the Mass Rapid Transit (MRT) system in Singapore.

'82 **Trains**
The MRT project is given the green light and construction begins.

'83 **Trains**
The Mass Rapid Transit Corporation (MRTC) is set up to oversee the development of the train network.

'87 **Trains**
Singapore Mass Rapid Transit (SMRT) is incorporated.
Singapore's first MRT System begins operations with inaugural service between Yio Chu Kang and Toa Payoh on the North-South Line.

'88 **Trains**
Fifteen more stations open and the MRT system is officially launched by Singapore's first Prime Minister, the late Mr Lee Kuan Yew.



'90 **Trains**
The opening of Boon Lay MRT Station on the East-West Line marks the completion of the system.



'96 **Trains**
The North-South Line is extended to Woodlands and the loop is completed.



'99 **Trains**
Bukit Panjang Light Rail Transit, Singapore's first light rail system, opens for passenger service.



'00 **Corporate**
SMRT Corporation Ltd (SMRT) lists on Singapore Exchange.



'01 **Buses**
SMRT Corporation and TIBS Holdings merger creates Singapore's first multi-modal transport company.

Corporate
In collaboration with the Ministry of Education, SMRT launches Learning Journey, a structured education programme to provide students with insights into SMRT's operations.

'04 **Buses**
Service 950, the first SMRT cross-border service for commuters travelling to Johor Bahru, Malaysia, begins.

'05 **Buses**
Sembawang Bus Interchange, an integrated transport hub, opens.

Properties
Launch of Raffles Xchange, first MRT Station to be redeveloped for transit retail.

'06 **Corporate**
Launch of the Citibank-SMRT Visa Credit and Debit Cards with EZ-Link functions give customers the benefit of auto top-up from card accounts and rebates with a first-of-its-kind travel rewards programme.

Trains
SMRT invests in the mid-life upgrading of 66 first generation trains.

Taxis
Launch of SMRT SPACE, a multi-purpose vehicle that offers group travellers the luxury of space and comfort.

'08 **Buses**
SMRT puts South East Asia's first Euro V-compliant bus on the roads.

Taxis
SMRT debuts SMRT Eco taxis which use compressed natural gas.

Properties
SMRT opens Choa Chu Kang Xchange, its first in the heartlands.

Media
SMRT Media wins Dubai Metro Media contract under the consortium comprising SMRT Media, Dubai-based Kaasab Media and Wellmark Communications.

Engineering & International
SMRT acquires 49% equity interest in Shenzhen Zona Transportation Group Co Ltd.

Corporate
SMRT launches Gift of Mobility Programme to assist passengers who are financially in need and less mobile.
'SMRT is Green' is launched organisation-wide as a commitment to environmental sustainability.



'09 **Trains**
Singapore's fourth rail line, Circle Line, commences service from Bartley to Marymount.

Buses
Wheelchair Accessible Bus services are introduced to provide commuters with greater access.

Corporate
SMRT Institute is established as an accredited educational institution that develops and delivers transport-related training and education services.

'10 **Properties**
Esplanade Xchange on the Circle Line opens.



Buses

SMRT adds Euro V Mercedes-Benz Citaro 0530 to bus fleet, which has greater fuel-efficiency and full low floor for smoother passenger flow.

Media

SMRT Media expands into digital media to offer greater interactivity and vibrancy to the network.

Corporate

SMRT joins FTSE4Good Index, an index designed to measure the performance of companies that meet globally recognised corporate responsibility standards.

'11 Trains

Additional track and platform at Jurong East Station opens, shortening waiting time to 2-3 minutes during peak periods. Train service from Caldecott to HarbourFront Circle Line stations commences, marking the completion of the line.

Buses

SMRT introduces MAN A22 buses to its fleet.

Taxis

SMRT's 'Book a Taxi' smartphone application makes it easy to book a cab on the go. SMRT Taxis adds Chevrolet Epica to its fleet.



'12 Properties

SMRT Alpha, a joint venture between SMRT Investments and Alpha Plus Investments, wins bid to operate and manage the Kallang Wave mall at the Singapore Sports Hub.

Engineering & International

SMRT International provides technical advisory services for a LRT system in the Republic of Mauritius.

'13 Buses

SMRT adds MAN A22 buses to its fleet, increasing fleet size to more than 1,200 buses.

Trains & Corporate

Woodlands MRT station is the first MRT station in Singapore to be awarded the Building and Construction Authority's Green Mark (Gold).

Taxis

SMRT introduces 30 new wheelchair-enabled London cabs and 600 Prius Hybrid taxis, the largest hybrid fleet in Singapore.



Trains

SMRT embarks on holistic network-wide predictive maintenance regime with introduction of new technologies, beginning with the North-South and East-West Lines.

SMRT establishes Technical Advisory Panel comprising local and international rail engineering and transport experts to review people, processes and technology enhancements.

Properties

Woodlands Xchange opens and tenants are first shop owners in Singapore to be certified with the Project: Eco-Shop label, which was jointly developed by SMRT and the Singapore Environment Council.

Engineering & International

SMRT Engineering wins contract for the installation of AFC fare gates for the Tuas West Extension.

'14 Trains

Crosses the landmark 10 billion passenger journeys carried.

SMRT adds 13 new trains to the North-South and East-West Lines to improve commuter experience.

Buses

SMRT introduces high capacity ADL Double Deckers to its bus fleet to ease congestion during peak hours. SMRT provides safer and more reliable bus services using telematics solutions.

SMRT signs Memorandum of Understanding with e2i and NTWU to jointly develop and operate the first Bus Career Development Centre.

Taxis

SMRT partners London-based taxi mobile application developer Hailo Network Holdings Limited to introduce a cashless payment taxi booking application to passengers and taxi drivers in Singapore.

Rail Engineering

Singapore Rail Engineering Pte Ltd (SRE) was incorporated in June 2014. Together with Toshiba, it establishes a joint venture, Railise, to market and supply energy efficient propulsion systems to Mass Transit Operators globally.

Corporate

SMRT introduces Adopt-A-Station/ Adopt-An-Interchange, a community outreach programme that partners local schools to encourage gracious commuter behaviour.

'15 Trains

Crosses 2 billion car-km.

Completes sleeper replacement works on the North-South line.

Trains & Buses

SMRT remembers Mr Lee Kuan Yew. Trains and selected bus services operate overnight during the period of National Mourning.

Rail Engineering

Singapore Rail Engineering enters into an agreement to set up a joint venture with Faiveley Transport to establish Faiveley Rail Engineering Pte Ltd to market and supply Maintenance, Repair and Overhaul (MRO) Services for Rolling Stock Components in South East Asia (excl. Thailand).

Corporate

SMRT wins at the Institute of Risk Management's Global Risk Awards 2015. Internationally recognised by risk management professionals world wide, this is a first for Singapore's corporate sector.



NTUC confers on SMRT the Plaque of Commendation (Gold) Award as a recognition of our strong labour relations.

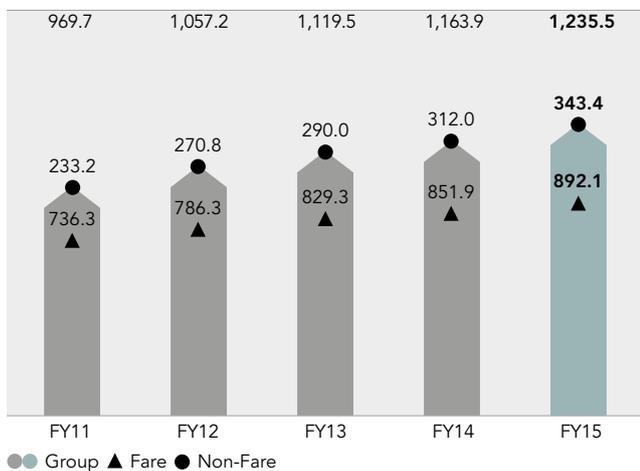
Properties

Kallang Wave mall at the Singapore Sports Hub officially opens.

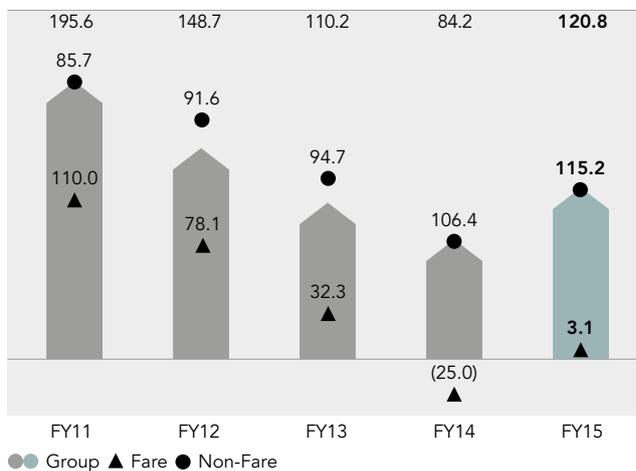


A YEAR OF DRIVEN PERFORMANCE

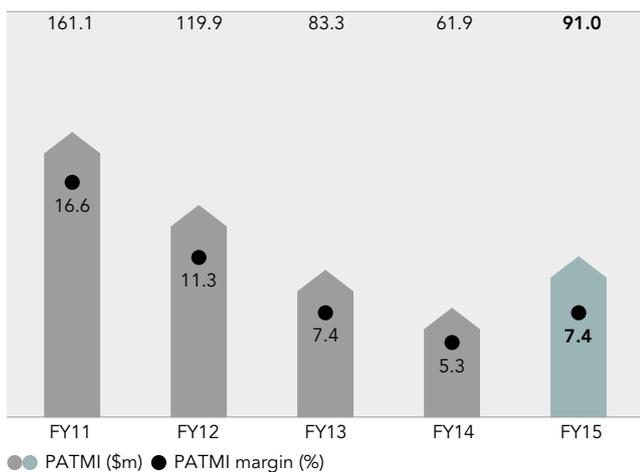
Revenue (\$m)



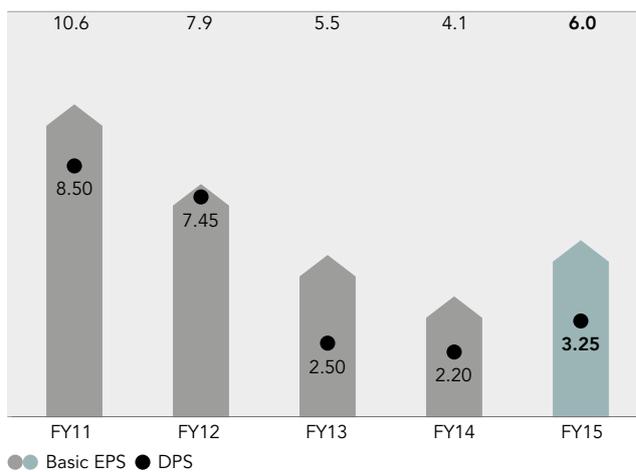
EBIT (\$m)



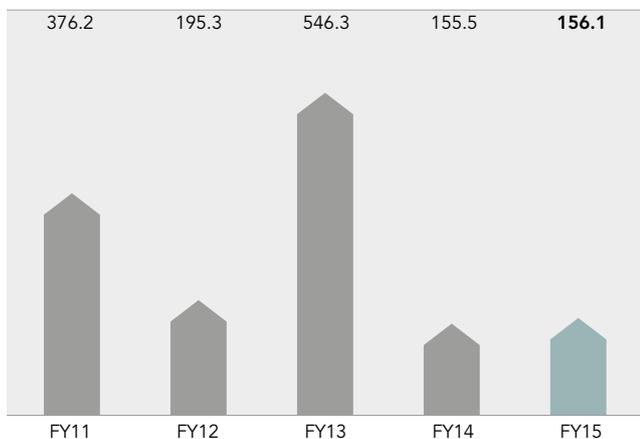
PATMI (\$m)



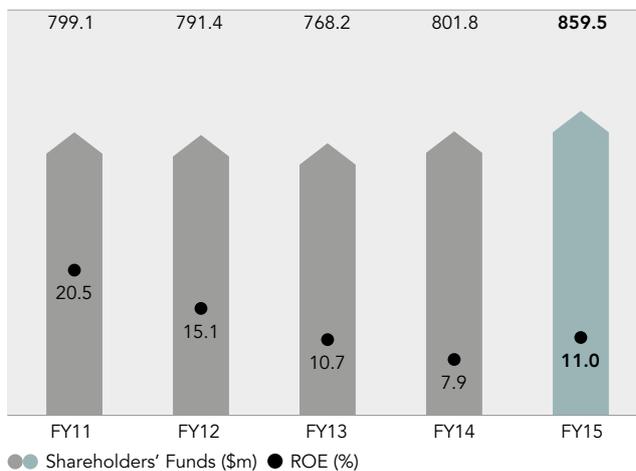
Earnings and Dividend Per Share (cents)



Cash and Cash Equivalents (\$m)



Return on Equity (%)



Group Financial Highlights

	FY2011	FY2012	FY2013	FY2014	FY2015
Income Statement (\$m)					
Revenue	969.7	1,057.2	1,119.5	1,163.9	1,235.5
- Fare ¹	736.3	786.3	829.3	851.9	892.1
- Non-Fare ²	233.2	270.8	290.0	312.0	343.4
Other Operating Income	20.2	22.0	36.3	42.1	58.0
EBITDA ³	314.9	300.0	278.1	255.5	313.9
EBIT ⁴	195.6	148.7	110.2	84.2	120.8
- Fare	110.0	78.1	32.3	(25.0)	3.1
- Non-Fare	85.7	91.6	94.7	106.4	115.2
Profit after Tax and Minority Interest (PATMI)	161.1	119.9	83.3	61.9	91.0
Economic Value Added	110.8	92.2	56.1	7.3	28.9
Balance Sheet (\$m)					
Total Assets	1,606.6	1,755.9	2,224.4	2,072.5	2,537.2
Total Borrowings	250.0	150.0	609.5	636.4	821.6
Shareholders' Funds	799.1	791.4	768.2	801.8	859.5
Cash and Cash Equivalents	376.2	195.3	546.3	155.5	156.1
Capital Expenditure ⁵	100.8	496.1	266.1	397.7	619.2
Cash Flow (\$m)					
Operating Cash Flow	283.3	282.1	260.2	234.4	277.4
Free Cash Flow ⁶	176.5	47.8	11.9	(414.9)	(183.5)
Key Ratios (%)					
EBITDA Margin	32.5	28.4	24.8	22.0	25.4
EBIT Margin	20.2	14.1	9.8	7.2	9.8
- Fare	14.9	9.9	3.9	(2.9)	0.3
- Non-Fare	36.7	33.8	32.7	34.1	33.6
PATMI Margin	16.6	11.3	7.4	5.3	7.4
Return on Total Assets ⁷	10.1	7.1	4.2	2.9	3.9
Return on Equity ⁸	20.5	15.1	10.7	7.9	11.0
Net Gearing (times)	Net Cash	Net Cash	0.08	0.60	0.77
Interest Cover (times)	44.2	48.6	39.4	24.5	25.1
Per Share (cents)					
Basic Earnings per share	10.6	7.9	5.5	4.1	6.0
Net Asset Value per share	52.6	52.1	50.5	52.7	56.5
Net Tangible Asset per share ⁹	50.3	51.2	49.6	51.8	55.6
Dividend per share	8.50	7.45	2.50	2.20	3.25

Notes:

- Fare includes Train, LRT and Bus.
- Non-Fare includes 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 the average of total assets as at end FY2014 and FY2015.
- Return on equity equals PATMI divided by the average of equity attributable to equity holders of SMRT as at end FY2014 and FY2015.
- Net tangible asset per share excludes intangible asset.

THE BUSINESSES THAT DRIVE OUR PERFORMANCE

SMRT's financial and operational performances are driven by both our Public Transport and Non-Public Transport Operations.

PUBLIC TRANSPORT OPERATIONS

Public Transport Operations (PTO) comprise:



Rail Operations

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

>> See page 5



Bus Operations

SMRT Buses provides public bus services.

>> See page 5



Transit-Oriented Rental & Advertising

SMRT Investments contributes to the Group's PTO revenue through transit-oriented rental and advertising.

>> See page 6

NON-PUBLIC TRANSPORT OPERATIONS

Non-Public Transport Operations (Non-PTO) comprise:



Commercial Business

SMRT Investments drives growth in areas such as retail and property management, media and digital Out-of-Home (OOH) advertising, e-commerce, marketing and strategic partnerships.

>> See pages 6 & 7



Taxi Operations

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

>> See page 7



Engineering Services

SMRT Engineering and SMRT International provide operations and maintenance (O&M), engineering consultancy and project management services locally and internationally.

Singapore Rail Engineering provides rail engineering services.

>> See page 8



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.

>> See page 9



PUBLIC TRANSPORT OPERATIONS



RAIL

Improved service reliability and availability, system safety and capacity.

Facts

- Operates and maintains Singapore's first Mass Rapid Transit (MRT) system, which commenced operations in 1987. Network comprises the North-South and East-West Lines (NSEWL) and the Circle Line (CCL) with a total route length of 129.8km across 85 stations.
- Operates and maintains Singapore's first fully automated Light Rail Transit (LRT) system, which began operations in 1999. Network comprises 7.8km of elevated guideways, linking 14 stations in Bukit Panjang.

Highlights in FY2015

- Increased annual ridership on NSEWL and CCL by 2.8% to 730.6 million.
- Improved train withdrawals per 100,000km from 2.24 in 2013 to 1.05 in 2014 for NSEWL, and from 0.88 in 2013 to 0.49 in 2014 for CCL.
- Maintained high service availability of over 99.9% on the NSEWL, CCL and LRT.

Strategic direction for FY2016

- Improve reliability and availability of train service through system renewal, as well as preventive and predictive maintenance.
- Intensify work on infrastructure renewal programmes.
- Increase capacity with progressive introduction of 45 new trains on the NSEWL and 24 new trains on the CCL. All 13 new train-cars on the BPLRT will be operational by end 2015.
- Engage authorities to accelerate train renewal and facility expansion programmes.



● Revenue (\$m) ● Operating Profit (\$m)

BUSES

Enhanced customer experience, improved operational performance and workforce health.

Facts

- Provides 102 bus services with annual ridership of 368.3 million commuters, connecting the Western and North-Western areas with the rest of Singapore.
- Manages a fleet of over 1,200 buses.

Highlights in FY2015

- Fulfilled all Quality of Service (QoS) and Bus Service Reliability Framework (BSRF) standards.
- Introduced over 100 Double Deckers into SMRT revenue services.
- Implemented new Operations-Technology capabilities.
- Substantially reduced losses.
- Submitted tender proposal for Bulim Bus Package.

Strategic direction for FY2016

- Continue to improve the financial performance of Buses.
- Commit to service excellence through our dedicated workforce, as well as leverage technology to enhance commuter experience and improve performance.
- Create competitive advantage to strengthen our participation in bids under the Government's bus contracting model.



● Revenue (\$m) ● Operating Profit (\$m)

TRANSIT-ORIENTED RENTAL & ADVERTISING AND COMMERCIAL BUSINESS



TRANSIT-ORIENTED RENTAL & ADVERTISING

Launched Ang Mo Kio Station & Xchange with BCA Green Mark (Gold) and 100% Project Eco-Shop tenant certification respectively. Became only OOH network with comprehensive bus inventory with addition of Double Decker.

Facts

- Manages a 37,700sqm network portfolio of retail, F&B and innovative services and runs Singapore’s largest Out-of-Home (OOH) advertising network.

Highlights in FY2015

- Rental network occupancy rate of 98.5%.
- Optimised short-term lease space for higher yield.
- Refurbished 47 stations to-date and achieved BCA Green Mark (Gold) with Ang Mo Kio Station.
- Increased rental yield with launch of Ang Mo Kio Xchange. All tenants are Project: Eco-Shop certified.
- Added commercial space at Yishun Temporary Bus Interchange.
- Become only OOH network with 12-metre, Double Decker and bendy buses.
- Marked SMRT Media’s 10th anniversary with special advertising packages.

Strategic direction for FY2016

- Extract higher rental yield by optimising retail assets and tenant mix, and boast vibrancy through lifestyle offerings.
- Strengthen media and advertising strategies to drive revenue and inject more life in the network with multi-channel campaigns.



COMMERCIAL BUSINESS

Retail & Property Management

Officially opened Kallang Wave mall at Singapore Sports Hub.

Facts

- Operates 41,000sqm of retail and F&B areas at Singapore Sports Hub, including Kallang Wave mall, Water Sports Centre, Sports Hub Visitor Centre and Singapore Indoor Stadium.

Highlights in FY2015

- Leased more than 90% of space at Singapore Sports Hub to local and international dining and retail brands.
- Inked partnerships with two bank partners, Citibank Singapore and OCBC, for year-long shop, ride, dine and park privileges at retail and dining areas at Singapore Sports Hub.

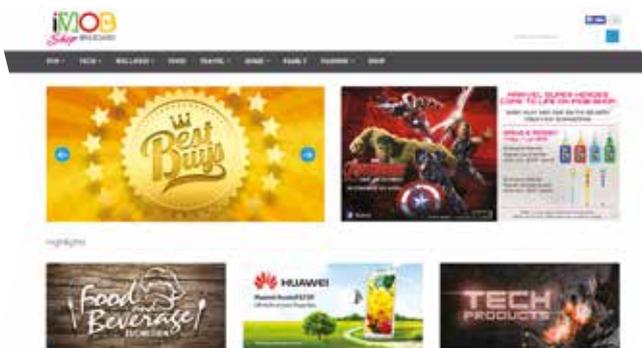
Strategic direction for FY2016

- Drive footfall and spend to retail and dining areas at Singapore Sports Hub through Community Connections, Destination Partnerships and 360° Marketing.
- Explore growth opportunities to develop retail and advertising spaces beyond network.



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

NON-PUBLIC TRANSPORT OPERATIONS

**Media & Digital Business**

Launched iMOB Shop, an e-commerce platform. Introduced Singapore's first illuminated Double Decker.

Facts

- Singapore's largest media and digital OOH advertising business that delivers integrated sales, retail and marketing solutions for partners and consumers.

Highlights in FY2015

- Launched iMOB Shop with nine lifestyle categories and e-stores. The platform integrates advertising, digital and retail businesses.
- Pioneered digital innovation with Singapore's first illuminated Double Decker.

Strategic direction for FY2016

- Drive new and innovative media solutions in digital technologies.
- Enhance e-commerce business with value-added consumer initiatives.

Marketing & Partnerships

Strengthened partnership with Citibank Singapore. Partnered The Walt Disney Company (Southeast Asia) to enhance consumer lifestyle offerings and rewards.

Fact

- Secures business partnerships and growth opportunities in retail, advertising and digital businesses.

Highlights in FY2015

- Enhanced card value proposition for Citibank SMRT Visa cardmembers.
- Inked 18-month partnership with The Walt Disney Company (Southeast Asia).

Strategic direction for FY2016

- Leverage and build on partnerships and seek out new opportunities to deliver more value.
- Establish new collaborations to deliver business growth.

**TAXIS**

Doubled fleet size of environmentally-friendly Toyota Prius Hybrid taxis and introduced a Workplace Health Programme for taxi partners.

Facts

- Manages a fleet of more than 3,500 taxis, with over 20 years of experience in taxi operations.

Highlights in FY2015

- Increased operating profit by 42.6% to \$13.7 million.
- Doubled fleet size of environmentally-friendly Toyota Prius Hybrid taxis.
- Rolled out Workplace Health Programme for our taxi partners with more than 800 taxi partners receiving free health screening and counselling.

Strategic direction for FY2016

- Renew and grow taxi fleet for greater availability and fleet optimisation.
- Commit to meeting regulatory standards.



● Revenue (\$m) ● Operating Profit (\$m)

NON-PUBLIC TRANSPORT OPERATIONS CONTINUED



ENGINEERING SERVICES

Engineering and International

Ensured sustainable growth with high value engineering consultancy and project management contracts locally and internationally.

Facts

- Leases fibre optic cables to industry stakeholders under licence from Infocomm Development Authority of Singapore, for which SMRT Engineering is a Facility-Based Operator (FBO).
- Provides operations and maintenance (O&M), engineering consultancy and project management services locally and internationally.

Highlights in FY2015

- SMRT Engineering was engaged by the Land Transport Authority (LTA) to provide STARiS for four additional trains for the NSEWL and Tuas West Extension.
- SMRT International's operation of the Personal Rapid Transit (PRT) system in Masdar City, Abu Dhabi, was renewed for a further three-year term.
- SMRT International signed a Memorandum of Understanding with 2getthere, a leading developer of electronically guided people movers established in the Netherlands.

Strategic direction for FY2016

- SMRT Engineering to market its expertise in consultancy and technical services for rail projects.
- SMRT International to strengthen existing partnerships and pursue rail projects in key markets such as China, the Middle East and South East Asia, as well as to expand into innovative automated transit solutions.

Singapore Rail Engineering

Leveraged SMRT's rail operational expertise to develop rail engineering solutions for the local and global rail market.

Facts

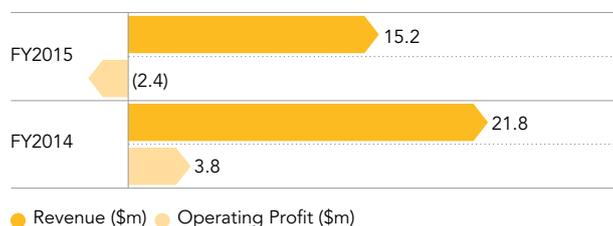
- Incorporated in June 2014 to provide a full suite of products, solutions and services for mass transit operators to run their network optimally.

Highlights in FY2015

- Awarded contracts to refurbish the Siemens C651 and KHI C151.
- Established Railise Pte. Ltd, a joint venture company with Toshiba, to market and supply propulsion systems using Toshiba's Permanent Magnet Synchronous Motor (PMSM) technology.
- Entered into an agreement to establish Faiveley Rail Engineering Singapore Pte. Ltd, a joint venture company with Faiveley Transport to market and supply Maintenance, Repair and Overhaul (MRO) services for rolling stock components in South East Asia (excl. Thailand).
- Recruited engineers and specialised manpower to support the refurbishment projects.

Strategic direction for FY2016

- Continue to build up core engineering expertise and specialised manpower.
- Build new products and competencies towards becoming the premier solutions provider in rail engineering locally and internationally.





OTHER SERVICES

Automotive Services

Provided repairs and maintenance services for SMRT Road's vehicles as well as for corporate and private fleet.

Facts

- Engineering arm for SMRT Roads and provides repairs and maintenance for more than 4,500 SMRT vehicles and 3,000 external vehicles.
- Provides vehicle body and accident repairs as well as refurbishment for SMRT and external vehicles.
- Approved authorised workshop for accident repair for five insurance companies.

Highlights in FY2015

- Consistently exceeded QoS 1.3 standards for bus service reliability.
- Ensured timely delivery of new MAN A22 and ADL E500 buses as well as Toyota Prius taxis through engineering support and quality inspection.
- Achieved 42% increase in external repair and maintenance revenue compared to FY2014.

Strategic direction for FY2016

- Continually support and improve competitive advantages of SMRT Buses, SMRT Taxis and Bus-Plus Services through safe, reliable, and optimal maintenance services, and high customer satisfaction standards.
- Increase market share in corporate fleet and private vehicle maintenance.

Bus-Plus Services

Provided transport services for major events and secured Peak Period Short Services.

Facts

- Operates a fleet of close to 80 buses including mini-buses and 12-metre buses.
- Provides more than 45 bus services to corporate clients such as Singapore General Hospital and Nanyang Polytechnic.
- Market leader in bus chartering services to the Healthcare sector.

Highlights in FY2015

- Awarded four Peak Period Short Services by LTA.
- Official Transport Operator for F1 Sky and Club Suite Guests.
- Provided services for Singapore Airshow 2014.

Strategic direction for FY2016

- Expand services to other market segments.
- Optimise bus fleet and operations.





"SMRT has become a household name. We are an integral part of the community... our core focus remains with the intensified efforts to renew and upgrade our ageing rail systems.

We will pursue growth opportunities in Singapore, in the region and further afield to grow the company and shareholder value."

Introduction

This year, we celebrate 50 years of Singapore's independence. We have developed to become a vibrant leading global city with a high standard of living, and a Singapore brand name that is well recognised. A safe and efficient public transport system, in particular a reliable urban rail system, is an important infrastructure for an economy and densely populated city state like ours. Since 1987, SMRT has played a pivotal role in the local public transport landscape. We have helped to enhance the lives of our people by changing the way they live, work and play using the convenience of the fast and seamless connectivity provided by our network.

SMRT has become a household name. We are an integral part of the community, and we take our corporate social responsibilities seriously. Leveraging our capabilities as a public transport operator, we have made efforts to integrate our initiatives under the three corporate social responsibility pillars of enabling Mobility, empowering through Education and the Arts and sustaining our Environment. We have been working closely with partners to make a positive impact on the community we serve and to build a more inclusive society. We are proud to partner JurongHealth to bring Singapore's first Mobility Park to Jurong East. Designed to simulate a Singapore streetscape with walkways of different surfaces and various types of public transport carriages, the park offers a true-to-life yet safe rehabilitative venue to help patients re-integrate into the community. We are also pleased to collaborate with the National Council of Social Service to build an inclusive playground catering to children with different needs, enabling all to mingle in a play setting that fosters diversity.

Looking forward, the imperative for SMRT is the long term sustainability of the business. This requires a fundamental

change in the financing framework for the public transportation sector which the authorities have recognised. For buses, the change is well underway with the completion of the first tender exercise. For trains, we have made good progress after continuous and extensive engagement with the authorities in the past year. We are mindful that a sustainable framework is essential for us to deliver a fair return to our shareholders.

Our ageing rail network will continue to pose challenges. We have invested significantly in our maintenance and renewal efforts, and grown our engineering corps. We will continue to work closely with the Land Transport Authority, the asset designer and owner as well as the regulator, to further enhance the reliability of the system and to deliver safe, reliable and customer-centric services to our commuters.

The Year in Review

In the past year, we had to manage the twin challenges of structural cost pressures arising from tightened regulatory standards and heightened operational demands on service, reliability and capacity. The impact of the overall rising costs will only be partially mitigated by the fare adjustments, the decline in energy prices and the Group's ongoing productivity and cost management efforts.

In the financial year (FY) that ended 31 March 2015, our Group profits was recorded at \$91.0 million, which was 47.0 percent higher from the previous year. Our overall revenue stood at \$1.24 billion.

A robust performance in the Taxi, Rental, Advertising and Other Services segments of our business, helped drive Non-Fare operating profits up by 8.3 percent in FY2015.

The Group's overall Fare business recorded an operating profit of \$3.1 million, an improvement from an operating loss of \$25.0 million over the same period last year. This was due mainly to better performance in the Bus operations which had effectively narrowed losses and recorded a lower operating loss of \$6.5 million in FY2015 from \$28.4 million in FY2014. This turnaround was possible through higher revenue and productivity management efforts, partially defrayed by higher diesel consumption and headcount increase to cater to an expanded fleet.

While the Train operations saw higher revenue and improved profitability in FY2015, it recorded its first-ever operating loss of \$2.4 million in the final quarter of the FY, in spite of an increase in revenue and lower electricity costs. This was attributed mainly to higher staff costs, depreciation, and repairs and maintenance.

The Group ended the year with a cash balance of \$156.1 million, compared to \$155.5 million at the start of the year. It generated \$455.6 million from operating and financing activities. The funds were applied mainly to invest in property, plant and equipment. The Group's total borrowings stood at \$821.6 million, translating to a net gearing of 77 percent.

The Board of Directors has proposed a final dividend of 1.75 cents per ordinary share. Together with the interim dividend of 1.50 cents, the total dividend for FY2015 is 3.25 cents or 54.4 percent pay-out, compared with 54.1 percent in the last FY.

Pursuing Growth Opportunities

We have strong core strengths in rail engineering. We will leverage on this as our key strategy for growth.

With Asian cities developing or expanding their rail infrastructure and operations, we are well placed to capitalise on our collective strengths and accumulated experiences in operating a world-class rail system in Singapore. Singapore Rail Engineering was incorporated as part of our strategic growth plan to build core rail engineering capabilities to provide a full suite of specialised engineering services required to support and maintain rail networks locally and internationally.

The year has also seen SMRT undertake joint ventures with business partners like Toshiba Corporation, Faiveley Transport and Hailo Network Holdings Limited, as well as an exclusive collaboration agreement with 2getthere. These ventures stand to benefit our various stakeholders including our commuters in Singapore.

While we explore and seize new growth opportunities both locally and abroad, our core focus remains with the intensified efforts to renew and upgrade our ageing rail systems. We recognise that skilled engineering manpower

is essential in providing the necessary support and expertise to take SMRT to the next level. So leveraging the deep operational expertise we have built up over the years, SMRT will continue to invest in professionalising our technical and engineering workforce.

Looking Ahead

Going forward, we expect our rail business will continue to face significant challenges including the need to cater to higher operating expenses with an enlarged train fleet and the further expansion of train network, as well as intensified repairs cum maintenance works for the ageing rail system.

We will face uncertainties on energy prices, and we do not expect timely fare adjustments to completely offset increases in operating costs. SMRT will continue to be proactive in its productivity and cost management efforts to further mitigate cost pressures. Furthermore, the financial challenges arising from increasing depreciation of assets and the need to take over assets under the current framework will be considerable without commensurate fare adjustments. In this regard, SMRT will continue to engage the authorities on an early transition to a new rail financing framework.

Over the next 12 months, the Bus business will continue to participate in the tenders under the Government's new bus contracting model. The outcomes of these bids will however not have a material impact on the results of the Group in the coming year.

We will pursue growth opportunities in Singapore, in the region and further afield to grow the company and shareholder value.

A Note of Appreciation

We appreciate the support of all our key stakeholders.

SMRT's performance over the past year owes much to the continued dedication and perseverance of the CEO, Management team and staff of SMRT. On behalf of the Board, we would like to express our heartfelt appreciation for your contributions in FY2015.

I would also like to thank our shareholders, business partners and customers for your support during the past year. You play a vital role in our continued success.

I am confident that the Group will keep moving in the direction of growth, together with Singapore.



Koh Yong Guan
Chairman



We have gained significant momentum across the Group to improve operational performance, enhance customer experience, strengthen workforce health, entrench organisational excellence and ensure sustainable growth.

Strengthening Our Core in Public Transport Operations

Our core focus continues to be in delivering a world-class public transport service that is safe, reliable and customer-centric.

The train withdrawal rate for every 100,000 kilometres, a key measure of rail reliability, has improved threefold from 3.30 in 2012 to a seven-year low of 1.05 in 2014 on the ageing North-South and East-West Lines (NSEWL). The newer Circle Line further improved its performance in train withdrawals to 0.49 in 2014, from 0.88 in the previous year. We have completed, ahead of schedule, the change-out of old wooden sleepers on the entire North-South Line to concrete ones, and with speed restrictions now lifted, the travel journey is smoother and faster. We have now commenced work on the East-West Line sleepers and target to complete this by end 2016.

Concurrently, work on a new communication-based signalling system is nearly completed on the North-South Line. With shorter headway between trains of 100 seconds, and the addition of 45 new trains on the NSEWL by next year, we will be able to carry more passengers and help ease the congestion faced during peak periods. More trains will also be added to the Circle Line and Bukit Panjang Light Rail system to improve their capacity. As new trains are put into service, our older trains will be progressively scheduled for end-of-life overhaul and mid-life upgrading works. Two trains have already been fitted with new Toshiba permanent magnet synchronous motors and have shown energy savings of more than 30 percent. The rest of the

trains will similarly be fitted out in the next few years once the trials are completed.

We will leverage on technology as part of our concerted effort to improve rail reliability. Last year, a Linear Variable Differential Transformer was introduced to detect third rail failure in real time. We will proceed to replace the entire third rail power system on the NSEWL this year. A Maintenance Operations Control Centre is being set up to more responsively deal with faults. In line with our drive to adopt a risk-based maintenance and life-cycle management approach for our rail assets, we were certified this year with ISO 55001 for asset management, the second company in Asia to attain this. We continue to draw lessons and best practices through our participation in a 32-member community of leading metro operators in the world, and gain insights from our international advisory panel of rail and engineering experts.

With increased staff costs, higher depreciation, and intensified repairs and maintenance to support an expanded and ageing system, Trains suffered an operating loss of \$2.4 million for the first time in the final quarter of FY2015. We are continuing our discussions with the authorities on a timely transition to a new rail financing framework, and progress has been made.

Buses continued to meet all the regulatory standards set by the authorities and performed well within the Bus Service Reliability Framework, improving on bus regularity and waiting time. We turned around from the losses over the past 17 consecutive quarters to achieve a small operating profit in the last quarter of FY2015, through revenue growth and enhanced productivity measures. We will continue to participate in tenders under the Government's new bus contracting model, and will begin discussions on the license terms for our remaining bus services beyond their expiry in 2016. We have confidence in our value proposition, having demonstrated a strong track record of service quality and operational efficiency in Singapore and amongst the International Bus Benchmarking Group.

Sustaining Growth Both in and out of Network

Our Group revenue grew 6.2 percent to \$1.24 billion and operating profit increased by 43.4 percent to \$120.8 million. This was primarily contributed by the steady growth of 8.3 percent in the operating profit of our Non-Fare businesses, particularly in our Rental, Taxi, Other Services and Advertising segments. The Group ended the year with \$91.0 million in Profit After Tax and Minority Interest (PATMI), an improvement of 47.0 percent over the previous year.

Our Commercial arm continued to do well in marketing and leasing commercial and media spaces within the transit network, as well as in out-of-network ventures. We launched Ang Mo Kio Xchange with many more amenities for the benefit of commuters. The Kallang Wave mall at the iconic Sports Hub has brought in 10 million

shoppers since its opening in July 2014. We also entered a collaboration agreement with Walt Disney (Southeast Asia) for programmes that further enhance the travel and lifestyle experience for our customers. iMOB Shop, our e-commerce platform integrating advertising, digital media and retail, was successfully launched last year.

Our Taxi business renewed its fleet with more energy-efficient hybrid taxis, and these have been well received by our taxi partners who appreciate the additional savings from reduced petrol consumption. We deepened our engagement with taxi partners to address industry-wide driver shortage issues and achieve the stringent Taxi Availability standards set by the authorities.

To strengthen our rail engineering capability and better meet the challenges of managing rail assets throughout their life cycles, we incorporated Singapore Rail Engineering (SRE) last year. SRE will seed a new business growth opportunity by placing its immediate term development emphasis on the Engineering, Procurement and Construction of rolling stock as well as in Maintenance, Repair and Overhaul activities. Joint ventures, with Toshiba Corporation and Faiveley Transport, were established to build on our existing rail engineering competencies.

We completed our consultancy project in Dalian, renewed our contract to Operate and Maintain (O&M) the Personal Rapid Transit system in Masdar City in Abu Dhabi for another three years, and provided consultancy services for Automatic Fare Collection systems in the Philippines. Efforts are ongoing to explore and develop other suitable local out-of-network and overseas opportunities that will positively impact the Group's earnings.

Building our Organisation and Workforce

The tremendous progress made on all fronts has been possible because of the unstinting determination and dedication of our staff. Our staff numbers now stand at 8,500, with voluntary attrition at a low of 6.6 percent.

We believe in nurturing every individual in SMRT to be high-performing, competent and engaged. An independent organisational climate survey conducted this year by Towers Watson found the sustainable engagement score (measuring how engaged, enabled and energized our staff are) to be at a high of 86 percent - and this is considered to be 'best in class' in the world. SMRT was conferred 6 national-level Human Resource Best Practices awards last year. We were recognised by NTUC this year with the prestigious May Day Plaque of Commendation (Gold), a firm endorsement that our efforts in building industrial relations and workforce health have made positive impact.

We implemented progressive career schemes for the professional development of our engineers, technicians, operators and bus captains. Partnerships were forged with academic institutions and research agencies to deliver rail

engineering-based training and internship programmes. A new bus training simulation centre was set up, with support from e2i, to enhance the driving skill sets of our bus captains in all weather and road conditions.

We continued with efforts to entrench a culture of service excellence in SMRT, guided by a common purpose to build trust and bring on smiles every day, and in everyone who journeys with us. This campaign has gained ground and we are heartened by feedback from commuters and customers of our staff who have gone the extra mile in their service. We are also encouraged by volunteer and hobby groups who take an active interest in our stations, trains and buses. Since we first launched our 'Adopt-A-Station' project with Maris Stella High School last year, 15 other schools have come forward to adopt our MRT stations with their student ambassadors.

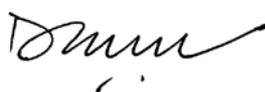
Our efforts to revamp procurement and inventory management, and enable process effectiveness through information technology, have led to higher productivity and cost savings. We set up a Technology Management Office to drive the application of technology in operational performance, work efficiency and business growth. We continued our commitment to environmental sustainability with the awarding of the BCA Green Mark (Gold) Award to the revamped Ang Mo Kio Station. As an affirmation of the efficacy of our enterprise risk management practices, we won a global award for Delivering Value through Risk Management, by the London-based Institute of Risk Management - a first for a Singapore company. SMRT was also listed among the top four companies in Singapore in the ASEAN corporate governance scorecard.

In Appreciation

We sincerely thank our commuters for their patience and support as we work hard to renew and upgrade the rail network. We will continue to strengthen our core capabilities and operational performance in public transport services, while investing in efforts to deliver sustained growth.

I am grateful to the Board of Directors for their steadfast leadership and guidance, and would like to thank the management and staff for their continued commitment to the company.

We appreciate our shareholders for their loyalty and understanding. In keeping Singapore moving, SMRT reaffirms its commitment to "*moving people, enhancing lives*".



Desmond Kuek
President and Group Chief Executive Officer

IMPROVING OPERATIONAL PERFORMANCE

We are in the business of providing safe, reliable and comfortable journeys for everyone that travels with us. Service delivery is important to us and we continue to explore innovative ways to enhance our operational performance.

Over the last year, we have continued to invest in our system and our people to achieve the highest standards.

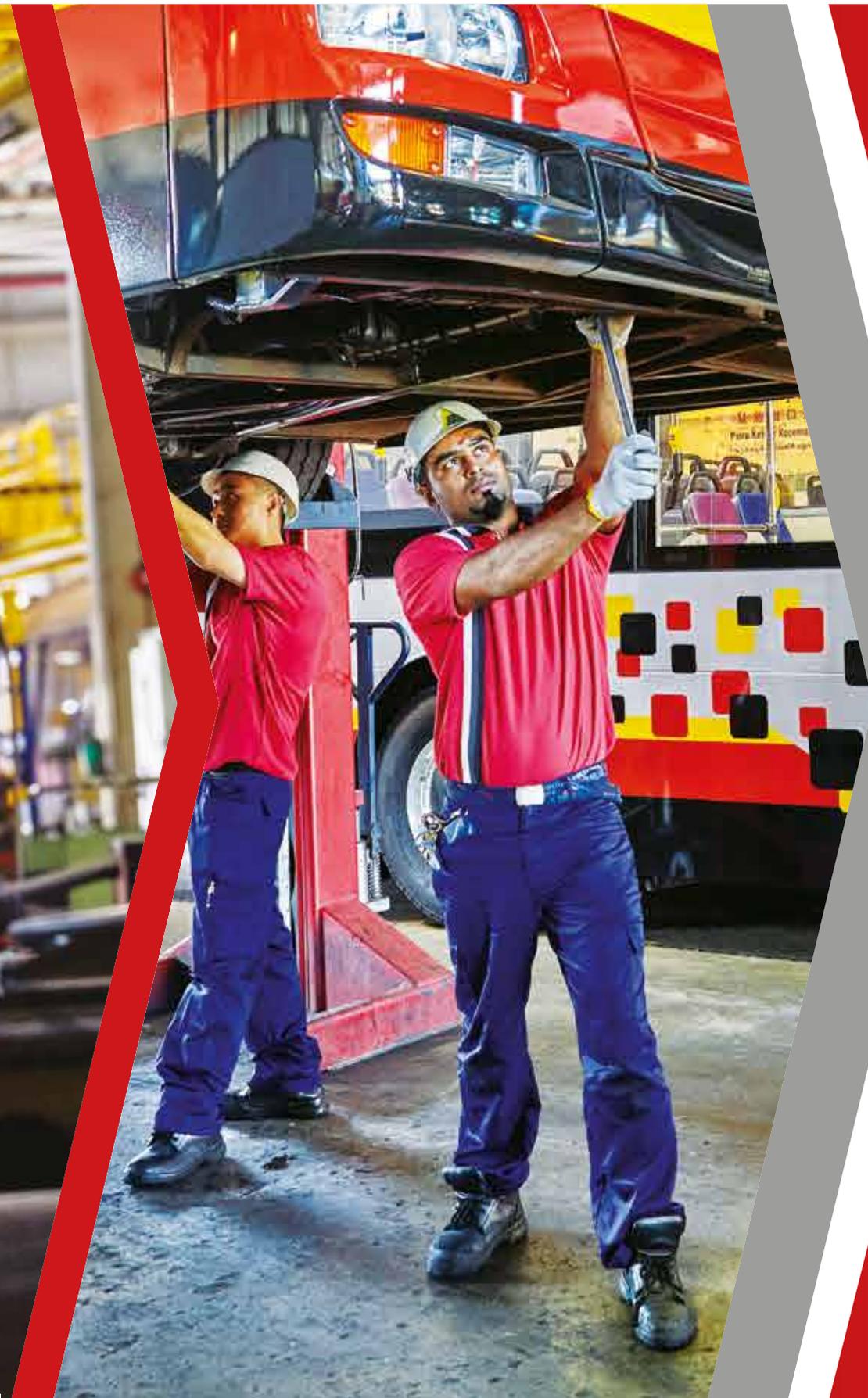
We are currently implementing system and asset renewal programmes such as sleeper replacement and re-signalling works in our rail network. We have also added new trains, buses and taxis to our fleet as part of efforts to improve capacity and comfort for our passengers.

SMRT has also been tapping technology to further enhance safety and reliability within our network. This includes the introduction of telematics technology on our buses as well as Linear Variable Differential Transformers on our trains.

Our efforts have seen improved reliability: train withdrawals for every 100,000km is at a seven-year low of 1.05 while our bus services have performed well in meeting LTA's Quality of Service and Bus Service Reliability Framework standards.

1





ENHANCING CUSTOMER EXPERIENCE

At SMRT, our common purpose is to build trust and bring on smiles, every day and in everyone who journeys with us.

Serving millions of customers in our network daily, we understand that the little things count. Commuter satisfaction is important to us and we are continually improving our approach to service delivery. We have introduced charging points, Care Zones and e-feedback systems in our stations as well as interactive panels with real-time bus information at our bus interchanges.

We also offer shopping and dining options for added convenience.

We recognise that serving our customers well is central to our success. We invest in our people through training and support them in their quest to attain service excellence.

Our efforts include a Company-wide training programme that unifies the workforce around our common purpose. Our dedicated employees are recognised for going the extra mile to make a difference in our commuters' experience with us. In the past year, over 900 staff have been recognised nationally for their winning ways with customers.

2



STRENGTHENING WORKFORCE HEALTH

Our people are the backbone of SMRT. We recognise that a strong workforce is important to achieving our business objectives and meeting the needs of our various stakeholders.

We nurture our people to develop their skills and knowledge to remain relevant in a constantly changing environment.

We have introduced progressive career and wage schemes for our Train and Bus Captains and will continue to build a sustainable workforce profile.

We won HR awards at the Singapore Human Resources Institute's Leading HR Practices 2014, HR Excellence 2014 and the HRM Awards 2015. NTUC conferred on us the 2015 May Day Plaque of Commendation (Gold) to recognise the strong relationship we have built with the labour movement, and the contributions we made to improve the welfare and employability of our workers.

3

Our committed workforce is highly motivated, competent and engaged. In a recent Towers Watson survey, we found that 86% of employees were sustainably engaged. This is higher than the National Norm of 79%, and is best in class globally.



4

ENTRENCHING ORGANISATIONAL EXCELLENCE

At SMRT, we are grounded on excellence. We need to look within to streamline, optimise and improve as a company.

We have a reputation for being a progressive organisation that is distinguished by our sound governance and commitment to sustainable development.

As an affirmation, we are the first Singaporean company to be recognised for our enterprise risk management practices and procedures at the London-based Institute of Risk Management's Global Risk Awards 2015. We are heartened by the recent announcement that SMRT is ranked fourth among the top 100 listed Singapore companies in the ASEAN Corporate Governance Scorecard 2014-2015. We further strengthened our commitment to sustainability with the BCA Green Mark (Gold) Award for the environmentally-friendly features at Ang Mo Kio MRT station.





ENSURING SUSTAINABLE GROWTH

Sustainable growth is a major facet of every business. Both our Public Transport and Non-Public Transport businesses complement the viability and long-term sustainability of SMRT.

Our Public Transport businesses are operating in an environment that is challenged by tightened regulatory standards and heightened operational demands on service, reliability and capacity. We will continue to invest and be operationally ready through the acquisition of new operating assets, asset renewal and life cycle upgrades.

Our newly formed subsidiary, Singapore Rail Engineering, is set up to further grow our rail engineering competencies and capture pertinent business opportunities both locally and internationally.

Kallang Wave mall is now officially open and we will continue to grow our business in rental and media advertising within and beyond our network.

We will continue to actively explore international opportunities and other business ideas that will positively impact the Group's financial performance.

5



KOH YONG GUAN

Age
69

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
(As at 31 March 2015)

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*)

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

- Central Provident Fund Board (*Chairman*)



DESMOND KUEK BAK CHYE

Age
51

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
29.07.2013

Present Directorships
(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd (*President & Group CEO*)
- SMRT Trains Ltd.
- SMRT Road Holdings Ltd. (*Chairman*)
- SMRT Buses Ltd. (*Chairman*)
- SMRT Investments 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 Engineering 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*)

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

- Singapore Rail Engineering Pte. Ltd.



PATRICK ANG PENG KOON

Age
51

Academic & Professional Qualifications

- LLB (Hons), National University of Singapore

Date first appointed
01.04.2013

Date last re-elected
29.07.2013

Present Directorships
(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd

Others

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

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

- The Esplanade Co. Ltd
- Malacca Trust Limited



LEE SEOW HIANG

Age
45

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
29.07.2013

Present Directorships
(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd

Others

- Changi Airport Group (*Chief Executive Officer*)
- Changi Airports International Pte Ltd (*Deputy Chairman*)
- Agency for Integrated Care Pte Ltd
- IATA-NTU Advisory Board (*Member*)
- ACI World Governing Board (*Board Member*)
- ACI Asia-Pacific Regional Board (*First Vice President*)

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

Nil



MOLIAH HASHIM

Age
57

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
(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd

Others

- Princess Elizabeth Primary School (*Principal*)
- Transplant Ethics Committee (*Member*)
- South East CDC District (*Counsellor and Member of Families and Children Committee*)

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

- 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*)



BOB TAN BENG HAI

Age
63

Academic & Professional Qualifications

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

Date first appointed

01.08.2006

Date last re-elected

29.07.2013

Present Directorships

(As at 31 March 2015)

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 BOG*)
- Inland Revenue Authority of Singapore
- 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*)

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

- Asia Pacific Breweries Limited
- SINGEX Venues Pte Ltd (*Chairman*)
- SINGEX Exhibition Pte Ltd (*Chairman*)
- SINGEX Exhibition Ventures Pte Ltd (*Chairman*)
- Singapore Business Federation (*Honorary Treasurer*)
- Singapore Business Federation (*Council Member*)
- 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
66

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

(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd

Others

- Innotek Limited
- JP Asia Capital Pte Ltd
- JP Asia Capital Partners Pte Ltd
- JP Asia Prime Capital (Pte.) Ltd
- Exploit Technologies Pte Ltd
- Lifestyle Capital Ventures Private Limited
- 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 over the preceding three years

(from 1 April 2012 to 31 March 2015)

- SMRT Road Holdings Ltd.
- SMRT Buses Ltd.
- Dialog Semiconductor PLC
- MIR Investment Management Ltd (*Advisor*)
- SPRING Policy Advisory Committee (*Policy Advisory Committee Member*)
- 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*)
- Advanced Manufacturing Taskforce (NRF) (*Co-Chairman*)



TAN EK KIA

Age
67

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
29.07.2013

Present Directorships
(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd
- SMRT Trains Ltd.

Others

- Singapore LNG Corporation Pte Ltd
- City Gas Pte Ltd (*Chairman*)
- 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 over the preceding three years

(from 1 April 2012 to 31 March 2015)

- SMRT Investments Pte Ltd
- SMRT International Pte Ltd
- 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.
- SMRT Buses Ltd.
- SMRT Road Holdings Ltd.
- City Spring Infrastructure Management Pte Ltd



YAP CHEE MENG

Age
59

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
(As at 31 March 2015)

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

Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

- PARK Indemnity Limited
- KPMG Asia Pacific Limited



YAP KIM WAH

Age
66

Academic & Professional Qualifications

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

Date first appointed
08.10.2012

Date last re-elected
29.07.2013

Present Directorships
(As at 31 March 2015)

SMRT Group

- SMRT Corporation Ltd
- SMRT Trains Ltd.

Others

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

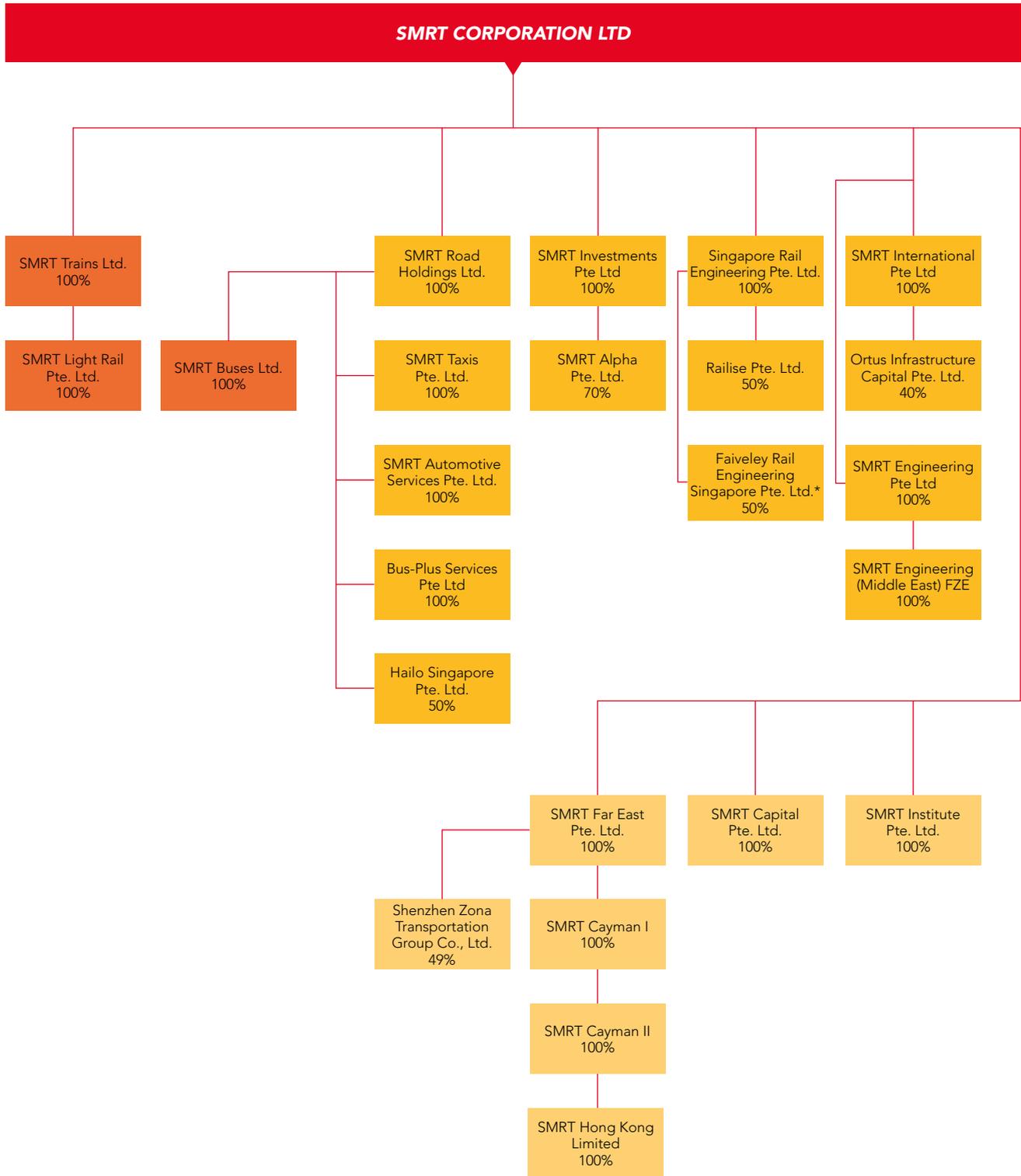
Past Directorships over the preceding three years

(from 1 April 2012 to 31 March 2015)

Nil

GROUP & ORGANISATIONAL STRUCTURES

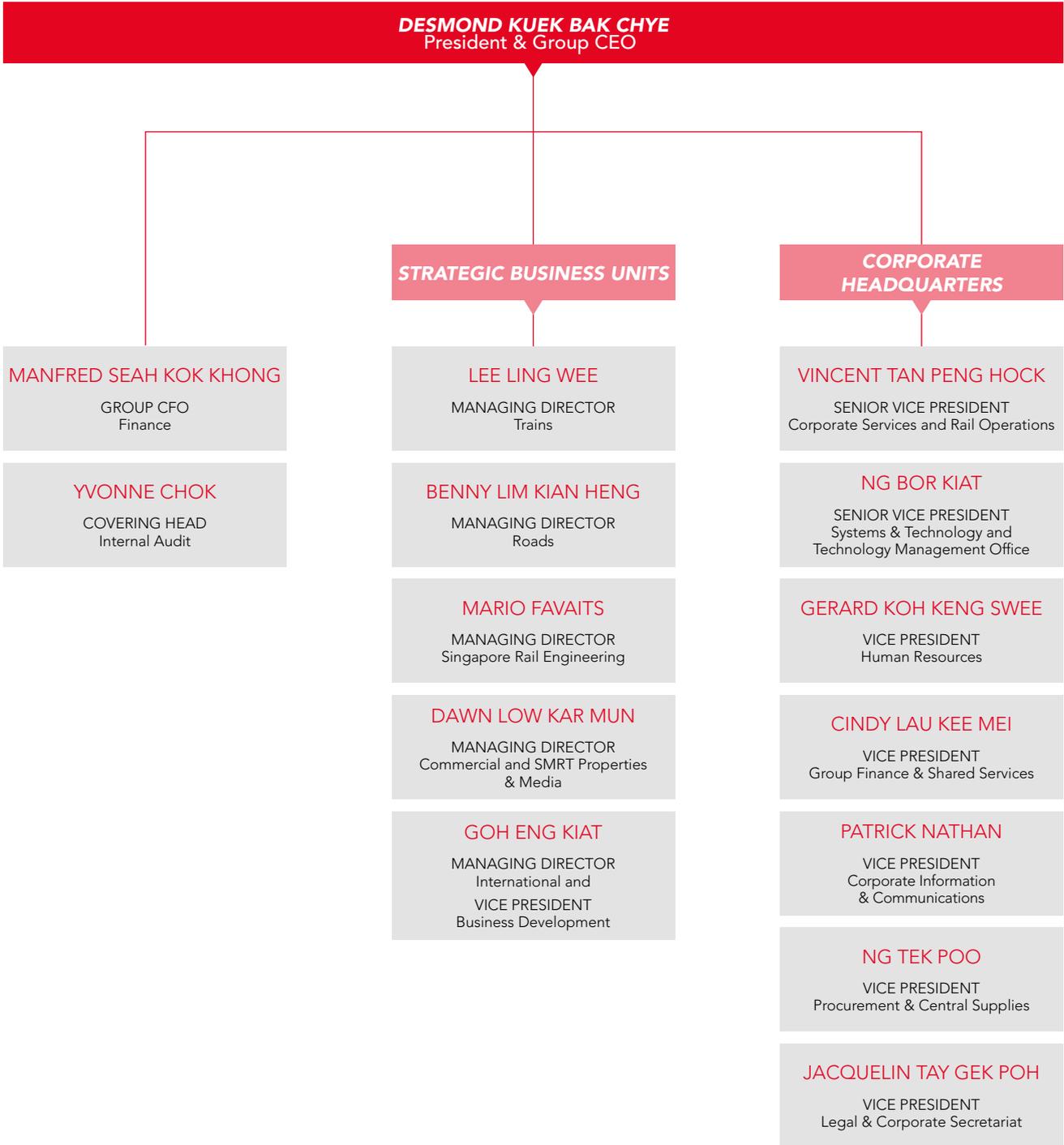
GROUP STRUCTURE



- Public Transport Operations
- Non-Public Transport Operations

* To be incorporated

GROUP SENIOR MANAGEMENT



GROUP SENIOR MANAGEMENT



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 SMRT, Mr Kuek served in the Singapore Armed Forces from 1982 to 2010, rising steadily through the ranks to 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 also 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.

Education

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



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.

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 fundraising 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 earned his 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.



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.

Experience

Before joining SMRT, Mr Favaits served as the Global Director of Services Sales & Marketing at Faveley 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.

In the 10 years 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.



DAWN LOW KAR MUN

Managing Director, Commercial and SMRT Properties & Media

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.



VINCENT TAN PENG HOCK

Senior Vice President, Corporate Services and Rail Operations

Responsibilities

Vincent Tan is responsible for Corporate Services, comprising Health, Safety, Security and Environment, Procurement and Logistics and Infocomm and Organisation Excellence. He is concurrently responsible for Rail Operations.

Experience

Mr Tan first joined the Mass Rapid Transit Corporation in 1985, before it became SMRT Corporation Ltd. 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 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, Systems & Technology and Technology Management Office

Responsibilities

Ng Bor Kiat heads the Systems and Technology Group and the Technology Management Office across SMRT Group. He oversees 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, and 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.



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 resource, service excellence, branding, corporate communication, 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.



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 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 New Zealand Institute of Chartered Accountants.



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 & Central Supplies

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.

CORPORATE INFORMATION

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
(Appointed with effect from 2 May 2014)

Nominating Committee

Lee Seow Hiang, *Chairman*
(Appointed with effect from 16 July 2014)
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

Auditor

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

Audit Partner-in-charge:

Mr Choo Eng Beng (*Appointed in FY2011*)

Principal Bankers

Australia and New Zealand Banking Group Limited
BNP Paribas
DBS 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
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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.

SMRT Properties and SMRT Media are two business divisions of SMRT Investments Pte Ltd (SMRT Investments), which is a wholly-owned subsidiary of the Company. SMRT Properties' primary business activity comprises the development, leasing, marketing and management of spaces at train stations and bus interchanges, while SMRT Media is the advertising and marketing arm of the Group and offers integrated solutions across the Group's fleet of trains, buses and taxis and its network of train stations and bus interchanges.

Engineering and Other Services are undertaken through SMRT Engineering Pte Ltd (SMRTE), 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. SMRTE and SMRT International provide engineering consultancy, fibre optic leasing, project management, operations and maintenance services. 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 SMRT 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 Investments Pte Ltd and Alphaplus Investments Pte. Ltd (Alphaplus), a wholly-owned subsidiary of NTUC Fairprice Co-operative Ltd. SMRT Investments 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 June 2014, SRE was incorporated as a wholly-owned subsidiary of the Company. It is structured to provide engineering and related services to mass transit operators, and to become an international player in rail engineering and grow the Group's business. SRE draws from a broad pool of engineering talent and is focused on developing an indigenous engineering capability in Singapore through in-house development and strategic partnerships.

In September 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 seamlessly work together with the other components of the train.

» For more information see milestones on the inside of the front cover

In September 2014, SMRT Road Holdings Ltd. (SMRT Roads) announced a 50:50 joint venture with London-based taxi mobile application developer Hailo Network Holdings Limited (Hailo Network) to form Hailo Singapore Pte Ltd. Under the agreement, a taxi booking application was introduced to passengers and taxi drivers in Singapore, to complement the Company's call centre.

In April 2015, SRE entered into an agreement to establish a 50:50 joint venture company with Faiveley Transport, Faiveley Rail Engineering Singapore Pte. Ltd., to market and supply maintenance, repair and overhaul (MRO) services for rolling stock components in South East Asia (excluding Thailand).

A list of all the subsidiaries 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.

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.

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 and principles set out in the OPS. The financial penalty is capped at 10% of 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. SMRT Buses complied and adhered to the stringent Bus Service Reliability Framework (BSRF) standards set by LTA.

In 2014, the Government announced their intention to restructure the public bus industry towards a Government Contracting Model (GCM), where all current bus services will be redistributed into twelve bus service packages to be contracted out via a tendering process. Three of the twelve bus packages will be tendered out as part of the transition over a two-year period while the balance of the services in the remaining nine packages will be operated by incumbent operators under negotiated contracts.

The GCM is intended to inject competition into the industry and raise service levels for commuters. To this end, SMRT Buses has continued to invest significantly into improving our bus operations and enhancing our commuter experience in order to improve our competitiveness in the industry, garnering positive feedback.

SMRT Buses participated in the first public bus service package, and will continue to study the viability of participating in the remaining two public bus service packages for tender.

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 the PTO 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.

The PTC announced a net 2.8% increase in 2015 fares under the 2014 fare review exercise. This is a combined fare adjustment aggregated from 3.4% carried over from the 2013 fare review exercise² and the 2014 fare adjustment, which is -0.6%.

PTC also announced that PTOs are required to contribute a portion of the increased fare revenue to the Public Transport (PT) Fund and SMRT is to contribute \$8 million of the increased fare revenue. The PT Fund will help needy commuters cope with their transport fares. After the contribution to the PT Fund, the effective fare adjustment for SMRT is 1.9%.

2. In 2014, the PTC granted a fare increase of 3.2% under the 2013 fare review exercise. After contributing \$4.4 million of the increased fare revenue to the PT Fund, the effective fare adjustment for SMRT was 1.4%.

Travel Demand Management Scheme

To encourage commuters to make changes to their travel patterns and ease crowding during the morning peak hours, the early morning travel discount was first introduced by SMRT in 1997. The discount has 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 embarked on a one-year trial to provide free travel on the rail network for commuters who end their journey before 7.45am on weekdays at 16 designated MRT stations. The 16 designated stations are Bugis, Chinatown, City Hall, Clarke Quay, Dhoby Ghaut, Lavender, Orchard, Outram Park, Raffles Place, Somerset, Tanjong Pagar, Bayfront, Bras Basah, Esplanade, Marina Bay and Promenade.

In addition, commuters exiting the stations from 7.45am to 8am will be given a discount of up to 50 cents off their train fare. The scheme was extended to exits at Downtown and Telok Ayer stations from 22 December 2013, in conjunction with the opening of Downtown Line Stage 1.

The free travel scheme was extended for one year until June 2015.

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.

In October 2011, PTC mandated that SMRT commit \$5 million annually in support of the travel demand management schemes.

Concessions

The PTOs provide 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, students, children and full time National Servicemen. The amount of concessions has increased over the years, and in FY2015 amounted to about \$100 million.

The PTC has also announced the introduction of two concession schemes, which took effect in July 2014, for persons with disabilities and recipients of the Workfare Income Supplement (WIS). These concessions are funded by the Government and PTOs will be reimbursed the difference between the concession fare charged 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 FY2015, Group revenue grew 6.2% to \$1.24 billion and operating profit increased by 43.4% to \$120.8 million, contributed by a turnaround in the Fare business and continued growth in the Non-Fare business. The Group ended the year with \$91.0 million of Profit After Tax and Minority Interest (PATMI).

OVERVIEW

Group revenue increased by 6.2% to \$1,235.5 million in FY2015 compared to FY2014 across all segments except LRT and Engineering Services.

Operating profit improved 43.4% to \$120.8 million in FY2015. This was driven largely by reduced losses from Bus operations and an increase in profit from Rental and Taxi businesses.

Group profit attributable to equity holders of SMRT was \$91.0 million, higher by \$29.1 million in FY2015 compared to FY2014.

The Group ended the year with cash balance of \$156.1 million compared to \$155.5 million at the start of the year. The Group generated \$227.4 million of cash flows from operating activities and \$178.2 million of cash flows from financing activities. The funds were mostly utilized to invest in property, plant and equipment. The Group's total borrowings stood at \$821.6 million, translating to a net gearing of 77%.

The Board has proposed a final dividend of 1.75 cents per ordinary share. Including the interim dividend of 1.50 cents, this will bring the total dividend in FY2015 to 3.25 cents per share. This represents a 54.4% payout from FY2015 PATMI of \$91.0 million.

SEGMENTAL PERFORMANCE

Revenue from Fare business (Train, LRT and Bus) rose 4.7% to \$892.1 million underpinned by higher train and bus ridership and average fares. Fare EBIT improved 112.3% from an operating loss of \$25.0 million to an operating profit of \$3.1 million for FY2015 due mainly to better performance in the Bus operations.

Revenue from Non-Fare business (Taxi, Rental, Advertising, Engineering Services and Other Services), which includes both PTO as well as non-PTO business lines, rose 10.1% to \$343.4 million on the back of higher Taxi, Rental, Advertising and Other Services revenue. Consequently, Non-Fare EBIT increased by 8.3% to \$115.2 million.

Fare Business

The Group's overall Fare business recorded a profit of \$3.1 million for FY2015.

Revenue from **Train** operations increased by \$20.4 million or 3.3% to \$644.2 million due to higher ridership and average fare. Operating profit increased by \$7.9 million in FY2015 on the back of higher revenue and productivity gains, partially offset by higher costs to support an expanded and ageing network, larger fleet, tightened regulatory standards and heightened operational demands. All operating expenses except electricity cost increased compared to FY2014.

Higher operating loss of **LRT** operations at \$3.8 million was due mainly to lower revenue, higher repairs and maintenance work on the ageing system and higher operating costs associated with the addition of new trains to the fleet during the year.

Revenue from **Bus** operations increased by \$20.3 million or 9.3% due to increased ridership and average fare. A lower operating loss of \$6.5 million was recorded in FY2015 due mainly to higher revenue and productivity management efforts, partially offset by higher diesel consumption and headcount increase to cater to an expanded fleet.

Non-Fare Business

Taxi operating profit increased by \$4.1 million or 42.6% due mainly to higher contribution from a change in fleet composition as well as lower accident claim and insurance expenses.

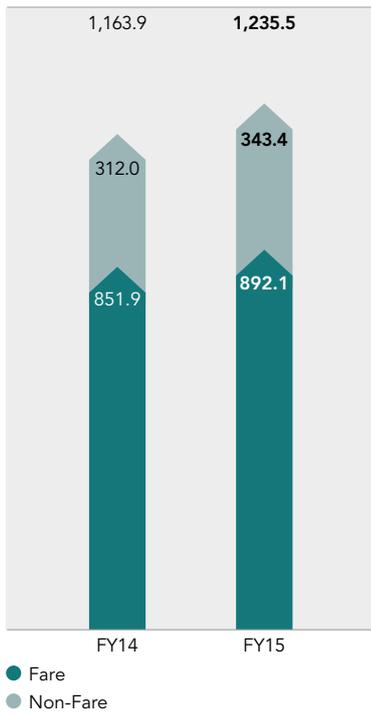
Rental revenue increased by \$22.8 million or 23.3% due mainly to higher rental renewal rates of commercial spaces, rental revenue from the redevelopment of Ang Mo Kio Xchange and rental revenue from Kallang Wave mall. Operating profit increased by \$6.2 million or 8.4% in FY2015 with the higher revenue, partially offset by higher operating costs.

Advertising operating profit increased by \$1.1 million or 5.3% primarily from higher revenue and lower operating costs.

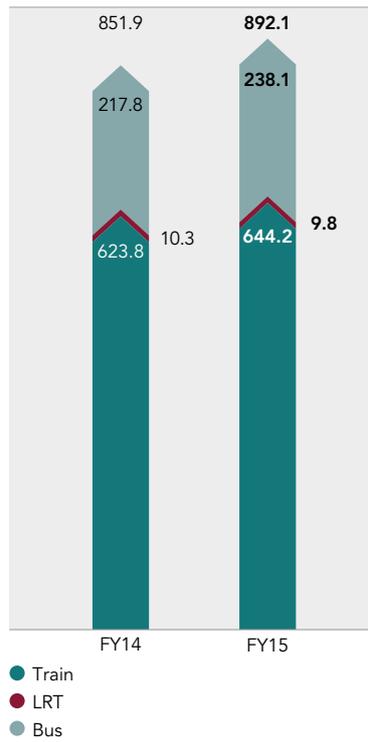
Engineering Services revenue decreased by \$6.6 million or 30.1% due mainly to completion of certain overseas consultancy projects in the previous year. Lower contribution from consultancy projects and expenses associated with the newly set up Singapore Rail Engineering, resulted in an operating loss of \$2.4 million in FY2015.

Revenue of **Other Services** increased by \$4.4 million or 17.9% due mainly to higher revenue from external fleet maintenance and an operating profit of \$2.4 million was recorded in FY2015.

Segmental Revenue (\$m)



Fare Revenue (\$m)



Non-Fare Revenue (\$m)



Segmental EBIT (\$m)



Fare EBIT (\$m)



Non-Fare EBIT (\$m)



1. Others include investment holding and support services, and elimination.

GROUP PERFORMANCE CONTINUED

OPERATING EXPENSES

Staff costs rose \$21.2 million or 4.6% to \$483.6 million, due mainly to increased headcount and salary increments.

Depreciation net amortisation increased by \$21.8 million or 12.7% to \$193.1 million due mainly to capitalisation of a larger train fleet as well as new taxis.

Repairs and maintenance (R&M) costs increased by \$8.9 million or 7.9% to \$121.9 million in FY2015 due mainly to more trains undergoing scheduled overhaul, a more intensified maintenance regime and higher cleaning costs in Train operations. R&M for Taxi also saw an increase because of a larger fleet and overhaul works in line with the life cycle of the fleet.

Electricity and diesel costs fell \$12.9 million or 7.9% to \$150.7 million due mainly to lower average electricity tariff and diesel cost, partially offset by higher consumption arising from a larger train and bus fleet, and increased train runs.

Other operating expenses rose \$11.7 million or 5.5% to \$223.5 million due mainly to costs associated with the Kallang Wave mall and contribution to the Public Transport (PT) Fund as part of the conditions set in the fare adjustment that took effect on 6 April 2014. This was partially offset by lower accident claims and insurance expenses.

Finance costs were higher by \$2.1 million or 20.1% at \$12.5 million from the interest costs arising from the issuance of \$100 million fixed rate notes in June 2014 and \$200 million fixed rate notes in October 2014. This was partially offset by the repayment of \$150 million fixed rate notes in October 2014.

The Group's **other operating income** saw an increase of \$15.8 million or 37.5% in FY2015. This was due mainly to higher Bus Service Enhancement Programme (BSEP) grants to cover the increased operating costs incurred for BSEP buses and funding from the Public Transport Security Committee (PTSC) to partially offset the increased expenditure from heightened security standards.

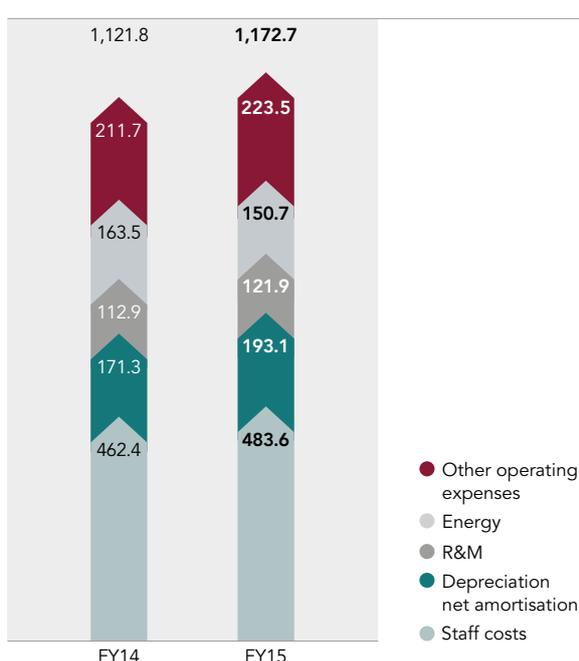
QUARTERLY RESULTS

The Group reported higher revenue in all four quarters of FY2015 compared to corresponding quarters in FY2014,

Quarterly Results

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total (year)
	\$m	%	\$m	%	\$m	%	\$m	%	\$m
Revenue									
FY2015	297.1	24.0%	314.0	25.5%	313.2	25.3%	311.2	25.2%	1,235.5
FY2014	284.8	24.5%	296.3	25.4%	293.3	25.2%	289.5	24.9%	1,163.9
Operating Profit									
FY2015	29.3	24.3%	33.3	27.5%	31.0	25.7%	27.1	22.5%	120.8
FY2014	22.2	26.4%	20.0	23.7%	20.1	23.9%	21.9	26.0%	84.2
Profit after Tax									
FY2015	22.3	24.6%	24.8	27.5%	22.6	24.9%	20.8	23.0%	90.5
FY2014	16.3	26.6%	14.3	23.2%	14.1	23.0%	16.7	27.2%	61.5

Operating Expenses (\$m)



due to higher revenue growth across almost all segments of the business.

Due to higher revenue coupled with productivity and cost management efforts to mitigate the impact of increased cost pressures, the Bus business reduced its operating losses every quarter and turned around in 4Q FY2015 to register an operating profit of \$0.9 million.

With increasing operating challenges in the Rail business environment, the Train operations went into its first ever loss in 4Q FY2015, even though profitability had improved during the first three quarters of FY2015.

The Non-Fare business continued to see steady growth, with improved profitability in most of the segments for every quarter of FY2015.

With overall increase in operating expenses being lower than the corresponding increase in revenue for each quarter, the Group recorded higher operating profit in all four quarters of FY2015 compared to corresponding quarters of FY2014.

BALANCE SHEET

Total assets increased by \$464.7 million or 22.4% due mainly to higher property, plant and equipment of \$400.7 million and higher trade and other receivables of \$68.7 million.

Property, plant and equipment increased due mainly to the addition of rail operating assets, trains, buses and taxis. Higher trade and other receivables was due mainly to higher receivables from the authorities and advance to suppliers.

Total liabilities increased by \$407.5 million or 32.1% due mainly to higher borrowings of \$185.2 million and higher trade and other payables of \$213.0 million.

The higher borrowings was due mainly to the issuance of \$100 million 10-year fixed rate notes in June 2014 and \$200 million 3-year fixed rate notes in October 2014, which were offset by the repayment of \$150 million fixed rate notes in October 2014.

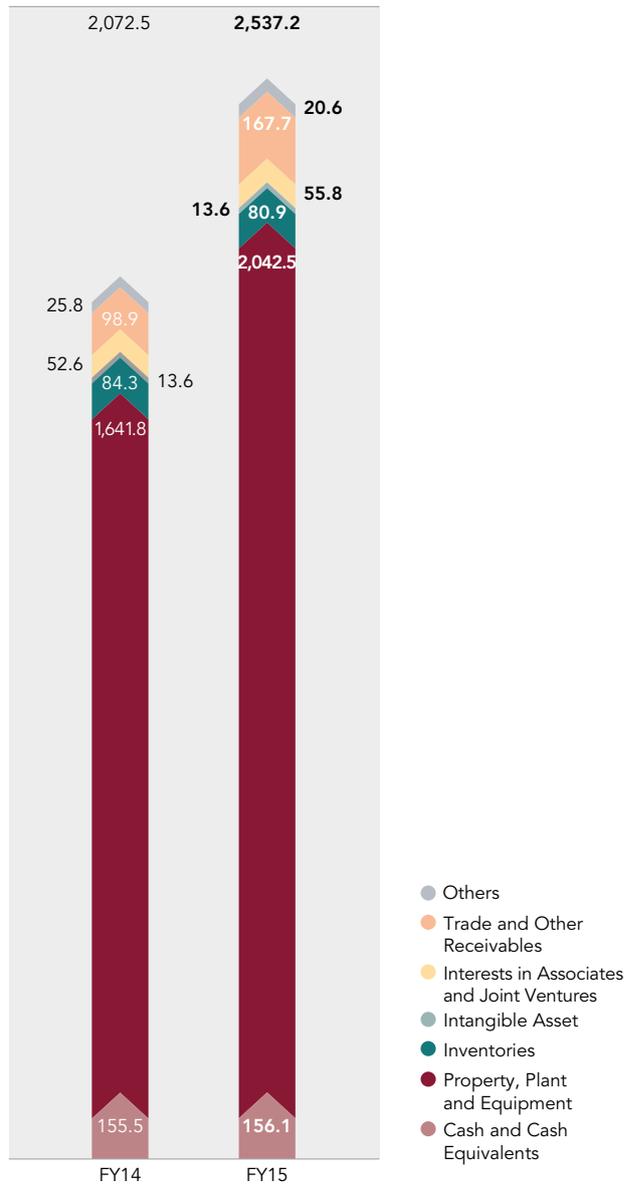
The higher trade and other payables was due mainly to the accruals for new trains and other property, plant and equipment.

The Group's borrowings stood at \$821.6 million, translating to a net gearing of 77%.

Balance Sheet Highlights (as at 31 Mar 2015)

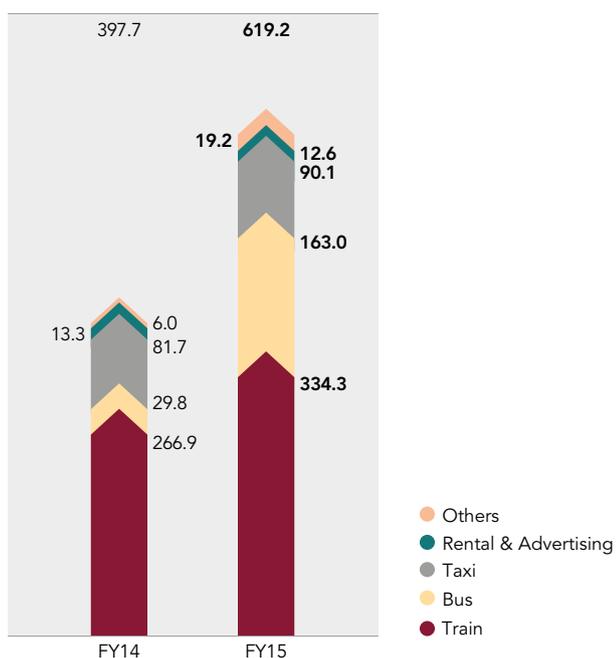
	\$m	Var \$m	
Total Assets	2,537.2	464.7	▲
Cash and Cash Equivalents	156.1	0.6	▲
Inventories	80.9	(3.4)	▼
Interests in Associates and Joint Ventures	55.8	3.1	▲
Property, Plant and Equipment	2,042.5	400.7	▲
Trade and Other Receivables	167.7	68.7	▲
Total Liabilities	1,678.3	407.5	▲
Total Equity	858.9	57.2	▲

Total Assets (\$m)



GROUP PERFORMANCE CONTINUED

CAPEX (\$m)



The Group incurred capital expenditure (CAPEX) of \$619.2 million in FY2015 due mainly to the addition of rail operating assets, trains, buses and taxis.

CASH FLOW

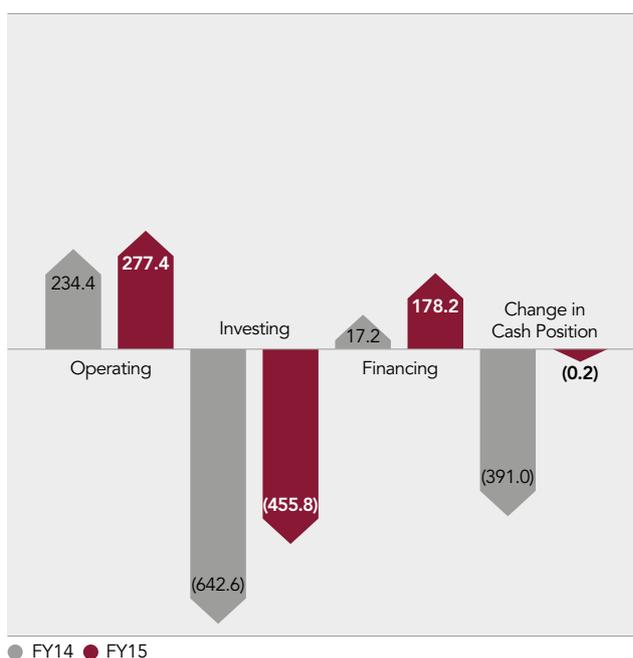
The Group ended the financial year with cash and cash equivalents of \$156.1 million compared to \$155.5 million at the start of the year.

Net cash inflow from operating activities of \$277.4 million for FY2015 was higher compared to FY2014, due mainly to higher profitability.

Net cash outflow from investing activities of \$455.8 million for FY2015 was lower compared to \$642.6 million for FY2014, due mainly to lower payment for purchase of property, plant and equipment.

Net cash inflow from financing activities of \$178.2 million for FY2015 was higher compared to \$17.2 million for FY2014, due mainly to proceeds from the issuance of \$300 million fixed rate notes and higher proceeds from borrowings, partially offset by repayment of financial liabilities.

Cash Flow (\$m)



FY2016 OUTLOOK

The Group continues to face increasing operating challenges in the Rail business environment with Train operations seeing its first ever loss in the last quarter. There is a need to increase operating expenses to cater to the enlarged fleet of trains, expansion of the network with the commencement of Tuas West Extension operations in FY2017, and intensified repair and maintenance works for the ageing rail system. Higher headcount will be required to meet tightened regulatory standards and heightened operational demands on service, reliability and capacity. Further investments will have to be made for the acquisition of new operating assets, asset renewal and life cycle upgrades. The effective fare adjustment of 1.9% which took effect in April 2015 and lower energy prices will only partially mitigate the increase in operating costs in the coming year. The Group will continue to be proactive in its productivity and cost management efforts.

The Group is continuing its discussions with the authorities on the transition to a new rail financing framework, and progress is being made.

Over the next 12 months, SMRT Buses will continue to participate in the tenders under the Government's new bus contracting model. However, the outcome of these will not have an impact on the results of the Group in the coming year.

The Group will continue to grow its Non-Fare businesses, build on its rail engineering capabilities, and explore local out-of-network and international opportunities.

VALUE ADDED AND ECONOMIC VALUE ADDED ANALYSIS

Value Added Statement

\$'000	FY2014	FY2015
Revenue	1,163,893	1,235,535
Less: Cost of bought-in goods and services	(425,054)	(416,227)
Gross Value Added	738,839	819,308
Share of results of associates and joint ventures	(418)	989
Investment income	206	206
Interest income	1,064	1,381
Gain/(Loss) on disposal of property, plant and equipment	1,874	(124)
	741,565	821,760
<i>Applied as follows:</i>		
To Employees – staff costs	462,245	481,482
To Government – income and other taxes	36,089	44,167
To Providers of Capital:		
Interest on borrowings	10,431	12,527
Dividends to shareholders*	30,425	41,055
Balance reinvested in business:		
Depreciation of property, plant and equipment	181,179	203,155
Non-controlling interest's share	(404)	(546)
Profit for the period retained by the Group	31,477	49,945
Others	(9,877)	(10,025)
	741,565	821,760

* Dividends paid in year 2015 are \$41,055,000 (2014: \$30,425,000), which are fully paid out from current year profit (2014: \$30,425,000) and balance \$Nil (2014: \$Nil) from brought forward accumulated profits.

Economic Value Added Statement

\$'000	FY2014	FY2015
Profit from ordinary activities before taxation	74,655	110,856
Adjustments for:		
Interest expense	10,431	12,527
Others	–	–
Adjusted profit before interest and taxation	85,086	123,383
Economic tax	(13,206)	(19,076)
Net Operating Profit After Tax (NOPAT)	71,880	104,307
Average capital employed ^{Note 1}	1,369,295	1,517,846
Weighted average cost of capital ^{Note 2}	4.717%	4.967%
Capital Charge (CC)	64,590	75,392
Economic Value Added (EVA = NOPAT – CC)	7,290	28,915

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

Major capital components	FY2014 \$'000	FY2015 \$'000
Debt	622,941	729,008
Equity	746,354	788,838
	1,369,295	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% (FY2014: 5.0%);
- Pre-tax risk-free rate of 2.3% (FY2014: 1.6%);
- Ungeared beta at 0.51 (FY2014: 0.61) based on peer analysis; and
- Pre-tax cost of debt at 4.4% (FY2014: 3.7%) based on pre-tax risk-free rate plus credit spread.

VALUE ADDED AND ECONOMIC VALUE ADDED ANALYSIS CONTINUED

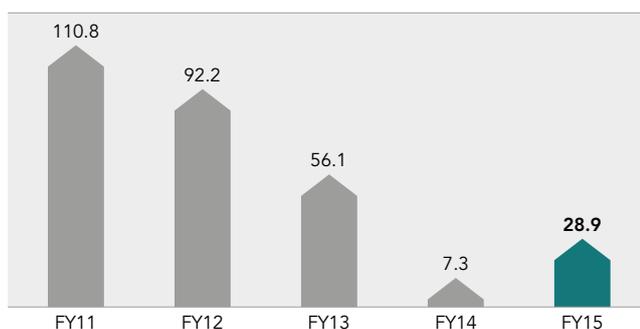
Productivity Analysis

	FY2011	FY2012	FY2013	FY2014	FY2015
Employment costs per \$ of turnover (\$)	0.32	0.32	0.35	0.40	0.39
Economic value added (\$m)	110.8	92.2	56.1	7.3	28.9
Economic value added per employee (\$)	16,874	13,345	7,494	919	3,485
Value added (\$m)	648.1	642.3	677.8	741.6	821.8
Value added per employee (\$)	98,718	92,985	90,595	93,490	99,031
Value added per \$ of employment cost (\$)	2.07	1.89	1.72	1.60	1.70
Value added per \$ of gross fixed assets (\$)	0.26	0.22	0.22	0.21	0.21
Value added per \$ of turnover (\$)	0.67	0.61	0.61	0.64	0.67

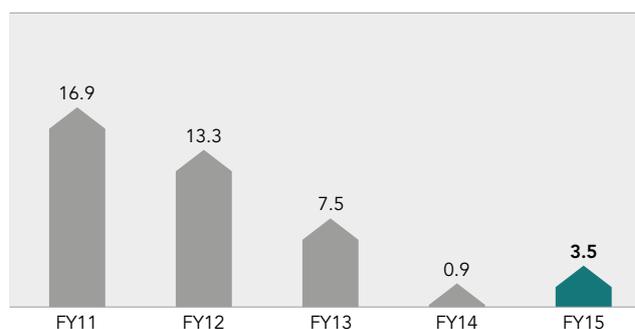
In FY2015, the total value added (VA) for the Group was \$821.8 million. The amount applied to employees (staff costs) was \$481.5 million, income and other taxes to the government was \$44.2 million, and interest and dividends to the providers of capital was \$53.6 million, leaving a balance of \$242.5 million reinvested in the Group.

The Economic Value Added (EVA) at \$28.9 million was higher than FY2014 due mainly to higher operating profit partially offset by higher cost of capital resulting from an increase in debt level. The graphs below illustrate the change in EVA, EVA per employee, VA per dollar employment cost and VA per employee over the past five years.

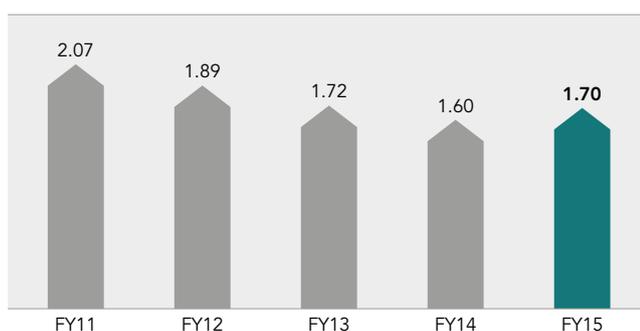
EVA (\$m)



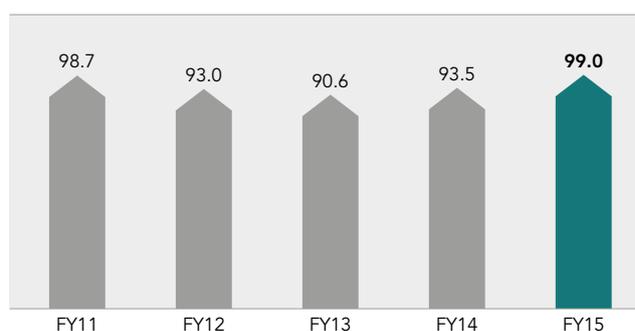
EVA per Employee (\$'000)



Value Added per Dollar Employment Cost (\$)



Value Added per Employee (\$'000)



ENGAGING OUR SHAREHOLDERS

SMRT is committed to high corporate governance and transparency standards, and adopts a proactive and open approach in communicating with our shareholders, analysts and investors. We strive to provide accurate, reliable and timely information about the Group's operations, performance and outlook to help the investment community make informed investment decisions.

PROACTIVE COMMUNICATION

During the year, SMRT Management continued to actively engage the investment community to share the Group's business strategy, operational and financial performance.

We met with over 90 institutional investors and analysts during the year, and our Management also attended several investor conferences in Singapore.

SMRT is well covered by 12 analysts, who produced over 70 reports in FY2015. Our Management interacted regularly with these analysts through meetings and teleconferences during the year to provide a deeper understanding of the Group's business fundamentals and prospects.

Our Annual General Meeting (AGM) is held every July for the Board of Directors and Management to interact with shareholders. To reach out to our large retail investor base, our AGM is always held at a central location and our last AGM, held at the Marina Mandarin Hotel, was attended by close to 600 shareholders.

SMRT supports the Securities Investors Association (Singapore) (SIAS) investor outreach programme to engage our shareholders. As part of this collaboration, SMRT also offers a free one-year SIAS associate membership to all shareholders.

The Group ensures that all information is disclosed in a timely manner to shareholders. Quarterly results for the Group are announced within one month of the close of the quarter and the audited full-year financial statements within a month of the end of the financial year. The Group's

CEO, CFO and members of Management host 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 the Group's corporate website.

COMMITMENT TO ENHANCING SHAREHOLDER VALUE

Dividend Policy

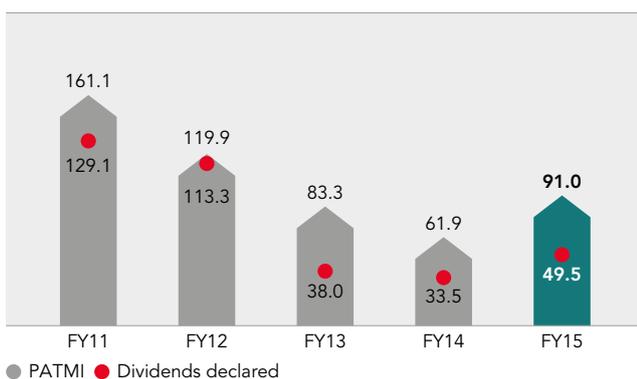
SMRT's dividend policy takes into account our long-term objective of maximising shareholder value, the availability of cash and retained earnings, our expected financial performance and projected capital expenditure and other investment plans. We endeavour to maintain a payout ratio of 60% of PATMI per 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.

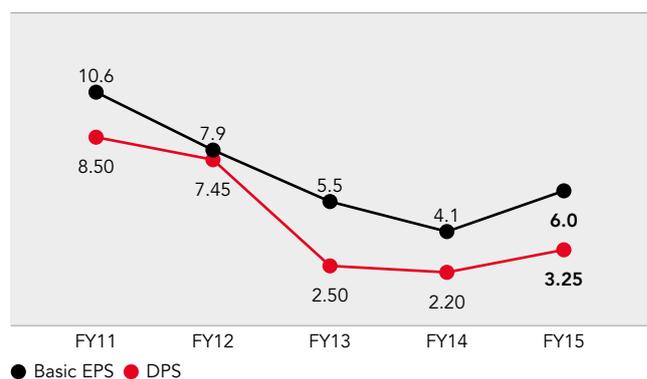
In FY2015, the Board proposed a final dividend of 1.75 cents per share. If approved at the 16th AGM on 7 July 2015, this will bring the total dividend for FY2015 to 3.25 cents per share, or a dividend payout of 54.4% of PATMI.

As at 31 March 2015, our market capitalisation was approximately \$2.4 billion, based on the closing price of \$1.60. The average share price for the year was \$1.53, hitting a high

PATMI and Dividends (\$m)



Earnings and Dividend Per Share (cents)



SMRT AND OUR SHAREHOLDERS CONTINUED

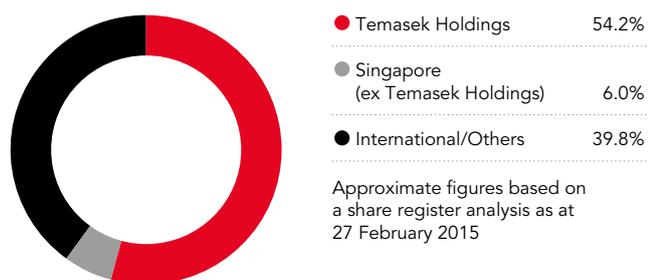
of \$1.80 on 2 February 2015 and a low of \$1.015 on 2 April 2014. Average monthly trading volume was 49.7 million. The chart below shows the average monthly closing share price performance and the total monthly trading volume of SMRT shares in FY2015.

SHAREHOLDER BASE

As at 31 March 2015, SMRT had 49,383 registered shareholders. However, the actual number of shareholders is likely to be higher due to shares held through nominees, investment funds and other share schemes.

Temasek Holdings remains the largest shareholder with 54% ownership interest as at 27 February 2015. Of the Group's free float of 46%, about 10% of our shareholdings were held by institutional investors from major global financial markets. The top three geographical regions where our investors were based are Singapore, Asia (excluding Singapore) and North America.

Shareholders by Region



ACHIEVEMENTS

SMRT was ranked 10th amongst 644 Singapore-listed companies in the Business Times Governance & Transparency Index (GTI) 2014.

SMRT was also ranked 4th amongst the top 100 Singapore-listed companies in the Singapore Country Report: ASEAN Corporate Governance Scorecard 2014-2015.

INVESTOR RELATIONS CALENDAR FOR FY2015

1Q FY2015

- Fourth Quarter and Full Year FY2014 results briefing
- Participated at the Deutsche Bank Conference 2014
- Participated at the Citibank ASEAN Investor Conference 2014
- Analysts' visit to SMRT Bishan and Kim Chuan Depots

2Q FY2015

- 15th Annual General Meeting
- First Quarter FY2015 results briefing
- Luncheon with shareholders, jointly organized with SIAS
- Participated at the DBS Vickers Securities Investor Conference 2014
- Participated at the Macquarie ASEAN Corporate Day 2014
- Participated at the Goldman Sachs Future Forward ASEAN Corporate Day
- Participated at the UBS ASEAN Conference 2014
- Investors' visit to Kallang Wave mall with UBS ASEAN Conference 2014

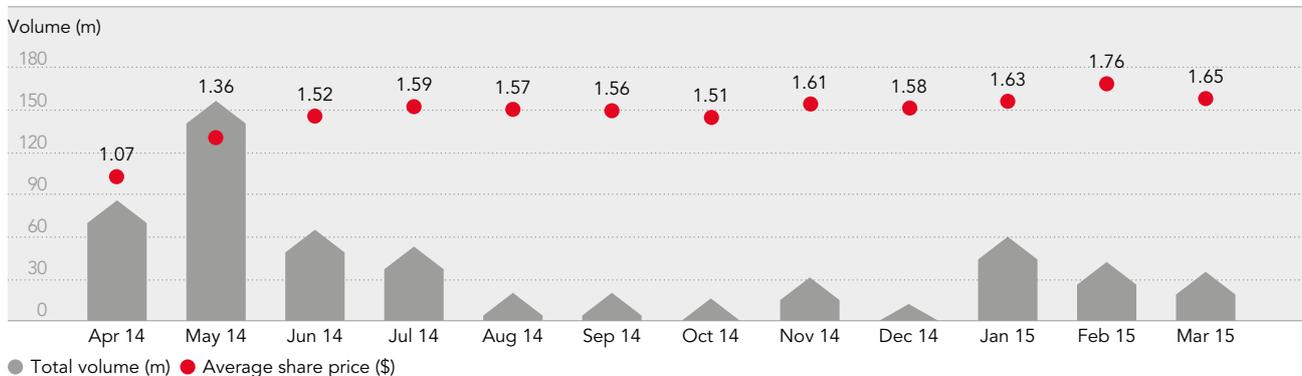
3Q FY2015

- Second Quarter and Half Year FY2015 results briefing
- Shareholders' visit to SMRT Kim Chuan Depot, jointly organized with SIAS

4Q FY2015

- Third Quarter FY2015 results briefing

Share Performance



GROUP OPERATING REVIEW

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 - SMRT Buses
 - Championing Service Excellence
 - SMRT Investments – Transit-Oriented Rental & Advertising
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 - SMRT Investments – Commercial Business
 - SMRT Taxis
 - SMRT Engineering & SMRT International
 - Singapore Rail Engineering
 - Automotive Services
 - Bus-Plus Services

SMRT TRAINS & LRT

In FY2015, we continued to improve our system reliability and engineering expertise. We maintained our focus on meeting our commuters' needs, and also benchmarked against leading global operators to ensure that we are on par with international railway standards.

HIGHLIGHTS 2015

- Increased annual ridership on NSEWL and CCL by 2.8% to 730.6 million.
- Improved train withdrawal rates to 1.05 from 3.3 withdrawals per 100,000km for NSEWL.
- Maintained high service availability of over 99.9% on the NSEWL, CCL and BPLRT.

PRIORITIES FOR 2016

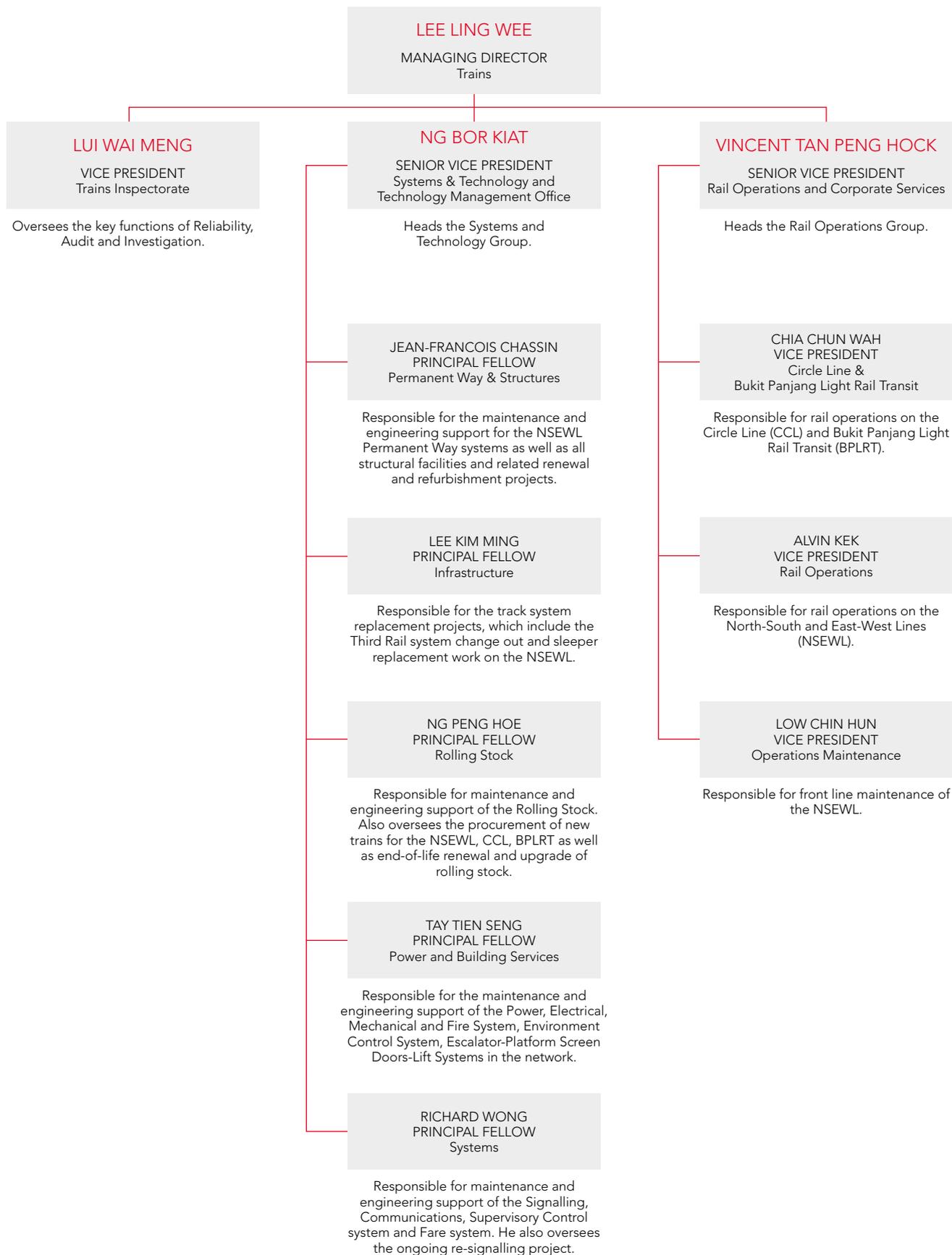
- Improve reliability and availability of train service through system renewal, preventive and predictive maintenance.
- Intensify work on infrastructure renewal programmes.
- Increase capacity with progressive introduction of 45 new trains on the NSEWL and 24 new trains on the CCL. All 13 new train-cars on the BPLRT will be operational by end 2015.
- Engage authorities to accelerate train renewal and facility expansion programmes.

IMPROVING SERVICE

This financial year, we continued directing our efforts at improving customer experience on our train network. We have optimised the deployment of trains during pre-peak and peak hours to better meet passenger demands, including the addition of spare trains during peak hour service. We continue to work on reducing waiting times and increasing train frequency to meet rising demand.

The ongoing nationwide change-out of our timber sleepers was intensified. We have completed changing out all the sleepers on the North-South Line way ahead of schedule. With all 96,000 timber sleepers replaced with concrete ones and speed restrictions lifted, commuters will enjoy faster and more comfortable train rides. We made every effort to minimise service disruption and inconvenience to our commuters. For our efforts to communicate and advance commuters' and the community's understanding of the programme and address their concerns, SMRT won the award for the Best Public Sector Campaign at the Institute of Public Relations Singapore's Prism Awards 2015.

Re-signalling works are underway to enhance system reliability. We have identified and adopted proven system migration strategies to ensure that the seamless integration of the new signalling system poses minimal inconvenience to our passengers. All these have to be done while we continue train service every day, coordinated with other repairs and maintenance works every night. We expect to be ready with the new signalling system on the North-South Line by 2016, and with the full delivery of another 45 new trains by the second half of 2016, we will be able to bring the peak period headway, or interval between trains, down from two minutes to 100 seconds.



GROUP OPERATING REVIEW CONTINUED

PUBLIC TRANSPORT OPERATIONS

We have also embarked on progressive upgrades of our ageing first and second generation train fleet to ensure that they remain reliable for the rest of their asset lives. In 2015, we are completing the design studies before proceeding with the testing of the prototype in 2016. The systematic upgrading of the train fleet will commence soon after.

New trains will be added to the NSEWL, Circle Line (CCL) and Bukit Panjang LRT (BPLRT) to increase the overall passenger capacity. The progressive addition of 45 new trains on the NSEWL and 24 new trains on the CCL will take place over the next few years. All 13 new train-cars will be operational on the BPLRT by the end of 2015. The larger train fleet on the NSEWL will also allow more trains to undergo critical maintenance and older trains to be upgraded as part of the ongoing works on the NSEWL's signalling system.

STRENGTHENING 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 3.3 for every 100,000km at the end of 2012 to 1.05 at the end of 2014, which is equivalent to 2007 levels. Our actions to ensure a robust rail system are encapsulated in the holistic approach we have taken to strengthen our rail engineering capability in three key areas of *process*, *technology* and *people*.

Process

In terms of *process*, we have enhanced the way we manage critical rail infrastructure, assets and equipment that affect the safety and reliability of train services.

This includes an improved Staff Deployment System to be ready and responsive to incidents. Station staff will also be cross-trained to better equip them to attend to minor delays and disruptions where possible, before the technical teams arrive at the scene.

We will also be setting up a Maintenance Operations Centre to support and coordinate the response by maintenance teams to rail incidents. The Maintenance Operations Centre allows key subject matter experts to communicate with and direct employees on the ground with diagnostic advice to expedite service recovery.

All our maintenance teams will be accessing the Mobile Operations Maintenance systems, a network of computer tablets configured to support maintenance needs. It allows teams who are on-site to access their technical database and instruction manuals.

In FY2015, we implemented the Asset Management System which provides a holistic view to managing our train assets within the lifecycle continuum. With an integrated asset management system in place, we were awarded the ISO 55001 certification (maturity level 3) in April 2015. We will continue to hone our analytical skills, periodically review risk assessments and aim to enhance the overall condition of our assets in a systematic and sustainable manner. In the years ahead, we will pursue a higher maturity level of 4 with the integrated use of condition monitoring systems for predictive maintenance.

Technology

Likewise, we are optimising sensor and diagnostic *technologies* to improve predictive maintenance and condition monitoring measures. Since 2013, we have deployed Linear Variable Differential Transformers (LVDT) to detect potential faults on the third rail, which supplies power to the trains. We will be also introducing more advanced sensors on the underside of passenger trains, to provide real-time updates on the condition of our tracks.



All 13 new-train cars will be operational on the BPLRT.



Sleeper replacement work currently underway on the NSEWL and will be completed by 2016.

People

We have been developing and implementing an engineering professional competency roadmap to ensure that our *people* are equipped with the necessary technical expertise to fulfil the increasingly complex functions of the expanding rail network and its maintenance. Over the past three years, we have increased the number of engineers by 64% and our technicians by 21%. By 2018, we intend to grow by another 39% and 24% respectively to meet the demands of our expanding network and higher operating standards.

We have a comprehensive competency roadmap for our technical workforce. We are collaborating with educational institutes like the Institute of Technical Education colleges, local polytechnics and the Singapore Institute of Technology to accredit our workforce with the necessary professional skills and qualifications.

We are working with the Institute of Engineers Singapore to accord a Chartership in Transport Rail Engineering, which recognises the professional skills and values attained by our Rail engineers.

We are also working closely with the Union to review work schedules of our employees with a view to enhance maintenance regimes, operational performance and workforce productivity.

TAPPING ON INTERNATIONAL TECHNICAL EXPERTISE

We also regularly engage counterparts from leading metros around the world to share operational and technical knowledge as well as learn from their best practices.

Since 2014, SMRT has benefited from the expertise of a Technical Advisory Panel comprising local and international engineering and transport professionals in validating the technology development roadmap and system improvements. SMRT hosted the second Technical Advisory Panel meeting with specialists from Singapore and around the world. The meeting focused on improving the rail network reliability. Members of the panel shared insights on strengthening rail expertise, asset management strategy and application of technology for enhanced effectiveness and efficiency.

KEY OPERATING DATA

	FY2011	FY2012	FY2013	FY2014	FY2015
Total route length (NSEWL & CCL) (km)	109.9	128.6	128.6	128.6	129.8
Total car-kilometres operated (to nearest million)	100.2	114.4	122.2	123.7	126.8
Growth in car-kilometres operated (%)	9.1	14.1	6.8	1.2	2.5
Total ridership (to nearest million)	603.9	654.4	690.9	710.8	730.6
Growth in ridership (%)	12.6	8.3	5.6	2.9	2.8
Average weekday ridership (to nearest '000)	1,776	1,927	2,041	2,091	2,148
Growth in average weekday ridership (%)	12.5	8.5	5.9	2.5	2.7
Total passenger-kilometres (to nearest million)	7,076	7,575	7,887	8,016	8,129
Growth in passenger-kilometres (%)	9.8	7.0	4.1	1.6	1.4
Average car occupancy (passenger per car)	70.6	66.2	64.5	64.8	64.1
Growth in average car occupancy (%)	0.7	(6.2)	(2.6)	0.4	(1.0)

GROUP OPERATING REVIEW CONTINUED PUBLIC TRANSPORT OPERATIONS

The Technical Advisory Panel affirmed that SMRT is moving in the right direction to achieve its targets of operational excellence and engineering capability.

MEETING LOCAL AND INTERNATIONAL STANDARDS

The Public Transport Customer Satisfaction Survey (PTCSS) is an annual exercise conducted to gain insight into commuter expectations and needs. In 2014, 91.3% of commuters surveyed expressed satisfaction with Singapore's public transport services.

For the first time in four years, satisfaction with MRT services improved and recorded an increase of 4 percentage points to 92.8% from 88.9% in 2013.

In 2014, our Train Service Availability was above the national target of 98% across our rail network. We maintained train service availability at 99.9% for the NSEWL and 99.98% for the CCL, compared to the national target of 98%. The BPLRT

performed well at 99.94% service availability, against the national target of 99.5%.

SMRT is an active member of the international benchmarking group, Nova and Community of Metros (CoMeT), comprising leading global metros. SMRT was ranked the safest and most manpower-efficient network.

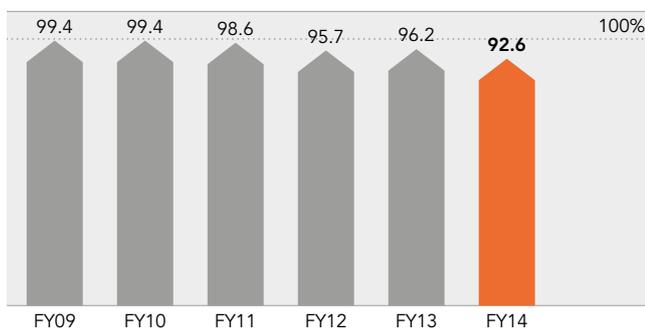
LOOKING FORWARD

In the coming year, we will continue to enhance train reliability with our numerous multi-year efforts. We will be collaborating with the authorities to accelerate the track renewal and facility expansion programmes. We are enhancing the reliability of our systems by moving from preventive maintenance to predictive maintenance with the integration of sensory technology and condition-monitoring systems into the network.

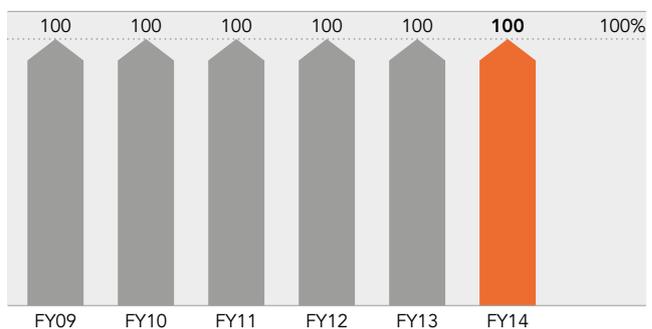
SMRT is continuing its discussions with the authorities on the transition to a new rail financing framework, and progress is being made.

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 risen. Cost figures are adjusted using 2013 Purchasing Power Parity (PPP) conversion factors.



Over the past three years, we have increased the number of engineers by 64% and our technicians by 21% to better meet the demands of our expanding network and higher operating standards.

NSEWL PERFORMANCE AGAINST LTA OPERATING PERFORMANCE STANDARDS (OPS)

	FY2011	FY2012	FY2013	FY2014	FY2015
Train Arrival Punctuality (at least 96% within 2 minutes of schedule weekly, effective 1 January 2015)	96.01	90.76	89.08	84.92*	87.45*
Train Departure Punctuality (at least 96% within 2 minutes of schedule weekly)	97.37	93.22	93.06	91.10*	92.22*
Train Service Delivery (at least 98% of scheduled train-km weekly)	99.91	99.84	99.65	99.82	99.90
General Ticketing Machine Reliability (at least 98% weekly)	99.75	99.75	99.83	99.86	99.81
Passenger Service Machine Reliability (at least 98% weekly)	99.91	99.91	99.94	99.93	99.93
Automatic Fare Gates Reliability (at least 98% weekly)	99.91	99.90	99.95	99.94	99.96
Escalator and Conveyors Reliability (at least 99.5% monthly)	99.98	99.94	99.96	99.84	99.94
Lift Reliability (at least 99.0% monthly)	99.78	99.87	99.85	99.89	99.88
Passenger Injury Rate (no more than 0.4 injuries per million customers monthly)	0	0.005	0.006	0.002	0.009

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

CCL PERFORMANCE AGAINST LTA OPERATING PERFORMANCE STANDARDS (OPS)

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

BPLRT PERFORMANCE AGAINST LTA OPERATING PERFORMANCE STANDARDS (OPS)

	FY2011	FY2012	FY2013	FY2014	FY2015
System Service Availability (at least 99.5% monthly)	99.87	99.95	99.97	99.97	99.94
General Ticketing Machine Availability (at least 95% monthly)	99.94	99.94	99.94	99.97	99.93
Automatic Fare Gate Availability (at least 95% monthly)	99.92	99.92	99.99	99.99	99.97
Lift Availability (at least 98% monthly)	99.95	99.93	99.92	99.92	99.93
Passenger Injury Rate (no more than 0.4 injuries per million customers monthly)	0	0	0	0	0.054

SMRT BUSES

We offer our commuters a safe and reliable journey and continue to pursue service excellence with new initiatives and enhancements made to our current systems and processes.

HIGHLIGHTS 2015

- Fulfilled all Quality of Service (QoS) and Bus Service Reliability Framework (BSRF) standards.
- Introduced over 100 Double Deckers into SMRT revenue services.
- Implemented new Operations-Technology capabilities.
- Substantially reduced losses.
- Submitted tender proposal for Bulim Bus Package.

PRIORITIES FOR 2016

- Continue to improve the financial performance of Buses.
- Commit to service excellence through our dedicated workforce, as well as leverage technology to enhance commuter experience and improve performance.
- Create competitive advantage to strengthen our participation in bids under the Government bus contracting model.

ENHANCING CAPACITY, CONNECTIVITY AND RELIABILITY

In FY2015, as part of SMRT Buses' commitment to offer commuters the highest standards in safety, reliability, care and comfort, we embarked on our largest fleet renewal and growth initiative to date. To this end, SMRT confirmed the delivery of over 570 buses which included 40 MAN articulated buses, 332 MAN 12-metre buses and 201 Alexander Dennis Double Deckers. The buses were added progressively to our existing fleet of over 1,200 buses from July 2014 and delivery will be completed by end 2016.

Of the 570 buses, 199 were introduced through the Bus Service Enhancement Programme (BSEP) in close collaboration with the authorities. BSEP, which was first announced in 2012, introduces more buses to both existing and new routes to enhance service connectivity. In the past year, we have added Service 990 which better connects residents between Bukit Batok and Jurong East. We have also worked closely with the authorities to accelerate the implementation of service improvements under BSEP by December 2014.

The Bus Service Reliability Framework (BSRF), which aims to improve bus reliability while reducing instances of bus bunching and prolonged waiting times, is a trial that involves monitoring 22 bus services over two years and complements the existing Quality of Service (QoS) standards. Ten of the 22 bus services identified for the trial are operated by SMRT Buses. To date, seven of the 10 SMRT buses have demonstrated improvements in excess waiting time. Since June 2014, incentives and penalties have been implemented for these services and will be expanded to include all the other services in time to come.

We have successfully trialed telematics technology, and installed the devices on our bus fleet. The telematics device provides real time tracking and analysis of driving parameters such as bus speed. This data can be analysed to better understand any risks, and improve safety and comfort by identifying areas for pre-emptive intervention.



SMRT introduces Double Deckers to our fleet of buses.

Wheelchair Accessible Buses (WAB)

In FY2015, we introduced more WAB service routes, bringing our current total to 45. More than 70% 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.

Working with the Community

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

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

We have been actively reaching out to the communities we serve. In November 2014, we organised Journey with Us @ Bukit Batok Interchange. This is the first in a series of SMRT Buses service enhancement programmes organised with grassroots to strengthen community engagement and to promote professional career opportunities in the Bus industry. We are encouraged by the success of the event and hope to roll out similar events at other locations across the island in the coming year.

DELIVERING ON CUSTOMER SERVICE

In our bid to enhance our service standards, all employees are undergoing a customised SMRT Service Excellence Programme.

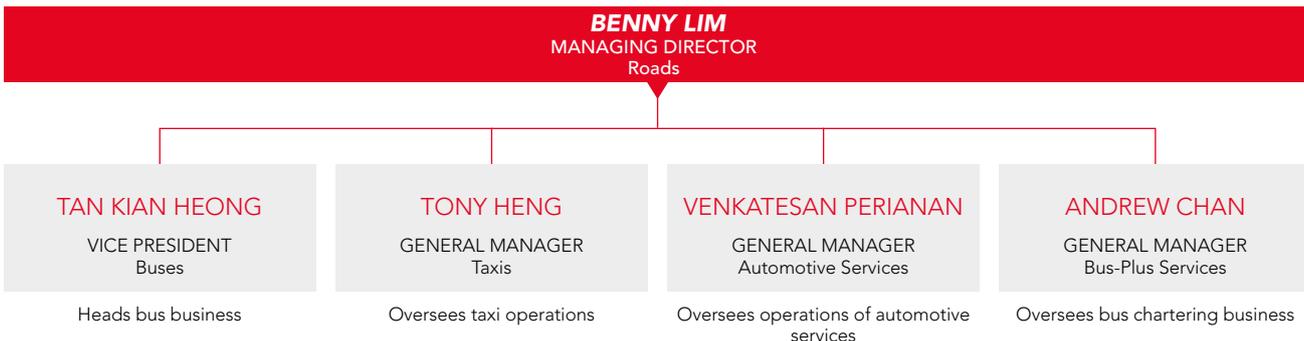
Improving Emergency Response and Preparedness

As part of our regular review of operating procedures and processes, we have updated our Bus Incident Management Plan and associated Standard Operating Procedures (SOPs).

To further strengthen our train service disruption recovery operations, we have reviewed our processes with SMRT Trains to enhance responsiveness when activating and integrating bus bridging services across our rail network.

Meeting Local and International Standards

The Public Transport Customer Satisfaction Survey (PTCSS) is an annual exercise conducted to gain insight into commuter expectations and needs. In 2014, 91.3% of commuters surveyed expressed satisfaction with Singapore's public transport services.



GROUP OPERATING REVIEW CONTINUED

PUBLIC TRANSPORT OPERATIONS

For bus services, customer satisfaction rose about two percentage points from 88.3% in 2013 to 90.2%, with most key service attributes registering improvements. Customer service saw the biggest jump in satisfaction from 77.0% to 80.5%. Provision of service information, reliability and comfort also registered higher satisfaction levels in 2014 and this can be attributed to the introduction of new services and improvements to existing services.

In FY2015, we achieved all QoS criteria set by the Public Transport Council (PTC), and made further improvements to our effective implementation of BSEP.

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 the 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.

PERFORMANCE, PRODUCTIVITY AND CAREER PROGRESSION

In professionalising our workforce, we developed a meaningful career path for our Bus Captains.

Together with e2i (Employment and Employability Institute), we have signed an agreement to jointly develop and operate Singapore's first Bus Career Development Centre. There will be 16 simulators which will improve training quality and safety as drivers learn how to navigate different buses, in diverse weather and road conditions.

In an effort to attract more Singaporeans and Permanent Residents to become public bus drivers, we have implemented a Flexible Employment Scheme for Part-Time Bus Captains to provide greater and more flexible employment opportunities. This new scheme allows drivers to opt for shorter shifts, so becoming a Bus Captain can appeal to more individuals and we can create a larger pool of drivers to meet the growing demand for public buses.

SUSTAINABILITY OF OUR BUSINESS

We have been actively managing our operating costs by optimising our fleet and increasing staff productivity in our daily operations.

With the restructuring of the public bus industry to a Government contracting model, the authorities will tender out three packages of bus services comprising about 20% of existing buses over two years. In January 2015, SMRT Buses submitted our bid for the Bulim tender. We are disappointed with the results but we will continue to participate in future tenders under the Government's new bus contracting model.

GEARING FOR THE FUTURE

We will continue to implement initiatives to improve the passenger experience on our buses. We will also implement the relevant fleet renewal and asset life cycle management and optimisation programmes.

We are working closely with the authorities on BSEP. With the inclusion of more buses and services under the expanded BSEP between 2015 and 2017, commuters can look forward to a more comfortable journey, shorter waiting times and better connectivity.

In 2015, a new Integrated Transport Hub (ITH), situated where the Bukit Panjang Interchange used to be, will be ready to serve the residents. It will facilitate seamless travel by linking the bus interchange to the LRT station and other developments in the area. The ITH will feature enhanced touch points for greater convenience.

SMRT Buses	No. of Services
Trunks	50
Feeder/Intra-Town	22
Premium	10
Special	3
Express	10
Nightrider	7
Total	102

SMRT PERFORMANCE AGAINST PTC QUALITY OF SERVICE (QoS)

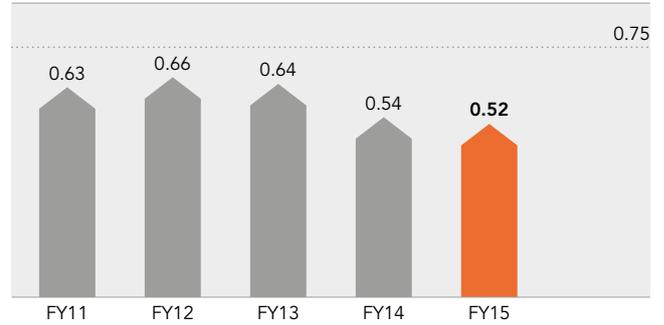
Trip Adherence (%)

At least 96% scheduled bus trips operated on each bus service monthly



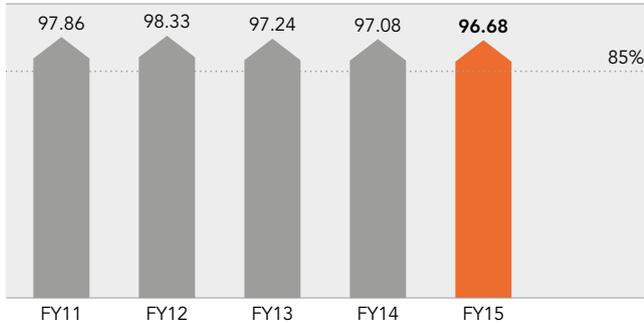
Accident Rate

Less than 0.75 per 100,000 bus-km per month



Headway Adherence (%)

Not less than 85% of bus service should adhere within 5 minutes of its scheduled headway (frequency) daily



Bus Breakdown Rate (%)

Less than 1.5% bus breakdown per 100 operating buses on all bus services monthly



Loading (%)

Bus loading not exceeding 95% during weekday peak periods on each bus service daily



CHAMPIONING SERVICE EXCELLENCE

During the past year, we continued developing and embarked on new programmes aimed at enabling excellence in the delivery of our customer service.

HIGHLIGHTS 2015

- Introduced new service touchpoints in our network.
- Enhanced our channels of communication through social media and an all-new mobile application.
- Introduced a new community initiative, Adopt-A-Station/Interchange. Fifteen schools have partnered with us in the first six months.
- Over 900 SMRT employees were recognised for their stellar customer service.

PRIORITIES FOR 2016

- Further enhance service touch points and channels of communication with commuters.
- Ensure the completion of our specially tailored WSQ service training modules.
- Roll out new Service Excellence programmes.
- Benchmark ourselves against various national and international customer satisfaction indices.

REINFORCING OUR CUSTOMER SERVICE CULTURE

At SMRT we are dedicated to inspiring a new level of Service Excellence.

Through our partnership with NTUC LearningHub and Disney Institute, we created a Service Excellence framework in 2014 that unites all our employees, from across the ranks, behind a common purpose and our service standards.

It has been woven into specially tailored Workforce Skills Qualification (WSQ) service training modules that all SMRT employees are scheduled to complete. To date, close to 80% of SMRT employees have completed their training.

We embarked on an effort to identify more ways to simplify processes and improve various customer service touch-points. In tandem with the Service Excellence programme jointly developed with Disney Institute, five Service Excellence work teams were formed, comprising employees from various functions across the Company to design and seed ground-up initiatives.

In 2014, the Work Teams developed and implemented several corporate-wide ideas to improve areas in collaboration, communication, process excellence, empowerment and engagement. We also trained 120 Service Excellence Leader Ambassadors across our different business units to act as change agents and role models to inspire employees to provide excellent service.

ENHANCING OUR CUSTOMER EXPERIENCE

We continue to build on the channels available to us, to effectively communicate our organisational priorities to all stakeholders. With our Facebook and Twitter accounts, our social media presence continues to provide timely information to commuters. We also improved our mobile application SMRT CONNECT with multi-modal journey planning capabilities. Our revamped corporate website is mobile-friendly and adopts a streamlined user interface.

SMRT continues to enhance commuter experience through the introduction of new service initiatives at our train stations. We introduced escalator safety announcements, priority queues, mobile device charging points, Care stickers, Care Zones, e-feedback system at the Passenger Service Centres and fault reporting via WhatsApp SNAP-REP (Snap and Report).



Students from Maris Stella High on our Back of House tour, which is part of our Adopt-A-Station programme.

At Bukit Batok Bus Interchange and Yishun Temporary Bus Interchange, we rolled out interactive panels that provide next and subsequent bus departure times, route information, fares, map, a journey planner and feedback form. Real-time bus departure times are also available at the queue berths.

SMRT collaborated with National University of Singapore (NUS) Enterprise to organise Singapore's first Hackathon on Commuter Experience. Over 120 participants from the public contributed ideas to improve public transport. Some of these ideas are at the proof of concept stage.

WORKING WITH THE COMMUNITY

We also introduced a new community initiative, Adopt-A-Station/Interchange, where we partner local schools to encourage gracious behaviour within the MRT station or bus interchange that their school has adopted.

This initiative aims to develop a sense of belonging and ownership between students and their neighbourhood. Students play a proactive role and are involved in the neighbourhood when they interact with commuters at adopted MRT stations or bus interchanges. The students also get a chance to participate in our Back of House Tour where they catch a glimpse behind the scenes, of our Rail and Bus Operations.

Between September 2014 and March 2015, 15 schools have adopted our MRT stations and bus interchanges and we expect more schools will be joining us in this effort.

RECOGNISING EXCELLENT SERVICE

We celebrate and recognise our employees who go the extra mile to deliver good service at our quarterly SMRTnl Service Excellence Campaign. Employees who display exemplary customer service behaviour are also presented with the CEO Service Awards. In 2014, over 370 employees have been lauded for their excellent service through this campaign.

At the national level, over 900 SMRT employees were recognised for their stellar customer service at the Excellent Service Awards, Singapore Experience Awards, National Kindness -Transport Gold Awards and the Land Transport Excellence Awards.

Our notable achievements include the Singapore Tourism Board's Singapore Experience Awards 2014. For the category,

Customer Service – Transport, all the finalists were from SMRT. Our Taxi partner, Mr Soh Beng Huat, emerged the overall winner. For the category of Most Service-Orientated Individual (Public Transport) at the Land Transport Excellence Awards, four of the six winners were from SMRT. Our Chief Bus Captain Mr D Suppiramaniam A/L M Duraisamy also clinched the 2015 Singapore Service Excellence Medallion Award for exceptional achievements in service excellence.

THE SERVICE EXCELLENCE ROAD AHEAD

In the coming year, we continue to be committed to customer service excellence and to develop our capabilities while enhancing the channels of communication with commuters.

We will monitor to ensure the completion of our Service Culture WSQ Service Excellence training and embark on other new Service Excellence programmes.

We will roll out new service excellence programmes including a renewed SMRTnl Service Excellence campaign and a new Service Excellence Forum to continue to drive service excellence culture in the Company.

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 touch points and deepen our engagements with commuters. We will also measure our progress and efforts through survey and benchmark ourselves against various national and international customer satisfaction indices.

OUR COMMON PURPOSE

We build trust and bring on smiles, every day and in everyone who journeys with us.

OUR SERVICE STANDARDS

- Safety
- Reliability
- Care
- Comfort

SMRT INVESTMENTS

TRANSIT-ORIENTED RENTAL & ADVERTISING

SMRT Properties and SMRT Media are divisions in SMRT Investments, managing SMRT's retail and advertising spaces. SMRT Properties manages the retail spaces within our network of MRT stations and bus interchanges, providing commuters with a wide range of shopping and dining options as they travel around Singapore. SMRT Media manages the advertising spaces within the MRT network, as well as our trains, buses and taxis.

HIGHLIGHTS 2015

- Rental network occupancy rate of 98.5%.
- Optimised short-term lease space for higher rental yield.
- Refurbished 47 stations to-date and achieved BCA Green Mark (Gold) with Ang Mo Kio Station.
- Increased rental yield with launch of Ang Mo Kio Xchange. All tenants are Project: Eco-Shop certified.
- Added commercial space at Yishun Temporary Bus Interchange.
- Become only OOH network with 12-metre, Double Decker and bendy buses.
- Marked SMRT Media's 10th anniversary with special advertising packages.

PRIORITIES FOR 2016

- Extract higher rental yield by optimising retail assets and tenant mix, and boost vibrancy through lifestyle offerings.
- Strengthen media and advertising strategies to drive revenue and inject more life in the network with multi-channel campaigns.

TRANSIT SHOPPING & DINING

SMRT Properties manages more than 820 retail units and achieved 98.5% occupancy during the year. We continually transform our Xchanges, MRT stations and bus interchanges to cater to the needs and lifestyle choices of our consumers in and around our transport network. We brought in more household services and well-loved F&B brands in FY2015, including Phoon Huat, Dai Gou – a fulfillment company for Tao Bao, PPP Laser Clinic, Japan IPL Express, Pizza Hut Express, Twelve Cupcakes and Ya Kun Kaya Toast.

With the launch of Ang Mo Kio Xchange in November 2014, we added more commercial space to the network. The retail mix comprises mainly F&B, complemented by convenient stores, banking & finance and dental & medical services. Ang Mo Kio Xchange also offers 24/7 ATM access across five banks, and is the second to be 100% Project Eco Shop certified. Improvement works to Ang Mo Kio station for a better transit experience included a new entrance, all round shelter, access ramp, bicycle parking and upgraded toilets. We also achieved the BCA Green Mark (Gold) for introducing environmentally-friendly features.

We added more commercial space with the Yishun Temporary Bus Interchange in January 2015. The 21 units comprising a trade mix of F&B, convenient stores and a remittance service will better serve the needs of the community till the new bus interchange is operationally ready in 2019.

During the year, we optimised our short-term lease space through several initiatives centered on family, sports, wellness and fashion. Apart from offering thematic fairs anchored on key retail seasons, we also piloted a collection service with Red Mart, a local online grocery store, and ran weekend fairs at Raffles Xchange. Overall, these initiatives brought more footfall and retail energy around our stations.

The Shop & Dine @ SMRT programme continues to reward customers with attractive promotions within the network. For the Great Singapore Sale, we worked with Princess Cruises to offer attractive cruise prizes. As a result of our partnership with Disney, other promotional campaigns were themed around popular, family-friendly brands and franchises such as Frozen for the year-end festive season, and Cinderella, post Chinese New Year.

TRANSIT ADVERTISING

SMRT Media manages Singapore's largest network of digital screens and advertising network across the public transport network. Daily, we reach millions of customers and commuters islandwide with our interactive, multi-channel campaigns. We are also the official OOH media partner for Kallang Wave mall at the Singapore Sports Hub.

SMRT Media marked our 10th anniversary in the public transport network with tailored advertising packages. With the addition of Double Deckers to our fleet of 12-metre and signature bendy buses, SMRT Media is now the only OOH network in Singapore with a comprehensive range of buses for advertising.

We worked with government agencies, local and international brands to execute multi-platform advertising solutions across the island. Examples include Ministry of Social & Family Development's International Year of the Family 2014; F&N's 130th anniversary campaign; NIVEA's moisturiser campaign; Internet provider MyRepublic's branding campaign and Samsung's launch of the S5 mobile phone.

Our strategy to grow breadth and depth of accounts is evidenced through the clients we worked with in FY2015. These span a wide portfolio of key events, consumer brands, banks, movie distributors and educational institutions. We also brought on board new luxury brands.

We added vibrancy and colour to the public transport network and enhanced the travel experience through SMRT Investments' partnership with Disney. We featured the first ever SMRT-Disney concept train featuring Frozen, Star Wars and Avengers, and a train-turned-carriage and large format advertising platforms for the Cinderella movie and consumer promotion.

IN SUPPORT OF WORTHY CAUSES

SMRT Media also actively extended our support for national events, public transport campaigns, community, environment, arts and sports during the year. These included National Day, President's Challenge, Community Chest, World Wide Fund for Nature, the Singapore Symphony Orchestra and 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 tenant mix to focus on more 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 creating interactive, multi-channel campaigns with our advertising clients. We will also strengthen our sales strategies to drive revenue, and grow breadth and depth of advertising accounts.



Bringing smiles to commuters with Disney's Cinderella concept train carriage.



Welcomed household brands such as Ya Kun Kaya Toast into the new Ang Mo Kio Xchange.

SMRT INVESTMENTS COMMERCIAL BUSINESS

SMRT Investments' Commercial Business contributes to the Group's non-fare revenue and profit through our expertise in retail and property management, media and digital OOH advertising, marketing and e-commerce.

HIGHLIGHTS 2015

- Leased more than 90% of space at Singapore Sports Hub to local and international dining and retail brands.
- Inked partnerships with two bank partners, Citibank Singapore and OCBC for year-long shop, ride, dine and park privileges.
- Launched iMOB Shop with nine lifestyle categories and e-stores.
- Pioneered digital innovation with Singapore's first illuminated Double Decker.
- Enhanced card value proposition for the Citibank SMRT Visa cardmembers.
- Inked 18-month partnership with The Walt Disney Company (Southeast Asia).

PRIORITIES FOR 2016

- Drive footfall and spend to retail and dining areas at Singapore Sports Hub through Community Connections, Destination Partnerships and 360° Marketing.
- Explore growth opportunities to develop retail and advertising spaces beyond network.
- Drive new and innovative media solutions in digital technologies.
- Enhance e-commerce business with value-added consumer initiatives.
- Leverage and build on partnerships and seek out new opportunities to deliver more value.
- Establish new collaborations to deliver business growth.

RETAIL MANAGEMENT AT THE SINGAPORE SPORTS HUB

SMRT Alpha Pte Ltd (SMRT Alpha), a joint venture between SMRT Investments and AlphaPlus Investments, leases and operates key commercial areas at the Singapore Sports Hub and Singapore Indoor Stadium. These include 41,000sqm of retail and F&B areas at Kallang Wave mall, Water Sports Centre, Sports Hub Visitor Centre and Singapore Indoor Stadium.

In FY2015, Kallang Wave mall was officially opened, showcasing Singapore's highest indoor climbing wall, and a wide selection of food and retail options such as H&M, UNIQLO, Forever 21, Mizuno, New Balance and Weston Corporation. There is also a sports-themed FairPrice Xtra hypermart and a foodcourt by Foodfare. The mall is a fully integrated sports, entertainment and lifestyle hub for Singaporeans to enjoy an active and healthy lifestyle.

We inked partnerships with two banks – Citibank and OCBC to reward customers with shop, dine, ride and park privileges at Kallang Wave mall and Singapore Indoor Stadium for seasonal and festive promotions. Citibank SMRT Platinum Visa Cardmembers enjoy preferential shopping and dining deals, and can redeem free rides with SMRT, while OCBC offers attractive parking rebates across their suite of cards.

To drive spend and footfall, we organised promotions and activities during the Great Singapore Sale, Christmas and Chinese New Year. Disney's franchises and brands such as Frozen, Cinderella and Marvel's Avengers added vibrancy to the mall.

During the year, Kallang Wave mall sponsored and supported key national events and causes. We partnered the National Day EXCO, and worked with Sport Singapore and Singapore Sports Hub to promote healthy living. We also hosted top athletes for fan Meet & Greet sessions during the Singapore Swimming Association FINA Swimming World Cup 2014 and AFF Suzuki Cup.

Kallang Wave was the official mall for the 28th SEA Games 'Make a Nila' launch.

LAUNCH OF E-COMMERCE BUSINESS & DIGITAL INNOVATION

SMRT Media manages Singapore's largest Out-of-Home (OOH) digital advertising network. We marked our 10th anniversary with a series of initiatives, including expanding our focus to include a bigger emphasis on the digital sphere.

In June 2014, we launched iMOB Shop, an e-commerce platform that integrates our advertising, digital and retail business. Hosting nine lifestyle categories and an e-store, iMOB Shop offered exclusive online deals such as SK Jewellery's Golden Jubilee SG50 SMRT Gold Bar and international artist Jay Chou's concert merchandise.

With the Citibank SMRT Visa card as the official card, iMOB Shop was able to offer cardmembers deals at exclusive prices to enhance the card value proposition and drive usage.

For digital innovation, we launched Singapore's first illuminated Double Decker bus to positive response from clients and the industry. The bus carries a breakthrough lighting film technology, eLumiNEX™, which illuminates large-format print surfaces.

This innovation is a collaboration between SMRT Media, A*Star's Singapore Institute of Manufacturing Technology and Film Screen. The new lighted 12 metre-long canvas on the Double Decker gives clients added marketing possibilities.

Multinational company Huawei used our e-commerce and digital solutions to launch their mobile phones in innovative ways. A dedicated Huawei e-store on iMOB Shop, advertising and activation campaigns with the illuminated Double Decker provided immediate call-to-action for consumers on the move.

LENDING STRONG INDUSTRY SUPPORT

In support of the advertising industry and to develop local talents, SMRT Media sponsored key trade events and awards. Highlights are "Overall Agency of the Year" award by Marketing Magazine, "Creative Director of the Year" award by Institute of Advertising Singapore (IAS) and "Best use of OOH" award by Association of Accredited Advertising Agents Singapore (4A).

THE YEAR AHEAD

SMRT Alpha will focus on driving footfall and spend to key commercial areas at Singapore Sports Hub through community connections, destination partnerships and 360° marketing. We will work closely with the Singapore Sports Hub to bring the precincts to life, through place-making festivals and signature events.

Beyond the public transport network, we will explore growth opportunities in retail, media and digital businesses. We will continue to seek out collaboration opportunities and strengthen partnerships to deliver more value to our customers.

PARTNERING FOR SUCCESS

In November 2014, SMRT and The Walt Disney Company (Southeast Asia) inked an 18-month collaboration to bring Disney into SMRT's public transport, retail and digital networks. The partnership will bring Disney's franchises and brands closer to the millions in SMRT's transport network and iMOB Shop, as well as Kallang Wave mall. Consumers will be engaged through innovative promotions, and rewarded with specially curated experiences, exclusive prizes and premiums.

SMRT's partnership with Citibank continues to offer customers an enhanced travel and lifestyle experience. For the Citibank SMRT Visa card, we jointly focused on four key areas of enhancing card value proposition, driving acquisition, increasing usage and branding. Efforts to support these key areas include tie-ups with malls such as Clementi Mall, nex, and Kallang Wave mall at Singapore Sports Hub, and increased instant rewards redemption at popular brands such as Popular and Toys "R" Us. Citibank SMRT Visa card is also the official card for SMRT's e-commerce platform iMOB Shop.

We partnered OCBC to offer year-long parking rebates with spending at Kallang Wave mall and Singapore Indoor Stadium. OCBC was also the presenting bank for promotions during the Women's Tennis Association in October 2014.



Singapore's first illuminated Double Decker.

SMRT TAXIS

In FY2015, we continued to focus on enhancing our customers' travel experience and raising customer service levels. We are renewing our current fleet to cater to rising demand.

HIGHLIGHTS 2015

- Increased profit by 42.6% to \$13.7 million.
- Doubled fleet size of environmentally-friendly Toyota Prius Hybrid taxis.
- Rolled out Workplace Health Programme for our taxi partners with more than 800 taxi partners receiving free health screening and counselling.

PRIORITIES FOR 2016

- Renew and grow taxi fleet for greater availability and fleet optimisation.
- Commit to meeting regulatory standards.

RAISING CUSTOMER SERVICE STANDARDS

As part of ongoing efforts to provide service excellence to our passengers, we have revamped our training programme for taxi partners. The enhanced training programme continues to underscore the key components of our service framework, namely safety, reliability, care and comfort for our passengers. It will feature a more robust syllabus with practical training sessions that brings a renewed focus to customer service, safe driving and proficiency in the use of technology to maximise opportunities.

In line with our customer-centric approach, our taxi partners' ability to deliver exemplary service is a key pillar of our business proposition. At the Excellent Service Awards in 2014, 67 taxi partners were recognised for their service excellence. At the Transport Gold Awards 2014, eight taxi partners were also recognised by the Singapore Kindness Movement for demonstrating excellent service and for going the extra mile. Two of our taxi partners, Mr Soh Beng Huat and Mr Toh Aik Seng, emerged as the winner and finalist respectively in the Customer Service Transport category at the Singapore Tourism Board's Singapore Experience Awards.

FLEET RENEWAL AND GREEN TAXIS

In FY2015, as part of our commitment to enhance service availability and environmental sustainability, our ongoing fleet renewal drive saw more than 700 Toyota Prius Hybrids added to what is already Singapore's largest hybrid taxi fleet. Our environmentally-friendly taxis, with greater fuel efficiency and the lowest carbon emissions, account for approximately one-third of SMRT's total fleet.

MEETING THE STANDARDS

We have consistently met the Quality of Service standards in FY2015.

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.



Free health screening for our taxi partners under our Workplace Health Programme.



Taxi partner, Mr Soh Beng Huat (third from left) received his award from Prime Minister, Mr Lee Hsien Loong at the Singapore Experience Awards 2015.

In an effort to encourage positive health practices, SMRT Taxis, together with the Health Promotion Board and Alexandra Health Systems, provides our drivers who are 40 years old and above with free health screenings for chronic conditions such as high blood pressure, high cholesterol, diabetes mellitus and obesity. About 800 taxi partners have participated in this health screening.

FORGING PARTNERSHIPS

SMRT Taxis has been making a concerted effort to bring our passengers the best travel experience. By forging partnerships, we are working to provide a seamless travel experience for our passengers.

SMRT Taxis has established a partnership with Diamond Cab, a taxi provider in Hong Kong. The collaboration between Diamond Cab and SMRT Taxis allows passengers to book wheelchair-friendly taxis in Singapore and Hong Kong. Also in FY2015, we announced a joint venture with Hailo Network Holdings Limited to form Hailo Singapore

Pte Ltd. The joint venture sees a taxi booking application that offers convenient cashless payments. The application integrates Hailo Network's expertise in taxi booking systems and SMRT Roads' experience in taxi operations and fleet management. The application also complements our existing taxi call centre.

THE ROAD AHEAD

SMRT Taxis plans to introduce an e-travel guide on the corporate website. Aside from showcasing top tourist destinations in Singapore, it will highlight mobility through a section on wheelchair accessibility.

In the year ahead, we will continue to renew and grow our taxi fleet for greater availability and fleet optimisation. With the revised Taxi Availability standards in place, we will be implementing initiatives to make the mark.

We are committed to service excellence and will continue to train taxi partners to provide stellar customer service.



The joint venture integrates Hailo Network's expertise in taxi booking systems and SMRT Roads' experience in taxi operations and fleet management.

SMRT ENGINEERING & SMRT INTERNATIONAL

In the last year, we have been making progressive headway locally and internationally by capitalising on our track record in public transport systems and domain expertise to expand our engineering and business footprint.

HIGHLIGHTS 2015

- *SMRT Engineering was engaged by Land Transport Authority (LTA) to provide STARiS for four additional trains for the NSEWL and Tuas West Extension.*
- *SMRT International's operation of the Personal Rapid Transit (PRT) system in Masdar City, Abu Dhabi, was renewed for a further three-year term.*
- *SMRT International signed a Memorandum of Understanding with 2getthere, a leading developer of electronically guided people movers established in the Netherlands.*

PRIORITIES FOR 2016

- *SMRT Engineering to market its expertise in consultancy and technical services for rail projects.*
- *SMRT International to strengthen existing partnerships and pursue rail projects in key markets such as China, the Middle East and South East Asia, as well as to expand into innovative automated transit solutions.*

MAINTAINING OUR LOCAL PRESENCE

SMRT Engineering actively markets our in-house proprietary solutions such as the SMRT Active Route Map Information System (STARiS). We have worked with the Land Transport Authority (LTA) of Singapore on a number of enhancement works, with more recent projects involving the provision of STARiS on four additional trains on the NSEWL and Tuas West Extension. In addition to that, SMRT Engineering also conducts modification works to the existing supervisory control systems at various stations island-wide.

SMRT Engineering is also a Facility-Based Operator (FBO) licensed by the Infocomm Development Authority of Singapore to provide public telecommunication services including the leasing of fibre optic cables. Growth in SMRT Engineering's fibre optics business is gaining pace, spurred by the Government's efforts to reinforce Singapore's status as an info-communications hub. Apart from leasing fibre optic cables to telecommunications companies, we are also active in project management and consultancy. Over the years, we have established strong business links with strategic FBO partners both locally and overseas. Recent contract renewals with our existing customers further demonstrate SMRT Engineering's niche as an industry partner of choice.

EXTENDING OUR GLOBAL FOOTPRINT

In FY2015, SMRT International has focused 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.

SMRT International and technology provider, 2getthere signed an exclusive agreement for the introduction of 2getthere's innovative driverless transit systems to Singapore, as well as an agreement to be the preferred partner in the Middle East and Asia-Pacific regions. Working together since 2010 on the operation of the Masdar City Personal Rapid Transit (PRT) system, this exclusive agreement is a significant milestone for SMRT as it is part of a larger strategy to widen our reach into international markets through the provision of consultancy, operational expertise and services.

We continued to maintain a presence in the Middle East by operating the PRT system in Masdar City, Abu Dhabi. In FY2015, this contract was renewed for a further three years. The PRT is the first of its kind in the United Arab Emirates and Middle East and is a fully-automated, zero-carbon vehicle system. It is widely regarded as a successful project as it has carried over a million passengers and has a featured availability of 99.7%.

We remain active in China and our three-year contract with Dalian Metro Company Ltd is completed. The Dalian Metro project has progressed as planned. We assisted Dalian Metro with revenue services and managed its initial operations. The market in China offers many opportunities for growth in land transport as its economy develops and matures.

Closer to home, in the Philippines, SMRT International, is part of a consortium which won the bid to develop and

manage a fare-collection system for Metro Manila running on a contactless card-payment method based on smart-card technology.

VENTURING FORWARD

In FY2016, we will continue to grow our consultancy business through SMRT Engineering and SMRT International, while maintaining our presence in selected regional cities by marketing our experience in rail transport, road transport and transit-related retail and advertising businesses. The focus will be on securing engineering consultancy, project management and operations and maintenance contracts.

With a number of key projects in the pipeline, we are confident that we will see encouraging growth in the year ahead. We will continue to leverage our reputation for efficiency, reliability and safety to clinch key contracts and to expand our stable of contacts overseas.



SMRT International, as part of a consortium, won the bid to develop and manage a fare-collection system for Metro Manila.

SINGAPORE RAIL ENGINEERING

In June 2014, Singapore Rail Engineering Pte Ltd was incorporated as a wholly-owned subsidiary of SMRT Corporation Ltd.

HIGHLIGHTS 2015

- Awarded contracts to refurbish the Siemens C651 and KHI C151.
- Established Railise Pte. Ltd, a joint venture company with Toshiba, to market and supply propulsion systems using Toshiba's Permanent Magnet Synchronous Motors (PMSM) technology.
- Entered into an agreement to establish Faiveley Rail Engineering Singapore Pte. Ltd, a joint venture company with Faiveley Transport to market and supply Maintenance, Repair and Overhaul (MRO) services for rolling stock components in South East Asia (excl. Thailand).
- Recruited engineers and specialised manpower to support the refurbishment projects.

PRIORITIES FOR 2016

- Continue to build up the core engineering expertise and specialised manpower.
- Build new products and competencies towards becoming the premier solutions provider in rail engineering locally and internationally.

Singapore Rail Engineering is an independent company that 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 in seizing global market opportunities.

We set out to become an international player in rail engineering by providing engineering and related services to mass transit operators. We draw from a broad pool of engineering talent and are focused on building core engineering expertise and skilled manpower to establish the rail engineering capability in Singapore.

RAIL BEGINNINGS

Singapore Rail Engineering is an integrator for large and complex rail projects. We are undertaking the refurbishment of SMRT's 28-year-old C-151 first generation trains and 21-year-old C651 second generation trains. Singapore Rail Engineering will be leading engineering, procurement, production, testing and commissioning for these programmes. Major systems will be replaced, including, the air conditioning, propulsion system, doors, brake control and auxiliary power systems. These programmes will span the next five years.

In 2014, Singapore Rail Engineering and Toshiba Corporation formed a joint venture company, Railise Pte Ltd, to market and supply propulsion systems using Toshiba's Permanent Magnet Synchronous Motor (PMSM) technology to mass transit operators in global markets (excluding Japan). Railise also provides integration services allowing the new propulsion system to seamlessly work together with the other components of the train. Tests have confirmed that Toshiba's PMSM technology will cut the power consumption of SMRT's first generation trains by 30%, and reduce noise levels by 12dB. The technology is also maintenance friendly and will contribute to a lower Life Cycle Cost for the trains' operations and maintenance.

In April 2015, Singapore Rail Engineering and Faiveley Transport SA signed a joint venture agreement to market and supply Maintenance, Repair and Overhaul (MRO) services for rolling stock components in South East Asia (excl. Thailand). The new company is called Faiveley Rail Engineering Singapore Pte. Ltd and will, in addition to MRO services, provide advanced logistics services in order to secure the availability of parts for operators.

POWERING THE FUTURE

In FY2016, Singapore Rail Engineering will be focusing on operationalising our joint ventures and delivering on its commitments with respect to the refurbishment of SMRT's first and second generations of trains.

Singapore Rail Engineering is seeking new partnerships to add to its portfolio of rail engineering products and capabilities. We envision becoming an integrated software vendor (ISV) for rail markets. The developed software solutions will help operators to predict the failure of critical assets during operations. This enables operators to adopt a risk-based approach to asset-management.



Singapore Rail Engineering is undertaking the refurbishment of SMRT's first and second generation trains.

AUTOMOTIVE SERVICES

SMRT Automotive Services provides maintenance and service support for both internal and external customers. For our internal fleet business, we maintain over 1,200 buses, 3,500 taxis and 120 mini-buses and other SMRT road vehicles. Besides maintenance of vehicles, we also provide vehicle refurbishment, vehicle grooming, component overhaul, vehicle recovery and commissioning of new vehicles.

HIGHLIGHTS 2015

- Consistently exceeded QoS 1.3 standards for bus service reliability.
- Ensured timely delivery of new MAN A22 and ADL E500 buses as well as Toyota Prius taxis through engineering support and quality inspection.
- Achieved 42% increase in external repair and maintenance revenue compared to FY2014.

PRIORITIES FOR 2016

- Continually support and improve competitive advantages of SMRT Buses, SMRT Taxis and Bus-Plus Services through safe, reliable and optimal maintenance services, and high customer satisfaction standards.
- Increase market share in corporate fleet and private vehicle maintenance.



Our maintenance activities include three-tier quality assurance checks and improved processes to strengthen our maintenance regime and reduce the number of breakdowns.

ENHANCING RELIABILITY AND SAFETY

We ensure the effectiveness and efficiency of our repair and maintenance activities, and assist SMRT Buses and Taxis to achieve their Quality of Service (QoS) standards. In order to support our bus and taxi operations that require reliable and timely provision of services, our maintenance activities include three-tier quality assurance checks and improved processes to strengthen our maintenance regime and reduce the number of breakdowns.

Our external business consists of corporate fleet maintenance, private car servicing, parts and retail agency services as well as accident repair. In particular, we work closely with bus and taxi manufacturers as a parts and retail agency, and we are an authorised workshop for accident repair for several insurance companies.

During the year, we have secured new contracts with the Ministry of Defence as well as extended contracts with existing clients like the Ministry of Home Affairs.

DELIVERING SERVICE

We have improved the reliability and safety of vehicles by implementing more predictive maintenance for our standard and articulated buses as well as our taxis.

We also ensured the timely delivery of the new MAN 12-metre single deck buses, Alexander Dennis Double Deckers, as well as Toyota Prius taxis as part of plans to replace and expand the fleet. The various workshops have also started to build up facilities and technical capabilities to maintain the new Alexander Dennis Double Deckers.

THE ROAD AHEAD

We will continue to enhance facilities and technical capabilities in order to continually support and improve the competitive advantages of SMRT Buses, SMRT Taxis and Bus-Plus Services through safe, reliable and optimal maintenance services and high customer satisfaction standards.

Automotive Services also targets the further expansion of our business by securing more fleet maintenance contracts with external fleet owners, attaining authorised workshop status from more insurance companies and expanding the number of private car workshops.

BUS-PLUS SERVICES

Established in 1994, Bus-Plus Services 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.

HIGHLIGHTS 2015

- Awarded four Peak Period Short Services by LTA.
- Official Transport Operator for F1 Sky and Club Suite Guests.
- Provided services for Singapore Airshow 2014.

PRIORITIES FOR 2016

- Expand services to other market segments.
- Optimise bus fleet and operations.

CONNECTING PEOPLE

Our premium bus services connect passengers directly between residential areas and the Central Business District during the morning and evening peak hours on weekdays.

Bus-Plus Services is also frequently contracted as a transport solutions provider for major events such as the Singapore Airshow, Singapore Grand Prix and IMDEX. We have also been providing our services to the healthcare industry in Singapore.

ENHANCING SERVICE RELIABILITY

Our fleet optimisation is achieved by leveraging a mixed-fleet strategy of leased and owned buses. Bus-Plus Services also 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 be seeking to further cement our leadership position in the healthcare segment.

Additionally, Bus-Plus Services will continue to grow by exploring other viable markets.



Bus-Plus Services connects passengers directly between residential areas and the Central Business District.

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

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MAINTAINING HIGH STANDARDS

The Board and Management of SMRT Corporation Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) 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 Group’s corporate governance framework adheres to the guidelines of the Code of Corporate Governance 2012 (“**Code**”), unless where 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 Audit Committee, Board Risk Committee, Nominating Committee, Remuneration Committee and Executive Committee, have been established to assist the Board in discharging its responsibilities. Every Board Committee has its own charter (each a “**Charter**”) which sets out, *inter alia*, each Board Committee’s terms of reference, composition and responsibilities. The responsibilities of the respective Board Committees are disclosed at pages 91 to 92 of this Report.

Minutes of Board Committees 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 Annual General Meeting (“**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. 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, an off-site Board Strategy Retreat is held annually at a location where the Group has current and/or potential business activities or to facilitate a meeting with overseas transport operators.

CORPORATE GOVERNANCE CONTINUED

The number of Board and Board Committees meetings for the year under review as well as Board members' attendance thereat is set out below.

Board and Board Committees Meetings and Attendance From 1 April 2014 to 31 March 2015

	BOARD			BOARD COMMITTEES									
	Meetings held while a member	No. of scheduled meetings	Meetings attended	AUDIT ("AC")		BOARD RISK ("BRC")		REMUNERATION ("RC")		NOMINATING ("NC")		EXECUTIVE ("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	Meetings held while a member	Meetings attended
Koh Yong Guan (Chairman)	11	4	11	-	-	-	-	7	7	2	2	2	2
Desmond Kuek Bak Chye (President & Group CEO) ^(b)	11	4	10	-	-	-	-	-	-	-	-	2	2
Patrick Ang Peng Koon	11	4	9	-	-	3	2	-	-	-	-	-	-
Lee Seow Hiang ^(c)	11	4	9	-	-	-	-	2	2	2	2	-	-
Moliah Hashim	11	4	11	-	-	-	-	7	7	-	-	-	-
Bob Tan Beng Hai	11	4	11	5	5	-	-	-	-	2	1	2	2
Tan Ek Kia	11	4	10	-	-	3	3	7	6	-	-	2	0
Peter Tan Boon Heng	11	4	11	5	5	3	3	-	-	-	-	-	-
Yap Kim Wah	11	4	11	5	5	3	3	-	-	-	-	-	-
Yap Chee Meng ^(d)	11	4	11	5	5	-	-	5	5	-	-	-	-
Ong Ye Kung ^(e)	2	1	2	-	-	-	-	-	-	1	1	-	-

(a) All the Board members attended the AGM of the Company held on 16 July 2014.

(b) Mr Desmond Kuek was absent from the Board meeting held on 29 January 2015 as he was on compassionate leave.

(c) Mr Lee Seow Hiang stepped down as RC Member with effect from 2 May 2014. He was appointed as NC Chairman with effect from 16 July 2014.

(d) Mr Yap Chee Meng was appointed as RC Member with effect from 2 May 2014.

(e) Mr Ong Ye Kung retired from the Board following the conclusion of the AGM held on 16 July 2014. He stepped down as NC Chairman and EXCO member with effect from 16 July 2014.

The Company's Articles of Association 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.

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 Financial Procedures Manual ("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 and any project which involves equity investment, or is high-risk or non-core in nature requires the Board's approval regardless of the amount of investment involved. Among others, material transactions involving capital expenditure ("CAPEX") in excess of S\$30m for budgeted CAPEX and S\$5m for unbudgeted CAPEX will require the Board's approval.

The FPM undergoes regular review and updates to keep pace with the changing needs within the Company and the Group as a whole.

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. Similarly, 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 Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority ("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 latest amendments to the Companies Act contained in the Companies (Amendment) Bill No. 25 of 2014 which was passed by Parliament on 8 October 2014. The Company Secretary informs Directors of relevant upcoming conferences, courses and seminars. In the year under review, Directors also attended the following courses, seminars and briefings:

Name of Directors	Date	Courses/ Seminars/ Briefings	Number of Hours Attended
Patrick Ang Peng Koon	4 February 2015	SGX - Issuer Engagement Session: Introduction of the Minimum Trading Price (MTP)	2.5
Bob Tan Beng Hai	21 April 2014	Singapore Tripatism Forum - STF Dialogue on Transforming our Workforce and Creating Opportunities for a Better Future	4.5
	7 May 2014	Singapore Institute of Directors ("SID") Chairmen's Conversation - Board Risk Committee Dialogue	2.5
	3 September 2014	SID Directors' Conference 2014 - Towards the New Capitalism	3.5
	10 October 2014	AN EXCLUSIVE INVITATION, PwC's 2nd Corporate Directors breakfast. - Taking Control of your Risks - A Spotlight on Risk Appetite and Risk Accountability	3
	13 November 2014	TMS Directors-in-Dialogue Forum on Boards and Technology: The Competitive Risk and Promise of Exponential Technologies	6
Tan Ek Kia	22 August 2014	Temasek - Board Leadership in the 21st Century	8
Yap Chee Meng	7 May 2014	SID Risk Workshop	3
	10 March 2015	MAS Stress Test Briefing	3

The Company arranged and funded training sessions and seminars attended by the Directors as required.

Our external auditor, PricewaterhouseCoopers LLP ("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 on the Group's businesses and strategic plans and objectives, its financial performance, and meetings with the Group's Senior Management team. Site visits to the Group's train and bus depots help to orientate newly appointed Directors to the operational aspects of the Group. First-time Directors are also provided 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.

Only Mr Desmond Kuek Bak Chye (President & Group CEO ("CEO")), and Mr Tan Ek Kia (who was the Interim CEO) are 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 • Independent or Non-Independent	Board Committees As Chairman or Member				
		AC	BRC	RC	NC	EXCO
Koh Yong Guan (Chairman)	Non-Executive / Independent	-	-	Chairman	Member	Chairman
Desmond Kuek Bak Chye (President & Group CEO)	Executive / Non-Independent	-	-	-	-	Member
Patrick Ang Peng Koon	Non-Executive / Independent	-	Member	-	-	-
Lee Seow Hiang ^(a)	Non-Executive / Independent	-	-	-	Chairman	-
Moliah Hashim	Non-Executive / Independent	-	-	Member	-	-
Bob Tan Beng Hai	Non-Executive / Independent	Chairman	-	-	Member	Member
Tan Ek Kia	Non-Executive / Non-Independent	-	Chairman	Member	-	Member
Peter Tan Boon Heng	Non-Executive / Independent	Member	Member	-	-	-
Yap Kim Wah	Non-Executive / Independent	Member	Member	-	-	-
Yap Chee Meng ^(b)	Non-Executive / Independent	Member	-	Member	-	-

(a) Mr Lee Seow Hiang stepped down as RC Member with effect from 2 May 2014. He was appointed as NC Chairman with effect from 16 July 2014.

(b) Mr Yap Chee Meng was appointed as RC Member with effect from 2 May 2014.

No Director has served on the Board for more than 9 years.

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-centricity. 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 20 to 23 of this 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 and non-executive directors ("NEDs"). The NC also places importance on diversity of age, gender and ethnicity 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. Accordingly, since its listing, 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-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 Company's Articles of Association and, based on factors such as a Director's contribution, his performance as well as his 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 CHIEF EXECUTIVE OFFICER (PRINCIPLE 3)

Guidelines 3.1 and 3.2: Separation of the roles of Chairman and Chief Executive Officer

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 Roles Statements for the Chairman and CEO have been endorsed by the Board.

The Role Statement for the Chairman clearly 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 Senior 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 various 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 73 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 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 Company's Articles of Association, 1/3 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.

At the forthcoming AGM, the NC has nominated and recommended that Mr Desmond Kuek Bak Chye, Mr Bob Tan Beng Hai, Mr Tan Ek Kia and Mr Lee Seow Hiang 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, 2 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 some Directors who have the institutional knowledge of and deep insights into the Group's businesses and operations. As half of the Board members presently were appointed in the past 3 years, the longer serving Directors provide the necessary continuity and smooth transition for the Board moving forward.

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 submit declarations of independence annually and 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. 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 the independence of Directors. The Board will then determine the independence of Directors, taking into account the evaluation by the NC. Annually, each Director is required to complete a Director's Independence Checklist ("**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. 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.

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 of the Company. The NC takes into account both the results of the assessment of the effectiveness of the individual Directors and their actual conduct on the Board during 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 meetings 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 NC annually reviews 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 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 be flexible 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 20 to 23 of this 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

For the year under review, 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, be similarly adopted for Board evaluation. This methodology focusing on key selected areas, was appropriate for the Board to reflect on the performance and effectiveness of the Board given the diverse and unique issues, and challenges the Company faced. The qualitative approach provided an opportunity for intensive analyses of past Board activities and effectiveness of the Board as a whole. Board focus, board structure, board composition and stakeholder engagement were identified as key areas for evaluation. Following the evaluation, a report was prepared which recommended initiatives to be undertaken to enhance the Board's decision making processes and overall effectiveness.

b. Evaluation of individual Directors

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. Evaluation forms comprising questions relating to these criteria were completed by the Chairman as part of the Board assessment process.

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.

Since FY2012, the Company had engaged an external facilitator to conduct the Board evaluation as part of the evaluation process. In FY2015, 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 Committees 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 shared platform called Diligent Boardbooks in advance of the relevant meeting. These materials can be accessed from any device. Hard copies of the materials are also distributed to the Directors at their request. Material variances between projections and actual results will be disclosed and explained to Directors.

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 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 Management Operations Dashboard ("**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, generally attends Board and Board Committees 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 Committees 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 Directors chairing the various Board Committees in scheduling Board and Board Committees 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 Remuneration Committee and its role

Composition of the RC

The composition of the RC is set out on page 73 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. RC reviews positions of Deputy Directors and above, with a special focus on the core management team consisting of the CEO, Group Chief Financial Officer ("**CFO**"), Managing Directors, and core corporate Vice-Presidents. It also places considerable attention on the talent pipeline and succession plans for rail engineering expertise and the core management team. After 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 The SMRT Corporation Restricted Share Plan 2014 ("**SMRT RSP**") and The SMRT Corporation Performance Share Plan 2014 ("**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 ("**Remuneration Consultant**"). 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 reflect the duties and responsibilities of the Directors that take into account the size and complexities of the businesses and in the context of the operating, regulatory and competitive environment. In respect of FY2015, 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. 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. NEDs are eligible to participate in the employee share plans.

In addition, 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.

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 & Disclosure of remuneration

After considering this matter carefully, the Board is of the view that disclosure of Directors', the CEO's and 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.

The annual remuneration of Directors for the financial year ended 31 March 2015 is as follows:

Remuneration Band	Directors' Fees (%)	Basic Monthly Salary (Including employer's CPF) (%)	Variable or Performance Related Income/ Bonuses (Including employer's CPF) (%)	SMRT RSP and SMRT PSP ² (%)	Total (%)
S\$2,250,000 - S\$2,499,999	–	31.7%	60.7%	7.6%	100%
Desmond Kuek Bak Chye					
S\$0 – S\$250,000	100% ⁴	–	–	–	100%
10 NEDs ³					

- 1 Includes Directors' fees for board of a subsidiary (SMRT Trains Ltd.). The total aggregate remuneration payable to NEDs for FY2015 is S\$1,082,296. Of this, the Directors' fees for the Board of the Company is S\$908,296.
- 2 130,000 shares under the SMRT RSP and 130,000 shares under the SMRT PSP will be granted on 31 July 2015, subject to RC's recommendation to the Board for approval. Vesting of the shares will be in accordance with the terms of the respective plans.
- 3 Includes Directors' fees for Mr Ong Ye Kung, who retired from the Board on 16 July 2014.
- 4 The Board of Directors will donate S\$50,000 from their Directors' fees for the year to benefit the poor and those in need, for travel vouchers on our public transport system.

Information relating to the remuneration of the Group's top 5 key Management personnel (who are not also 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 (%)	Total (%)
S\$750,000 - S\$999,999	38%	45.9%	16.1%	100%
No. of key executive: 1				
S\$500,000 - S\$749,999	41%	48.8%	10.2%	100%
No. of key executives: 4				

- 1 Includes post-employment benefits.

The total aggregate remuneration paid to the Group's top 5 key Management personnel during FY2015 was S\$3.646 million.

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 118 of this Report.

Guideline 9.6: Disclosure on link between performance and remuneration

The short-term incentives include the Annual Performance Incentive Plan ("APIP") and the Economic Value Add-Based Incentive Plan ("EBIP").

The APIP is the primary performance-based incentive tool of the Group. APIP's pay-outs 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 Director and Senior Management.

The long-term incentives comprising the SMRT RSP and the SMRT PSP constitute a portion of the total compensation structure for Executive Director 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.

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.

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.

Details of SMRT RSP and SMRT PSP are set out in pages 114 to 118 of this Report. 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 FY2015 APIP, EBIP and share grants under the SMRT RSP, the RC was of the view that the Management had met the performance conditions and targets laid out in the plans for the FY2015. For share grants under the SMRT PSP, the performance criteria had been partially met and hence only a portion of the shares granted under the SMRT PSP in FY2013 will vest in 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 ("ICRA") Declaration for the financial year ended 31 March 2015 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 adequate 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.

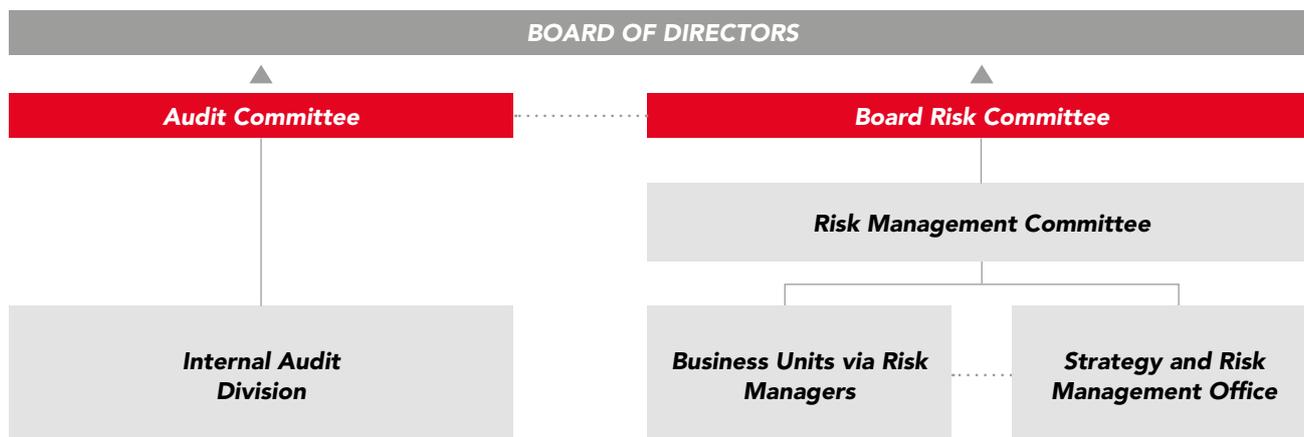
RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 11)

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 enterprise risk management ("ERM") structure of the Company and the Group is shown below:



Board Risk Committee

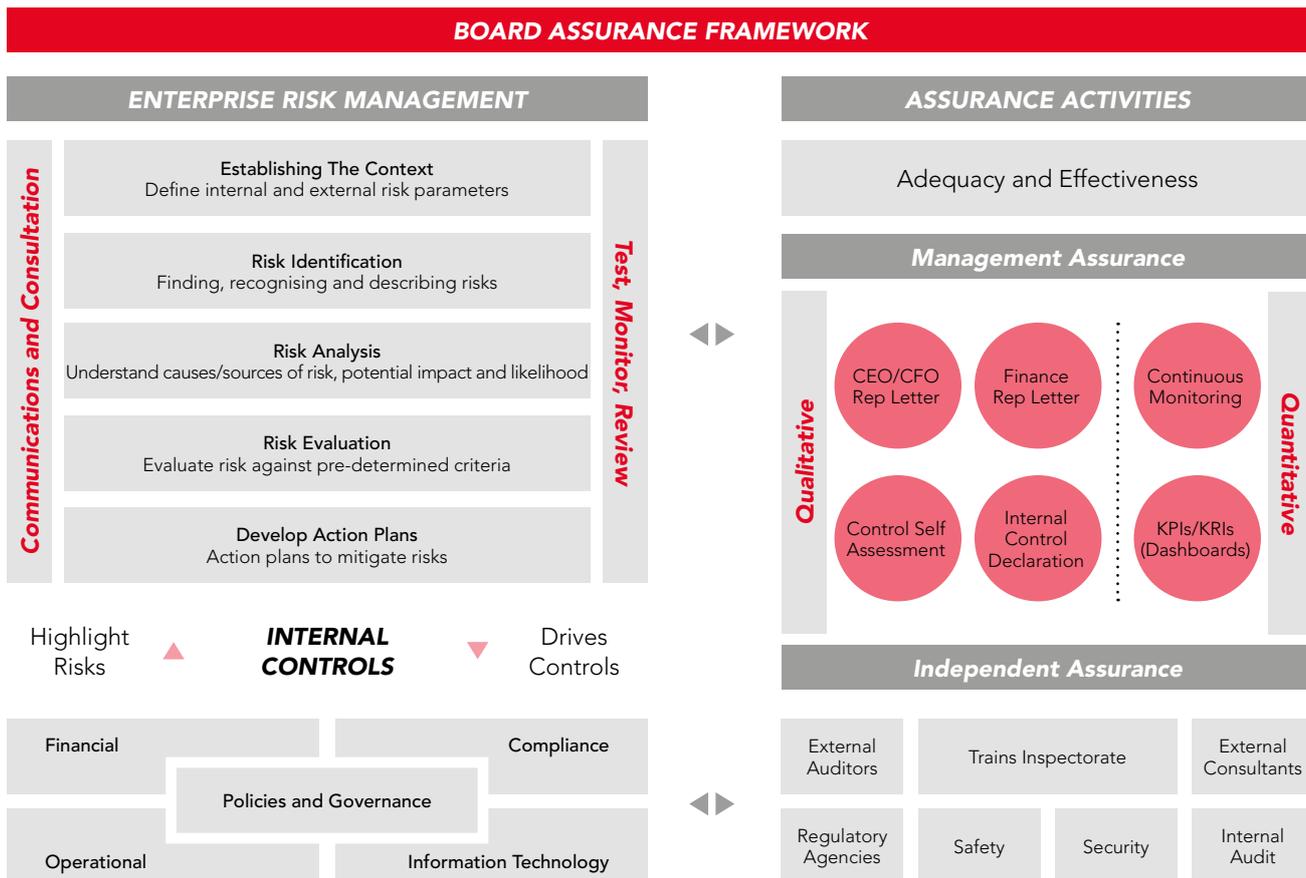
The composition and the terms of reference of the BRC is set out on pages 73 and 91 of this Report respectively.

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 Risk Management Committee (“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.

Board Assurance Framework

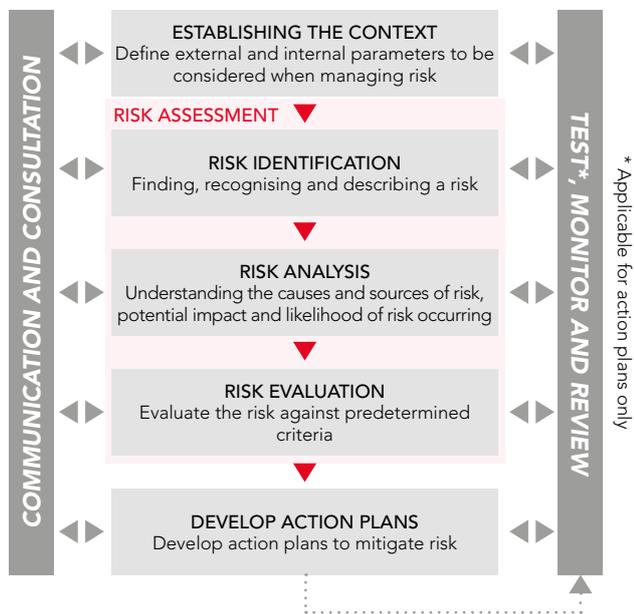
The following diagram depicts the framework by which the Board obtains assurance on the adequacy and effectiveness of Company’s and Group’s risk management and internal controls which include, but is not limited to, financial, operational, compliance and IT control.



Enterprise Risk Management Process

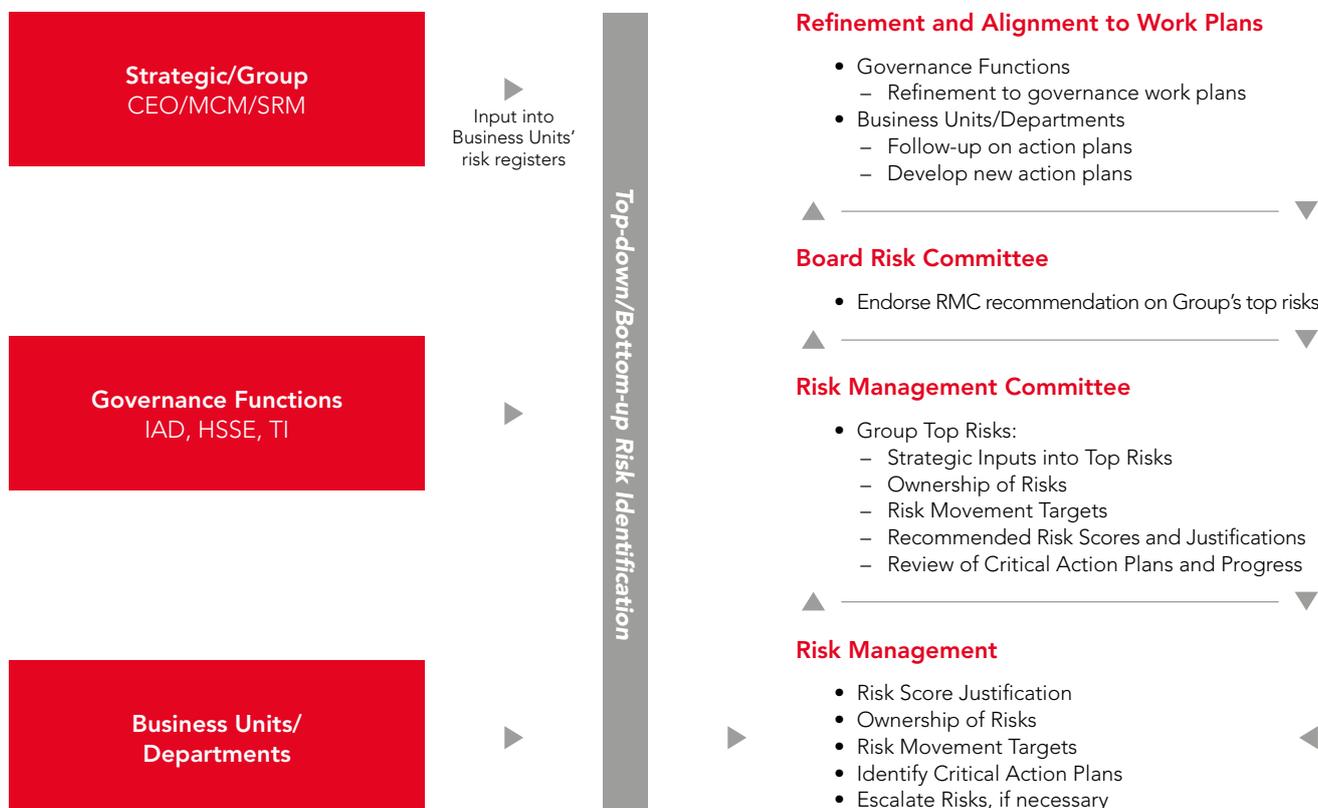
The risk management processes in the Company are largely derived from the ISO 31000 Risk Management – Principles and Guidelines (2009), which enables both the Company and the Group to deal with business opportunities and uncertainties by identifying key risks and enacting the

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.



The following diagram depicts how Internal Audit ("IAD"), Health, Safety, Security, and Environment ("HSSE"), Trains Inspectorate ("TI") 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.



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 & 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 Code of Business Ethics and Conduct ("**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. 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 are located within the Report.

This includes financial indicators such as Value Added and Economic Value Added.

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 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 security policies and procedures benchmarked against ISO27001. This is to ensure IT controls are implemented to prevent and contain IT risks.

Managing IT Security Vulnerabilities

In FY2015, Management has also 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.

Managing Project Risk

IT project risks are managed based on a well-established IT Project Risk Management Procedure, Vendor Management Procedure and IT Risk Assessment framework.

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 the 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 year round intimate 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 whistleblowing 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.

Control Self-Assessment ("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

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 2015 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 information technology 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, information technology 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 2015. The Board is satisfied that there is a framework to address problems and monitor the implementation of action plans.

AUDIT COMMITTEE (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 73 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.

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/Deputy Director (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 the auditor from 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. The AC has reviewed and is satisfied with the standard of the external auditor’s work. Additionally, having reviewed the volume of non-audit services provided to the Group by the external auditor and its affiliates, and being satisfied that the nature and extent of such services will not prejudice their independence and objectivity, the AC is recommending their re-appointment. 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.

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.

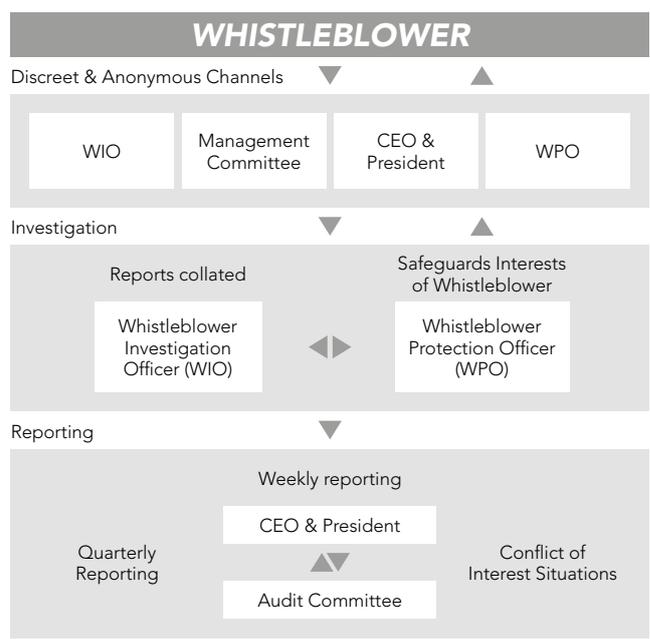
Guideline 12.7: Whistleblowing programme

The Group’s Whistleblowing Programme sets out the procedures for raising concerns about possible improprieties in financial reporting or other matters by staff 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 reprisals within the limits of the law. 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. The secured and protected disclosure channels include an independent email address and a direct phone hotline which is manned by the Vice President (Internal Audit) 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 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 Programme and that prompt actions are taken in respect of disclosures requiring immediate or urgent attention.

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 and consulting services which are designed to evaluate 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 Chairperson on internal controls relating to financial and accounting matters. Internal Audit also reports administratively to the CEO.

The AC is responsible for approving the hiring, removal, evaluation and compensation of the head of internal audit function. 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

Headed by the Vice President (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.

The AC reviews the annual audit plan ("**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 with at least 5 years of audit experience 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 ("**CIA**"), Certified Fraud Examiners ("**CFE**"), Certified Information Systems Auditors ("**CISA**"), Certified Risk Management Auditors ("**CRMA**"), Certified Public Accountants ("**CPA**") or hold Certification in Control Self-Assessment ("**CCSA**"). 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 Institute of Internal Auditors Incorporated, USA ("**IIA**"), Institute of Singapore Chartered Accountants ("**ISCA**"), Information System Audit and Control Association ("**ISACA**") and Association of Certified Fraud Examiners ("**ACFE**").

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 International Standards for the Professional Practice of Internal Auditing ("**Standards**") pronounced by the IIA. Internal Audit also applies the ISACA standards in Information Technology ("**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.

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 of its internal audit activities against its charter, the Standards, and industry standards. 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 of Internal Audit and that Internal Audit is effective.

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 investors' conferences which were held 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 Company's Articles of Association allows the shareholders to appoint up to 2 proxies so that the shareholders who hold shares through corporation can attend and participate in general meetings as proxies. The Company allows shareholders who hold shares through nominees to attend the AGM as observers, without being constrained by the 2-proxy rule.

COMMUNICATION WITH SHAREHOLDERS (PRINCIPLE 15)

Guideline 15.1: Investor relations 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 investor relations ("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 practice selective disclosure. The Company is committed in disclosing information including the 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, 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 44 times in FY2015.

Guideline 15.4: Investor Relations 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 Report.

For details on the Group's IR activities, please refer to the Investor Relations section of this Report.

Guideline 15.5: Dividend payment policy

Our dividend policy is set out in page 43 of this 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 Extraordinary General Meetings ("EGM") 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 Notice of AGM, where relevant, may include explanatory notes or a circular on items of special business. 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.

To encourage greater shareholder participation at AGMs, the Company holds its AGMs at centrally located venues that are easily accessible via public transport. For FY2014 AGM, close to 600 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 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. 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. If any shareholder is unable to attend, he/she is allowed to appoint

up to 2 proxies to vote on his/her behalf at the meetings through proxy forms sent in advance.

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 SGX-ST's Listing Rule 1207(19), 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.

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.

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 Listing Manual in respect of interested person transactions for the year under review can be found in page 183 of this Report.

MATERIAL CONTRACTS

Except as disclosed in the financial statements, 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 FY2015.

BOARD COMMITTEES – TERMS OF REFERENCE

AUDIT COMMITTEE

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, the adequacy of the Company's internal controls, namely financial and accounting controls, operational and compliance controls, information technology controls, and risk management policies and systems, with the purpose of safeguarding the Company's assets and enhancing shareholder value;
4. To review, with the 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 scope and results of the internal audit procedures;
7. To review the proposed audit scope and approach, and the independence and objectivity of the external auditor;
8. 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;
9. To nominate and review the appointment or re-appointment and to consider the removal of the external auditor, and make recommendations to the Board on these matters, and to approve the remuneration and terms of engagement of the external auditor;
10. To review transactions with interested persons ("Interested Person Transactions"); and
11. 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).

BOARD RISK COMMITTEE

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.

EXECUTIVE COMMITTEE

1. To approve transactions within a designated financial limit in accordance to the Financial Procedures Manual;
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 carry out such other functions as may be delegated to it by the Board;
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. Evaluates and recommends to the Board the Group's strategic investment decisions for both core and non-core businesses.

NOMINATING COMMITTEE

1. To annually review the size, composition and core competencies of and skills required by 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 Remuneration Committee, the Audit Committee 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 the performance of 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).

REMUNERATION COMMITTEE

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,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 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; and to 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 Nominating Committee) 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 Singapore Exchange Securities Trading Limited).

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. However, the Company believes that detailed disclosure of Directors', the CEO's and the Group's top 5 key Management personnel's detailed remuneration would be detrimental to the long term interest of the Company in attracting, retaining and motivating its Directors and key personnel in view of the wage discrepancies in the industry and the competitive pressures that may result from such disclosure.
	(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\$30m (budgeted) and S\$5m (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 scope and nature of the Group's operations, balance of skills, perspectives, knowledge and experience, diversity of age, gender and ethnicity on the Board so as to form a quality 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 relations, risk management, strategic planning and business development. Further, since its listing, 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 maximize its effectiveness?	The Board nomination process takes into consideration the need for diversity of skillsets, age, gender and ethnicity. This results in the constitution of a Board with diversity of perspectives, which in turn enhances the effectiveness 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 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 criteria and guidelines for appointment of Directors are based on background, experience, directorships and independence. 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 to the Board and makes the relevant recommendations to the Board for subsequent shareholders' approval at the AGM.</p>

CORPORATE GOVERNANCE CONTINUED

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, the Company 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?	The training programme for newly appointed Directors includes briefings on the Group's businesses and strategic plans and objectives, 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. The Company Secretary circulates to the Board articles, reports and press releases, such as those issued by the Singapore Exchange Securities Trading Limited and the Accounting and Corporate Regulatory Authority, 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.
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 meetings and ad-hoc discussions by each Director in deciding the capacity of the Directors.
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 the evaluation, a report was prepared which recommended initiatives to be undertaken 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, 80% 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.	None as of financial year ended 31 March 2015.

Guideline	Questions	How has the Company complied?
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?	Disclosure of the Directors' and CEO'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/or other long-term incentives. The Board is of the view that disclosure of Directors' and the CEO'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.
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? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	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. 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. S\$3.646 million.
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?
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p>	<p>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.</p> <p>Performance-related remuneration is based on the following:</p> <p>(a) Short-term incentives include the Annual Performance Incentive Plan ("APIP") and the Economic Value Add-Based Incentive Plan ("EBIP"). The APIP is the primary performance-based incentive tool of the Group. APIP pay-outs 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.</p> <p>(b) Long-term incentives comprising the SMRT Restricted Share Plan ("SMRT RSP") and the SMRT Performance Share Plan ("SMRT PSP") constitute a portion of the total compensation structure for Executive Director and Senior Management. 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. 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.</p>
	<p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>In determining the FY2015 APIP, EBIP and share option grants under the SMRT RSP, the RC had considered that the management had met the performance conditions and targets laid out in the plans for the FY2015. For share option grants under the SMRT PSP, the performance criteria had been partially met and hence only a portion of the share option granted under the SMRT PSP in FY2013 and will vest in FY2016.</p>

Guideline	Questions	How has the Company complied?
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?	<p>Agenda and Board papers, including background, related materials, copies of disclosure documents, budgets, forecasts and monthly internal financial statements, are uploaded onto a shared platform called Diligent Boardbooks in advance of the Board and Board Committees meetings. Material variances between projections and actual results will be also disclosed and explained to Directors.</p> <p>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 is also apprised of any significant developments on business initiatives, industry developments, regulatory regime and analysts and press commentaries.</p> <p>Directors also have access to an online Management Operations Dashboard, with key operations metrics to track trends and to provide analyses on the Group's key performance indicators.</p>
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 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 2015 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 information technology 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?
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\$334,000 - other auditors: S\$21,000 Non-audit fees paid to PwC: S\$297,000
	(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 Audit Committee 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 ("Non-Audit Team"), are within the permitted scope of services under the Fourth Schedule of the Accountants (Public Accountants) Rules; (b) The Non-Audit Team were not involved in any decision making on behalf of the Management; (c) The total fees from the non-audit services provided to the Company do not constitute a significant portion of the external auditor's local and global revenue; (d) The total fees from the non-audit services to the Company are not material in relation to the audit partner's portfolio; and (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 services including reviewing the quality of work performed.
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 44 times in FY2015.
	(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 its Enterprise Risk Management framework, a risk identification and assessment review was conducted in 3Q FY2015. The processes 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.

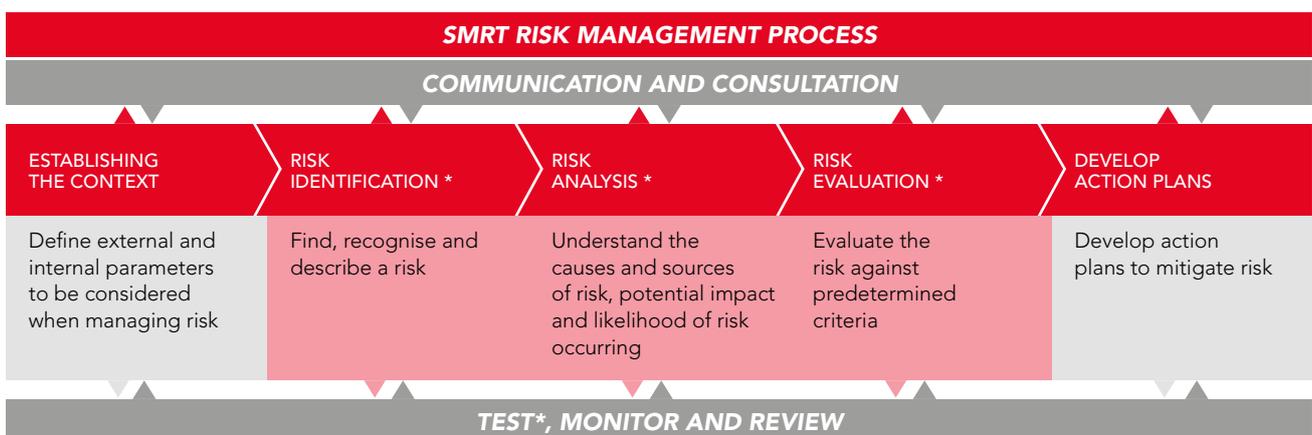
Enterprise Risk Management Framework

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.

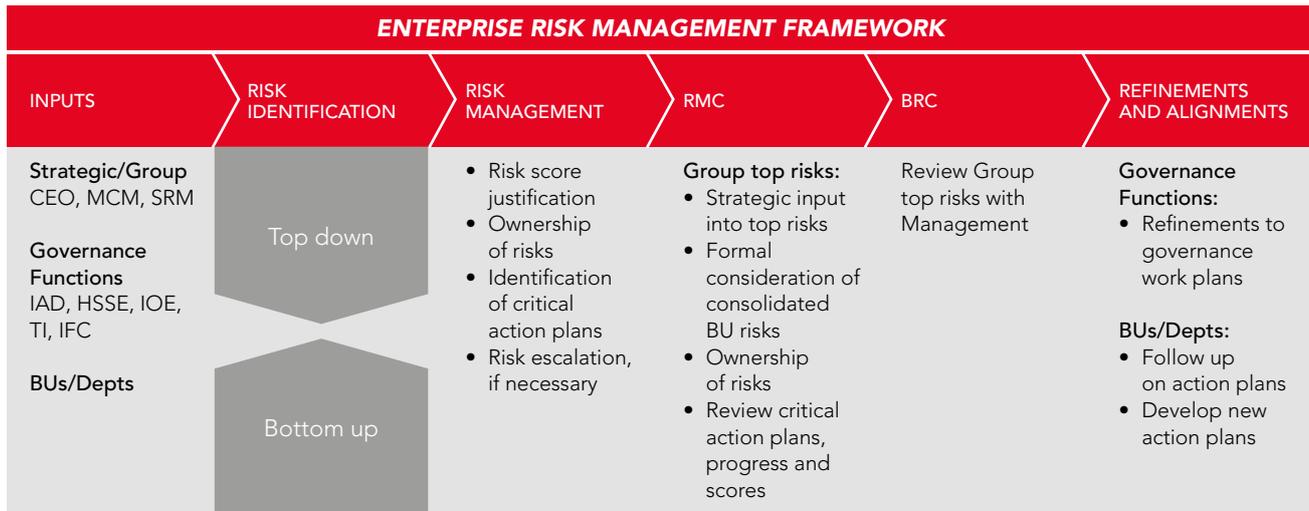
Including Opportunity Management within the ERM scope

The Company also takes a forward-looking stance to risk management in that it identifies, manages and evaluates opportunities that arise as a result of its 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 such strategies are aligned with the risk management tolerances and opportunity assessments of the Company.



* 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. This security eco-system is supported by security

platforms at all levels and across the various business units of the Group, facilitating the institutionalisation of policies, procedures and practices aimed at incorporating security into daily operations.

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 its 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. 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.

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. 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 its 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 a Code of Practice (COP) issued by LTA.

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.

SMRT's taxi operations are also subject to regulatory operating standards such as the recently implemented Taxi Availability standards. The standards seek to increase the percentage of taxis that need to be on the roads during peak periods and the minimum daily mileage run. In addition to assisting and incentivising taxi hirers to achieve the service and availability standards, marketing efforts to recruit more hirers to join the company is a key priority for SMRT Taxis. SMRT Taxis takes great effort to cultivate and maintain its good relationship with hirers and to make sure initiatives are effectively communicated and implemented.

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.

The system has been rigorously audited by internal and external auditors to confirm the continual effectiveness of its Safety Management System and Environmental Management System in meeting the OHSAS 18001 and ISO 14001 standards, respectively. These certifications, as well as the BizSAFE STAR certificate, reflect SMRT's ongoing commitment and efforts to reduce risk and to make safety an integral part of its business for the benefit of its employees, partners and commuters.

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.

KEY DYNAMICS AND RISK MANAGEMENT CONTINUED

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. As part of ongoing efforts to further enhance the safety culture within the Group, SMRT has also undertaken the Culture SAFE programme in collaboration with the Workplace Safety and Health Council (WSHC).

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.

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 the use of appropriate operational procedures. These measures ensure the adoption of safe work procedures.

Workforce Health Risks

We continue to invest significant efforts to enhance Workforce Health, including measures to professionalise human capital, strengthen employee engagement, and build a sustainable workforce.

In FY2015, SMRT focused on building a sustainable workforce and professionalising our human capital to deliver excellence in public transportation services. To meet increasing operational demands, SMRT has ramped up its overall manpower strength by 21% over the last three years, and its engineer corps has grown by 64% over the last three years.

SMRT launched a new Trains Career Scheme that will deepen the specialist competencies and widen career development opportunities for all Trains operations and technical non-executive staff in July 2014. We also enhanced our collaboration with various academic institutes and professional bodies to professionalise and grow our engineer corps.

In 2014, SMRT incorporated Singapore Rail Engineering (SRE) to grow an indigenous engineering capability that can support rail networks locally and in the region. Recognising the need to inject new competencies to bring the organisation to the next level of growth, we recruited global talents with niche engineering and project management skill sets. Concurrently, we identified local talents to learn alongside them. Overall, the injection of new capabilities and competencies will strengthen SMRT's operational performance and position the Group for business expansion into new, global markets in Rail Engineering and operations.

The Management devotes significant time to engage employees through townhall and group dialogue sessions in order to communicate the Group's vision, mission and core values, and promote employee feedback on operational issues. SMRT also partners with National Transport Workers' Union (NTWU) and Union members to enhance industrial relations and mutual trust. In July 2014, we successfully and amicably concluded a new Collective Agreement.

As a result of all these efforts, the voluntary attrition rate stabilised to a healthy 6.6% and SMRT's sustainable engagement score is 86% in 2015, which is higher than the Singapore National Norm and in line with the Global Best in Class levels, according to Towers Watson who conducted the engagement survey. In addition, NTUC awarded SMRT with the May Day Model Partnership Award 2015 (Management Category) and Plaque of Commendation (Gold) for May Day 2015 in recognition of the strong relationship SMRT has built with the labour movement and the efforts made to improve the welfare of its employees.

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, a professional and engaged workforce is vital to achieve our business objectives. We continue to invest significant resources to further enhance and develop a high performance, disciplined, competent and engaged workforce.

We have a professional and engaged workforce by building upon and strengthening our service excellence and engineering capabilities, while ensuring that our employees enjoy meaningful work in an enabling, nurturing and professional environment.

In FY2015, SMRT continued to focus on five key Human Resource (HR) areas along the theme of building 'Professionalism and Pride':

1. Professionalising human capital and competency-building
2. Strengthening employee engagement and industrial relations
3. Building a sustainable workforce profile
4. Supporting organisation restructuring and business growth
5. Fostering a values-based culture

Professionalising Human Capital and Competency-building

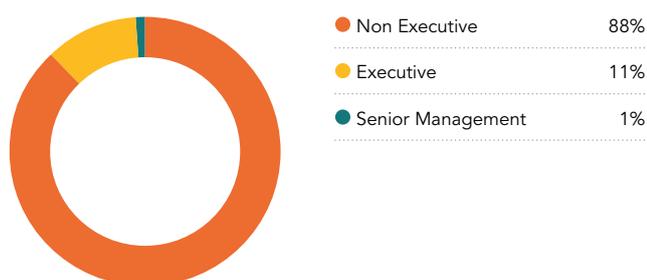
To build a professional workforce for the public transport industry, SMRT developed and rolled out competency-based career roadmaps. Our new Bus Captain Career Scheme and Trains Career Scheme for our Non-Executive Trains Operations and Technical employees, provide attractive career propositions for our employees, and offer development and career progression opportunities that are anchored on competencies, core values and productivity. This enabled us to grow a corps of dedicated and competent employees to further drive service reliability, excellence and business growth.

Rail engineers are the core of SMRT and we carefully develop them professionally. SMRT takes a leading role in our collaboration with the Land Transport Authority (LTA) to promote the Rail Engineering Industry and professionalise our rail engineers. We have introduced the SMRT Trains Engineer Professionalisation (STEP) programme as a systematic way to develop our rail engineers.

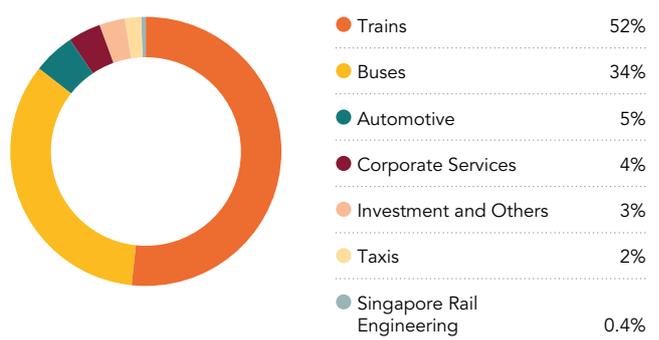
We are working with the Institute of Engineers Singapore to accord a Chartership in Transport Rail Engineering, which recognises the professional skills and values attained by our rail engineers as they go through the STEP programme. Coupled with a competitive remuneration package that recognises the value of engineers, we aim to better attract and retain top engineering talent into the industry and SMRT. This is in line with SkillsFuture – the national effort to deepen skills that are vital to key industries in Singapore.

We have invested heavily in training and increased our capacity to improve the competencies of our employees while meeting the growing manpower needs within the organisation. Through our dedicated training arm, SMRT Institute, we have broadened our curriculum to encompass both technical and soft skills training to shape a culture of service excellence.

Headcount by Employee Group



Headcount by Business Unit



Figures may not add up due to rounding.

Many new Workforce Skills Qualifications (WSQ)-certified courses have been rolled out and close to 80% of employees have completed the Company-wide Service Excellence courses. 96% of all Trains employees have completed Asset Management courses and a stringent regime of refresher training is conducted to ensure our employees remain competent.

In September 2014, SMRT signed a Memorandum of Understanding (MOU) with e2i (Employment and Employability Institute) to jointly develop and operate Singapore's first Bus Career Development Centre. It features state-of-the-art simulators for driving and the Bus Operations Control Centre. The partnership will professionalise Singapore's bus industry by raising skills and career progression for Bus Captains.

Strengthening Employee Engagement and Industrial Relations

The SMRT Organisational Climate Survey (OCS) conducted in January 2015 by consultant Towers Watson showed very positive engagement levels. 86% of SMRT's employees were sustainably engaged. This is an increase from the 82% engagement score reported at the OCS conducted in 2013 and places SMRT at 7% above the Singapore national norm.

In FY2015, we continue to strengthen employee engagement and industrial relations through various communication channels and activities. Other than opening up multiple channels for feedback, we organised 35 corporate-level events for CEO and Management level to engage employees. We also enhanced communications by providing quarterly updates on the Company's progress and plans through Quarterly Business Unit Engagement Sessions.

The quality of engagement between the Union and SMRT Management also improved through frequent constructive dialogues and involvement of the Union in policy consultations and change management. The 2014 Collective Agreement negotiations successfully concluded in July 2014 in good spirit and collaboration with the National Transport Workers Union (NTWU), with the Trains Career scheme as the centrepiece.

NTUC awarded SMRT with the May Day Model Partnership Award (Management Category) and Plaque of Commendation (Gold) for May Day 2015 to recognise the strong relationship we have built with the labour movement, and the contributions we have made to improve the welfare and employability of our workers.

Building a Sustainable Workforce profile

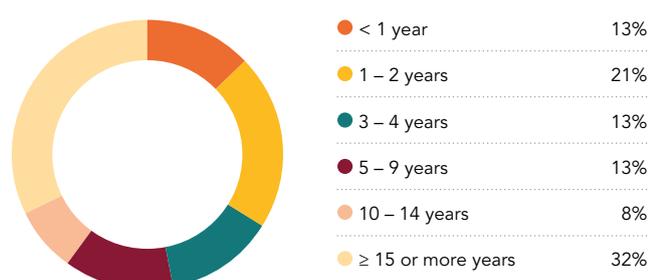
The Land Transport Masterplan will see the doubling of the local rail network by 2030. As public transport is a strategic national priority, SMRT continues to work with LTA to chart the transport industry's manpower and development needs for the long term.

To build a core talent pool and pipeline, we implemented the enhanced Talent Management Framework, which allows employees to acquire the desired competencies at each career stage through a 'Triple E' framework – Education, Exposure and Experience. This framework guides us in developing our talent through academic and professional education, exposing them to enterprise-level and cross-functional business projects, and maximising their on-the-job experience and learning through job rotations.

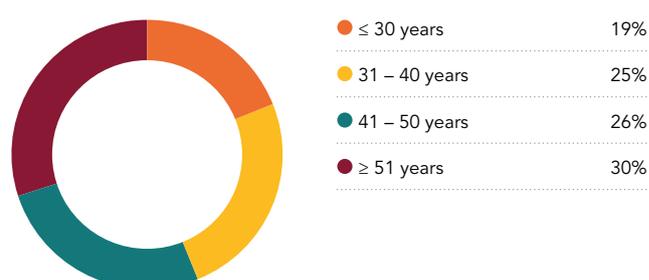
Over the last five years, SMRT has progressively developed strong academia industry partnerships to grow and sustain the rail engineering talent pipeline. Today, SMRT has several MOU established with various academic institutions – Institute of Technical Education, Republic Polytechnic, Singapore Polytechnic and Singapore Institute of Technology. In January 2015, SMRT signed an MOU with Republic Polytechnic, LTA and SBS Transit to develop and launch a Diploma programme in Engineering Systems and Management. Such academia and industry partnerships will prepare and groom future engineers for SMRT and the public transport industry in Singapore.

As headcount increases to meet growing capacity and maintenance needs, we continue to shape a lean and productive workforce with a sustainable age and nationality profile. To retain skilled, experienced and fit older employees, who are energised to carry on working, SMRT extended the re-employment age to 67 years old. Internally, an Age Management Taskforce was set up in August 2014

Staff Profile by Completed Years of Service



Staff Profile by Age





Mr Lim Swee Say, Minister for Manpower, trying out our bus simulator.

to study Age Management initiatives, while a new Health Taskforce will be set up to develop initiatives that enhance physical and mental health of employees.

Supporting Organisational Restructuring and Business Growth

In order to ensure business relevancy and resource optimisation, SMRT constantly reviews and adjusts our organisation and workforce profiles. In FY2015, a review of the organisation design of various parts of SMRT's business (including Corporate functions, Trains and Roads business units) was conducted to optimise the delivery of operational performance, improve collaboration across engineering and operations, and ensure organisational readiness for future growth. The review has enabled us to realise greater synergies in work processes and increase productivity levels.

This year saw the Technology Management Office set up at SMRT Corporate level in order to prioritise technology investments, manage intellectual property, research collaborations and oversee knowledge management across the SMRT Group. It synergises the rail engineering expertise within SMRT.

The establishment of Singapore Rail Engineering was yet another significant milestone. We are building up Singapore Rail Engineering's capabilities with a combination of existing SMRT employees and external experienced hires.

Fostering a Values-based Culture

To foster a values-based culture, we have various awareness and values inculcation programmes. Our core values SMRTnI (Service Excellence, Mastery, Responsibility and Respect, Teamwork, Nurture and Integrity) form the anchor of SMRT's Orientation and On-boarding programme for new employees.

Building on this, we also have a Service Excellence campaign, which prioritises our service standards towards Safety, Reliability, Care and Comfort, and will continue to drive these service values in daily activities in order to better serve our customers. Accordingly, the SMRT Service Excellence

training was developed in collaboration with Disney Institute and NTUC Learning Hub, and aims to enhance the service standards of all SMRT employees. To date, close to 80% of our employees have completed this training.

Sustaining this journey of cultural change is essential and Service Culture Change teams were formed to look into enhancing the culture of the Company in terms of collaboration and building trust. We also have 120 Leader Ambassadors to act as change agents across our different business units.

ENHANCING EFFICIENCY IN HR PROCESSES

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.

RECOGNISED FOR HR EXCELLENCE

We are encouraged by the recognition our HR practices have received at the national level in FY2015. We won HR awards at the Singapore Human Resources Institute (SHRI)'s Singapore HR Awards 2014, HR Excellence Awards 2014 and the HRM Awards 2015. We were also recognised by the Health Promotion Board with the Singapore HEALTH Award (Silver) for our programmes that improve employee health and wellbeing.

THE JOURNEY AHEAD

Looking ahead, SMRT will continue to professionalise our workforce and instill a sense of pride in our employees, which in turn will lead to greater productivity and superior operational performance. These efforts will inspire stronger commitment among our employees to create positive customer experience and shareholder value.

SERVING OUR COMMUNITY

At SMRT, we believe in having a positive impact on the communities we serve. With island-wide operations, we are committed to conducting our business in an economically, socially and environmentally-friendly manner that balances the interests of our stakeholders.

DEFINING OUR SOCIAL RESPONSIBILITY

SMRT's corporate social responsibility (CSR) strategy ensures greater affinity between our CSR programmes and our vision of *Moving People, Enhancing Lives*. Our CSR objectives are to support sustainable development at SMRT, while giving back to society and building a fair and inclusive community. CSR at SMRT is defined by three fundamental principles relating to philanthropy, volunteerism, advocacy and operational practices. These principles are encapsulated in our three pillars of enabling Mobility, empowering through Education & the Arts, and sustaining our Environment.

Enabling Mobility

SMRT's Gift of Mobility (GoM) programme is a key initiative of this CSR pillar. As part of this programme, the SMRT GoM Fund was established to provide financially needy individuals with physical disabilities and mobility impairment, with point-to-point transfers in order to receive medical treatment, seek employment or to work until a more permanent transport solution is made available to them.

Since 2008, the Fund has disbursed more than \$1.2 million and has helped over 7,400 beneficiaries through Community Development Councils (CDCs), hospitals and Volunteer Welfare Organisations (VWOs).

Empowering Through Education and the Arts Education

The SMRT Learning Journey is an educational outreach programme catering to 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 larger community on how they too can help play a part in ensuring a safe and enjoyable journey within our network.

In the past year, over 450 participants joined us on the SMRT Learning Journey, which took them on a customised train ride, an introduction to the fully-automated Circle Line's Operations Control Centre, and a bus ride. Additionally, the Learning Journey stresses our ongoing efforts to ensure safety and deliver service excellence.

Arts

SMRT believes in supporting 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. This is an art tour of the city's public train stations, highlighting a series of key artwork and installations along the Circle Line. This guided tour showcases works created by Singaporean artists that reflect the cultural and historical heritage of the community and the area around the station.

SMRT has also been the OOH media partner for local art groups and events such as the Singapore Symphony Orchestra and the NUS Arts Festival. In FY2015, we sponsored the arts with over \$350,000 worth of media space across the SMRT network.

Sustaining our Environment & Cultivating 'Green' Values

In FY2015, we continued our 'green' fleet expansion by acquiring more fuel efficient Toyota Prius Hybrid taxis. We also introduced Double Deckers to our bus fleet. Aside from their increased capacity, the integrated design of the body and chassis of the environmentally-friendly buses makes them lighter in weight. This leads to improved fuel efficiency, less harmful emissions, reduction in the usage of raw materials and tyres that last longer. Also, 85% of the materials used in manufacturing the buses are recyclable.

In November 2014, Ang Mo Kio Station was our second MRT station to be awarded the Building and Construction Authority (BCA) Green Mark (Gold) Award. This eco-station has improved air ventilation, water-efficient washrooms as well as recycling facilities. Additionally, our retail tenants at Ang Mo Kio Xchange are Project: Eco-Shop certified. Project: Eco-Shop is Singapore's first national eco-certification programme for shop owners. It aims to guide and encourage shop owners to adopt eco-friendly habits and implement green practices in their daily operations. We continue to work with the Singapore Environment Council to promote this programme to other tenants in SMRT's retail network, as well as reach out to other shop owners in Singapore.

In March 2015, as part of Singapore World Water Day, we collaborated with the Public Utilities Board to distribute water conservation decals to over 750 shops in our network. We also raised awareness among commuters for water conservation through public education posters in our stations.



Participants on Art in Transit tours observing the “Dreams in Social Cosmic Odyssey” installation by Phunk Studio at Promenade Station during the Art Week in January 2015.

CONSERVING ENERGY

SMRT’s Energy Committee has played a significant role in sustaining our environment and cultivating ‘green’ values. In 2014, the Energy Committee rolled out a series of energy saving initiatives such as upgrading the propulsion system of our first generation trains to the more energy efficient Permanent Magnetic Synchronous Motor as well as introducing more energy efficient chillers at our stations. Additional energy saving initiatives will be implemented over the next five years to achieve a 10% reduction in energy consumption and carbon footprint.

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 emission are submitted to the authorities. Energy managers are also members of SMRT’s Energy Committee.

Moving forward, the Energy Committee will be restructured and expanded to include other environmental sustainability aspects such as air, water and waste management. In conjunction with these, there will be efforts to educate and raise awareness within the organisation as well as externally.



Guest-of-honour Ms Denise Phua, Mayor of Central Singapore District, at our exhibition on environmentally-sustainable practices at SMRT. The exhibition was part of the launch of Ang Mo Kio Xchange and upgraded MRT station.



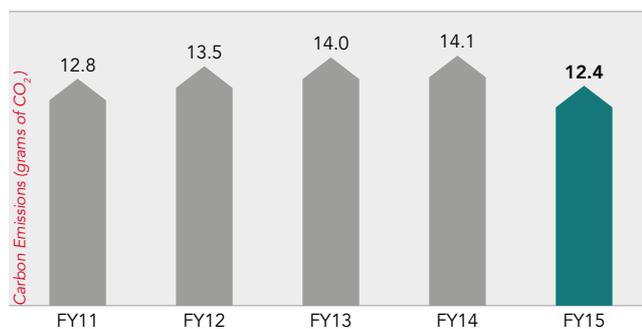
The Learning Journey stresses our ongoing efforts to ensure safety and deliver service excellence.

BENCHMARKING OUR EFFORTS

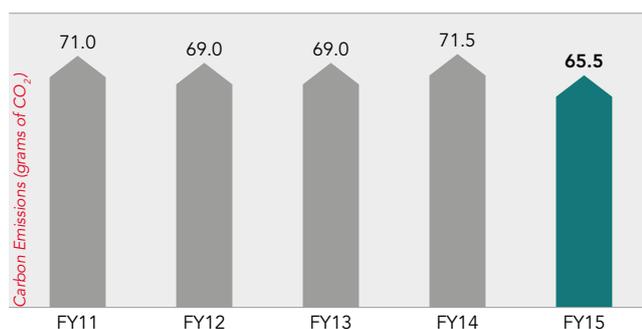
In FY2015, SMRT Trains business has seen a significant reduction in our carbon footprint as a result of implementing energy saving initiatives such as deploying more energy efficient trains during off-peak hours. We have also sourced electricity that is generated in a more environmentally-friendly manner. We remain committed to managing our carbon footprint through regular reviews to optimise train load to meet passenger demand.

With the addition of fuel-efficient buses and a rise in ridership, our bus carbon footprint experienced a reduction of 6 grams per passenger-kilometre, from 71.5 grams per passenger-kilometre in FY2014, to 65.5 grams in FY2015. We continue to monitor our carbon footprint in relation to our operations even as we increase the size of our fleet, albeit with eco-friendly and fuel-efficient buses.

SMRT Trains Carbon Footprint



SMRT Buses Carbon Footprint



GIVING AT SMRT

SMRT contributes to charities and other worthy causes with cash donations and in-kind sponsorship.

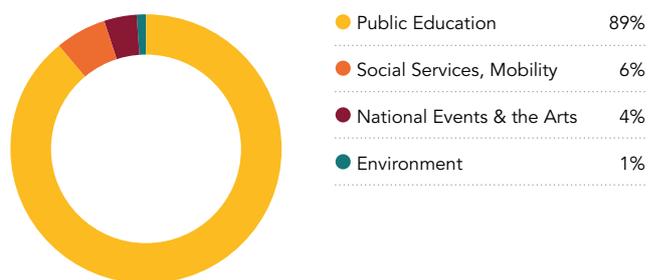
In the past year, SMRT has provided over \$1 million worth of in-kind sponsorship to help charities and social service organisations to raise awareness for their individual causes.

We are able to leverage our transport network, including media spaces in the stations as well as on trains, buses and taxis, to promote the causes that we support.

Cash sponsorship (%)



In-kind sponsorship (%)



MOVING FORWARD ATTAINING EXCELLENCE

ORGANISATIONAL EXCELLENCE

Best Annual Report (Silver) for companies with \$1 billion and above in market capitalisation
Singapore Corporate Awards 2014
The Business Times, Institute of Singapore Chartered Accountants & Singapore Institute of Directors

Delivering Value in Risk Management
Global Risk Awards 2015
Institute of Risk Management

Ranked 10th amongst 644 Singapore-listed companies in the Business Times Governance & Transparency Index (GTI) 2014

Ranked 4th amongst top 100 Singapore-listed companies in the Singapore Country Report: ASEAN Corporate Governance Scorecard 2014 – 2015
Singapore Institute of Directors and Centre for Corporate Governance, Institutions and Organisations, Monetary Authority of Singapore

Best Public Sector Campaign (Excellence Winner)
PRISM Awards 2015
Institute of Public Relations of Singapore

Green Mark (Gold) Certification for Ang Mo Kio MRT Station
Building and Construction Authority of Singapore

CUSTOMER EXPERIENCE

National Kindness – Transport Gold Awards 2014
Singapore Kindness Movement, Traffic Police & Land Transport Authority

Excellent Service Awards (EXSA) 2014
SPRING Singapore

Customer Service Category – Transport
Singapore Experience Awards 2014
Singapore Tourism Board

Most Service-Oriented Individual (Public Transport)
Land Transport Excellence Awards 2014
Land Transport Authority

WORKFORCE HEALTH

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)

Compensation & Benefits Strategy (Gold Winner)
Human Resources Excellence Awards 2014
Human Resources Magazine

Leading HR Practices in Learning & Human Capital Development
Singapore HR Awards 2014
Singapore Human Resources Institute (SHRI)

Leading HR Practices (Special Mention) in Strategic HR
Singapore HR Awards 2014
Singapore Human Resources Institute (SHRI)

Leading HR Practices (Special Mention) in Corporate Social Responsibility
Singapore HR Awards 2014
Singapore Human Resources Institute (SHRI)

Singapore Health Award (Silver) 2014
Health Promotion Board (HPB)

Best Performance & Productivity Practices (Special Recognition)
HRM Awards 2015
Human Resources Magazine (HRM) Asia

Best Mature & Re-Employment Practices (Special Recognition)
HRM Awards 2015
Human Resources Magazine (HRM) Asia

FINANCIAL REPORT

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DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2015

The Directors present their report 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 2015.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Koh Yong Guan	Chairman
Desmond Kuek Bak Chye	Executive Director and 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	

2. 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 Director and Corporation 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	70,000
Mapletree Logistics Trust Management Ltd – units in Mapletree Logistics Trust	16,000	16,000
Singapore Airlines Limited – ordinary shares	4,800	4,800

2. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

Name of Director and Corporation 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 (cont'd)		
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
– unissued ordinary shares under share awards	286,000	494,000
Singapore Telecommunications Limited – ordinary shares	2,230	2,230
Tan Ek Kia		
Mapletree Greater China Commercial Trust Management Ltd – units in Mapletree Greater China Commercial Trust	10,000	10,000
Yap Kim Wah		
Singapore Airlines Limited – ordinary shares	99,531	–
Yap Chee Meng		
Singapore Telecommunications Limited – ordinary shares	177	177

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 2015.

3. 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 report.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest except as disclosed in the notes to the financial statements and salaries, bonuses and other benefits in their capacity as directors of the Company which are disclosed in the Corporate Governance Report.

5. SHARE PLANS

On 15 July 2000, members of the Company approved the adoption of the SMRT Corporation Employee Share Option Plan ("SMRT ESOP") at an Extraordinary General Meeting ("EGM"). The SMRT ESOP had expired on 21 July 2013.

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 "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 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 and SMRT PSP (collectively "the Plans")

The 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.

The 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.

5. SHARE PLANS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

(i) 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.

(ii) 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 the SMRT RSP 2014 are aligned with the principle of pay-for-performance.

Awards granted under the 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 the SMRT PSP 2014, as well as the 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 Plans.

(iii) 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)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

(iii) 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 7 July 2015 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 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.

(iv) 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	15 October 2014	15 October 2014 and 15 December 2014
Performance period	1 April 2014 to 31 March 2017	1 April 2014 to 31 March 2015
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.

5. SHARE PLANS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

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 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

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

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.

5. SHARE PLANS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

The number of contingent shares granted but not released as at 31 March 2015 were 1,106,384 (2014: 758,000) for SMRT PSP 2004 and SMRT PSP 2014, and 3,071,008 (2014: 1,579,700) 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 1,659,600 (2014: 1,137,000) fully-paid SMRT shares for SMRT PSP 2004 and SMRT PSP 2014, and 4,056,200 (2014: 1,634,700) 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

The Committee carried out its function in accordance with the Act, including the following:

- (a) reviewed the accounting policies of the Group to ensure that the policies are in compliance with accounting standards and in accordance with applicable laws and regulations;
- (b) reviewed, with the internal and external auditors, their audit plans;
- (c) reviewed, with the internal and external auditors, the adequacy of the Group's internal controls, namely financial and accounting controls, operational and compliance controls, information technology controls, and risk management policies and systems, with the purpose of safeguarding the Group's assets and enhancing shareholder value;
- (d) reviewed, with the internal and external auditors, their audit reports;
- (e) reviewed the cooperation given by the Group's officers to the internal and external auditors;
- (f) reviewed the scope and results of the internal audit procedures;
- (g) approved the proposed audit scope, approach and results, and the independence and objectivity of the external auditor;
- (h) 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 and to submit them to the Board;
- (i) nominated and reviewed the appointment or re-appointment of the external auditors, and make recommendations to the Board on these matters;
- (j) reviewed the quarterly and annual financial statements and financial announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (k) reviewed transactions with interested persons;
- (l) 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 auditors for the audit of the financial statements of the Group; and
- (m) 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 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

30 April 2015

STATEMENT BY DIRECTORS

YEAR ENDED 31 MARCH 2015

In our opinion:

- (a) the financial statements set out on pages 122 to 182 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Group and of the changes in equity of the Company for the financial year then ended; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Koh Yong Guan

Director

Desmond Kuek Bak Chye

Director

30 April 2015

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 122 to 182, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2015, 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 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 31 March 2015, and of the results, changes in equity and cash flows of the Group and the changes in equity for 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, 30 April 2015

BALANCE SHEETS

AS AT 31 MARCH 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Property, plant and equipment	4	2,042,484	1,641,769	12,420	11,537
Intangible asset	5	13,614	13,614	–	–
Investments in subsidiaries	6	–	–	325,823	325,823
Interests in associates and joint ventures	7	55,768	52,629	–	–
Other investments	8	20,629	20,713	–	–
		2,132,495	1,728,725	338,243	337,360
Current assets					
Inventories	9	80,917	84,325	–	–
Trade and other receivables	10	167,684	98,938	69,705	78,965
Other investments	8	–	5,000	–	–
Fixed deposits with banks and financial institutions		9,358	8,615	–	–
Cash at banks and in hand		146,759	146,909	6,904	5,682
		404,718	343,787	76,609	84,647
Total assets		2,537,213	2,072,512	414,852	422,007
Equity attributable to equity holders of SMRT					
Share capital	11	169,143	168,240	169,143	168,240
Reserves	12	9,145	2,229	3,185	1,977
Accumulated profits		681,228	631,283	215,177	227,759
		859,516	801,752	387,505	397,976
Non-controlling interest		(638)	(92)	–	–
Total equity		858,878	801,660	387,505	397,976
Non-current liabilities					
Interest-bearing borrowings	14	812,671	480,017	–	–
Provisions	15	32	25	–	–
Deferred tax liabilities	16	165,649	155,808	1,510	1,435
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	39,758	48,949	–	42
		1,038,422	705,111	1,510	1,477
Current liabilities					
Interest-bearing borrowings	14	8,934	156,393	–	–
Trade and other payables	19	568,231	355,183	25,259	22,302
Provisions	15	57,895	50,263	578	252
Current tax payable		4,853	3,902	–	–
		639,913	565,741	25,837	22,554
Total liabilities		1,678,335	1,270,852	27,347	24,031
Total equity and liabilities		2,537,213	2,072,512	414,852	422,007

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 MARCH 2015

(CONSOLIDATED INCOME STATEMENT SEGREGATED BY RAIL, BUS AND NON-FARE BUSINESS)

	Note	2015 \$'000	2014 \$'000
Revenue	20	1,235,535	1,163,893
– Rail		653,999	634,145
– Bus		238,140	217,795
– Non-Fare		343,396	311,953
Other operating income	21(a)	57,961	42,146
Staff costs	21(b)	(483,593)	(462,360)
Depreciation of property, plant and equipment	4	(203,155)	(181,179)
Amortisation of asset-related grants	18	10,025	9,877
Repairs and maintenance costs		(121,850)	(112,902)
Electricity and diesel costs		(150,655)	(163,517)
Other operating expenses	21(c)	(223,461)	(211,724)
Profit from operations		120,807	84,234
– Rail		8,732	1,062
– Bus		(7,993)	(28,484)
– Non-Fare		120,068	111,656
Finance costs	21(d)	(12,527)	(10,431)
Interest and investment income	21(e)	1,587	1,270
Share of results of associates and joint ventures (net of tax)		989	(418)
Profit before income tax	21	110,856	74,655
Income tax expense	22	(20,402)	(13,157)
Profit after income tax		90,454	61,498
Attributable to:			
Equity holders of SMRT		91,000	61,902
Non-controlling interest		(546)	(404)
		90,454	61,498
Earnings per share attributable to equity holders of SMRT (in cents):			
Basic	23	6.0	4.1
Diluted	23	6.0	4.1

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2015

	2015 \$'000	2014 \$'000
Profit for the year	90,454	61,498
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	(51)	(1,031)
Effective portion of change in fair value of cash flow hedge, net of tax	(4,753)	1,112
Change in fair value of cash flow hedge transferred to the income statement, net of tax	4,217	(923)
Currency translation differences arising from consolidation	6,295	2,708
Other comprehensive income for the year, net of tax	5,708	1,866
Total comprehensive income for the year	96,162	63,364
Attributable to:		
Equity holders of SMRT	96,708	63,768
Non-controlling interest	(546)	(404)
	96,162	63,364

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2015

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 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
At 1 April 2013	167,496	(2,878)	1,547	(283)	2,560	599,806	768,248	312	768,560
Profit/(loss) for the year	-	-	-	-	-	61,902	61,902	(404)	61,498
Other comprehensive income	-	2,708	(1,031)	189	-	-	1,866	-	1,866
Transactions with owners, recorded directly in equity:									
Issue of shares under SMRT ESOP	46	-	-	-	-	-	46	-	46
Issue of performance shares	698	-	-	-	(698)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	115	-	115	-	115
Final dividend paid of 1.00 cent per share in respect of year 2013	-	-	-	-	-	(15,210)	(15,210)	-	(15,210)
Interim dividend paid of 1.00 cent per share in respect of year 2014	-	-	-	-	-	(15,215)	(15,215)	-	(15,215)
Total transactions with owners	744	-	-	-	(583)	(30,425)	(30,264)	-	(30,264)
At 31 March 2014	168,240	(170)	516	(94)	1,977	631,283	801,752	(92)	801,660

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2015

Company	Share capital \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
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
At 1 April 2013	167,496	2,560	235,207	405,263
Profit for the year	–	–	22,977	22,977
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	46	–	–	46
Issue of performance shares	698	(698)	–	–
Value of employee services received for share-based payment	–	115	–	115
Final dividend paid of 1.00 cent per share in respect of year 2013	–	–	(15,210)	(15,210)
Interim dividend paid of 1.00 cent per share in respect of year 2014	–	–	(15,215)	(15,215)
Total transactions with owners	744	(583)	(30,425)	(30,264)
At 31 March 2014	168,240	1,977	227,759	397,976

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2015

	2015 \$'000	2014 \$'000
Operating activities		
Profit before income tax	110,856	74,655
<i>Adjustments for:</i>		
– Amortisation of asset-related grants	(10,025)	(9,877)
– Depreciation of property, plant and equipment	203,155	181,179
– Dividend income	(206)	(206)
– Grant released upon disposal/write-off of property, plant and equipment	(3)	(19)
– Interest expense	12,527	10,431
– Interest income	(1,381)	(1,064)
– Loss/(Gain) on disposal of property, plant and equipment	124	(1,874)
– Property, plant and equipment written off	4,815	1,126
– Provisions made during the year	20,994	22,254
– Share-based payment expenses	2,111	115
– Share of results of associates and joint ventures (net of tax)	(989)	418
– Grant income	(33,585)	(15,207)
	308,393	261,931
<i>Changes in working capital:</i>		
– Inventories	3,408	(24,424)
– Trade and other receivables	(42,655)	4,806
– Trade and other payables	29,241	6,844
Cash generated from operations	298,387	249,157
Income taxes paid, net	(9,041)	(4,544)
Interest paid	(11,960)	(10,194)
Cash flows from operating activities	277,386	234,419
Investing activities		
Dividends received	206	206
Interest received	1,383	1,546
Investment in joint ventures	(1,500)	–
Purchase of property, plant and equipment	(462,543)	(651,882)
Proceeds from disposal of:		
– property, plant and equipment	1,619	2,553
– other investments	5,000	5,000
Cash flows from investing activities	(455,835)	(642,577)
Financing activities		
Grant received	30,492	18,899
Proceeds from issue of shares under share option plan	–	46
Proceeds from issuance of unsecured quoted notes	300,000	–
Repayment of financial liabilities	(199,900)	–
Proceeds from borrowings	88,698	28,658
Proceeds from unclaimed dividends	35	–
Dividends paid	(41,090)	(30,425)
Cash flows from financing activities	178,235	17,178
Net decrease in cash and cash equivalents	(214)	(390,980)
Cash and cash equivalents at beginning of the year	155,524	546,294
Effect of exchange rate fluctuations on cash held	807	210
Cash and cash equivalents at end of the year	156,117	155,524
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	9,358	8,615
Cash at banks and in hand	146,759	146,909
	156,117	155,524

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2015.

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.

2. LICENCE AND OPERATING AGREEMENTS (CONT'D)**(a) SMRT Trains Ltd ("MRT") (cont'd)**

- (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.

(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.

2. LICENCE AND OPERATING AGREEMENTS (CONT'D)

(b) SMRT Light Rail Pte Ltd ("LRT") (cont'd)

- (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.

3.2 Changes in accounting policies

On 1 April 2014, 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 date of exchange.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (cont'd)

Business combination (cont'd)

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 the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the purchase consideration is credited to the income statement in the period of the acquisition.

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 "impairment" for the subsequent accounting policy on goodwill.

Subsidiaries

Subsidiaries are entities in which the Group has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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.

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 investment and is neither amortised nor tested individually for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (cont'd)

Associates and joint ventures (cont'd)

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. 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.

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 represent 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 income statement 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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.

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. During the financial year, the Group revised its estimates for the useful lives of the buses from 17 years to 20 years to reflect more appropriately its useful life. The effects of the change on depreciation expense in current and future periods on Buses currently held is as follows:

	2015 \$'000	2016 \$'000	2017 \$'000	Later \$'000
(Decrease)/Increase in depreciation expense	(2,117)	(2,454)	(2,452)	7,023

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Non-derivative financial instruments (cont'd)

Available-for-sale financial assets (cont'd)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Derivative financial instruments and hedging activities (cont'd)

Cash flow hedges (cont'd)

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.

3.10 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Construction contracts (cont'd)

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 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment (cont'd)

Impairment of non-financial assets (cont'd)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax (cont'd)

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.

3.21 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Revenue recognition (cont'd)

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.

3.25 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Employee Share Option Plan ("SMRT ESOP") allows the Group's employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period. The proceeds received, net of any directly attributable transactions costs, are credited to share capital when the options are exercised.

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.

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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
Cost				
At 1 April 2013	269,297	83,662	7,020	1,228,973
Additions	24,809	4,141	1,130	81,493
Disposals/Write-offs	(66)	(1,053)	(883)	(1,579)
Transfers/Reclassifications	25,810	4,736	–	731
At 31 March 2014	319,850	91,486	7,267	1,309,618
At 1 April 2014	319,850	91,486	7,267	1,309,618
Additions	3,760	3,494	863	170,142
Disposals/Write-offs	(787)	(693)	(351)	(2,864)
Transfers/Reclassifications	32,129	5,699	–	2,506
At 31 March 2015	354,952	99,986	7,779	1,479,402
Accumulated depreciation and impairment losses				
At 1 April 2013	68,164	51,180	4,300	721,291
Depreciation charge for the year	16,298	10,173	1,126	56,012
Disposals/Write-offs	(66)	(947)	(707)	(1,023)
At 31 March 2014	84,396	60,406	4,719	776,280
At 1 April 2014	84,396	60,406	4,719	776,280
Depreciation charge for the year	20,040	10,393	1,001	63,967
Disposals/Write-offs	(765)	(677)	(326)	(1,904)
At 31 March 2015	103,671	70,122	5,394	838,343
Carrying amount				
At 31 March 2014	235,454	31,080	2,548	533,338
At 31 March 2015	251,281	29,864	2,385	641,059

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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
146,233	288,136	328,649	285,025	27,831	359,067	122,892	3,146,785
9,337	28,183	3,245	38,982	507	32,653	173,226	397,706
(391)	(5,597)	(8,883)	(55,090)	(2,555)	(1,526)	–	(77,623)
2,330	5,157	51,624	38,928	2,744	14,506	(146,566)	–
157,509	315,879	374,635	307,845	28,527	404,700	149,552	3,466,868
157,509	315,879	374,635	307,845	28,527	404,700	149,552	3,466,868
423	15,244	2,168	45,155	452	8,410	369,080	619,191
(1,245)	(11,465)	(32,511)	(29,830)	(1,946)	(32,165)	–	(113,857)
345	4,621	128,007	49,522	4,349	17,795	(244,973)	–
157,032	324,279	472,299	372,692	31,382	398,740	273,659	3,972,202
118,752	210,313	165,304	89,805	23,810	258,069	–	1,710,988
5,983	17,472	22,170	32,731	1,738	17,476	–	181,179
(343)	(5,223)	(8,880)	(45,863)	(2,548)	(1,468)	–	(67,068)
124,392	222,562	178,594	76,673	23,000	274,077	–	1,825,099
124,392	222,562	178,594	76,673	23,000	274,077	–	1,825,099
4,666	19,157	22,065	40,702	2,135	19,029	–	203,155
(1,240)	(11,384)	(32,384)	(17,503)	(1,912)	(30,441)	–	(98,536)
127,818	230,335	168,275	99,872	23,223	262,665	–	1,929,718
33,117	93,317	196,041	231,172	5,527	130,623	149,552	1,641,769
29,214	93,944	304,024	272,820	8,159	136,075	273,659	2,042,484

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YEAR ENDED 31 MARCH 2015

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 2013	19,190	2,477	129	19	124	1,706	23,645
Additions	2,932	–	312	9	–	2,415	5,668
Disposals/Write-offs	(43)	–	–	–	–	–	(43)
Transfers/Reclassifications	662	–	–	–	–	(662)	–
At 31 March 2014	22,741	2,477	441	28	124	3,459	29,270
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
Accumulated depreciation and impairment losses							
At 1 April 2013	12,429	1,476	118	12	55	–	14,090
Depreciation charge for the year	3,194	430	43	4	14	–	3,685
Disposals/Write-offs	(42)	–	–	–	–	–	(42)
At 31 March 2014	15,581	1,906	161	16	69	–	17,733
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
Carrying amount							
At 31 March 2014	7,160	571	280	12	55	3,459	11,537
At 31 March 2015	8,147	270	221	31	51	3,700	12,420

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

5. INTANGIBLE ASSET

Group	Goodwill	
	2015 \$'000	2014 \$'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:

	2015 \$'000	2014 \$'000
Taxi operations	13,614	13,614

The recoverable amount of a business unit 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 5.94% (2014: 6.40%) per annum.

The Taxi business is very 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 15.94% drop (2014: 9.77%) 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 2015 is increased by 1.05% (2014: 1.12%), the recoverable amount will be reduced to a level comparable with its carrying value.

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6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
Unquoted equity shares, at cost	418,332	418,332
Impairment losses	(92,509)	(92,509)
	325,823	325,823

In the previous financial year 2014, the Company recognised an impairment loss of \$18,346,000 for the investments in subsidiaries due mainly to shortfall of carrying values over share of net tangible assets.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2015 %	2014 %
¹ SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
¹ SMRT Light Rail Pte Ltd	Singapore	100	100
¹ SMRT Engineering 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 Investments Pte Ltd and its subsidiary:	Singapore	100	100
¹ SMRT Alpha Pte Ltd	Singapore	70	70
¹ SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Buses Ltd.	Singapore	100	100
¹ SMRT Taxis Pte Ltd	Singapore	100	100
¹ SMRT Automotive Services Pte. Ltd.	Singapore	100	100
¹ Bus-Plus Services Pte Ltd	Singapore	100	–
¹ Bus-Plus Services Pte Ltd	Singapore	–	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	–

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

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YEAR ENDED 31 MARCH 2015

7. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	Group	
	2015 \$'000	2014 \$'000
Interests in associates and joint ventures	73,062	69,923
Impairment loss	(17,294)	(17,294)
	55,768	52,629

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	
		2015 %	2014 %
Held by SMRT Far East Pte. Ltd.:			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49

Summarised financial information of the material associate is as follows:

	2015 \$'000	2014 \$'000
Summarised Balance Sheet		
Current assets	38,463	30,669
<i>Includes:</i>		
– Cash and cash equivalents	20,657	86,764
Current liabilities	111,952	86,784
<i>Includes:</i>		
– Financial liabilities (excluding trade payables)	107,561	81,534
Non-current assets	222,937	207,222
Non-current liabilities	36,797	43,664
<i>Includes:</i>		
– Financial liabilities	34,478	42,491
– Other liabilities	2,319	1,173
Summarised Statement of Comprehensive Income		
Revenue	65,613	60,198
Interest income	64	51
Expenses		
<i>Includes:</i>		
– Depreciation and amortisation	(14,236)	(14,981)
– Interest expense	(5,221)	(6,530)
Profit/(Loss) before income tax	5,075	(35)
Income tax expense	(1,008)	(782)
Profit/(Loss) after income tax	4,067	(817)
Dividends received from associated company	356	319

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

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	
		2015 %	2014 %
Held by SMRT Road Holdings Ltd.:			
Hailo Singapore Pte. Ltd.	Singapore	50	–
Held by Singapore Rail Engineering Pte. Ltd.:			
Railise Pte. Ltd.	Singapore	50	–

The principal activity of Hailo Singapore Pte. Ltd. (“Hailo Singapore”) 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.

Summarised financial information of the joint ventures is as follows:

	Hailo Singapore Pte. Ltd.		Railise Pte. Ltd.		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Summarised Balance Sheet						
Current assets	615	–	–	–	615	–
<i>Includes:</i>						
– Cash and cash equivalents	240	–	–	–	240	–
Current liabilities	536	–	253	–	789	–
<i>Includes:</i>						
– Financial liabilities (excluding trade payables)	246	–	253	–	499	–
Non-current assets	1,230	–	–	–	1,230	–
Non-current liabilities	–	–	–	–	–	–

	Hailo Singapore Pte. Ltd.		Railise Pte. Ltd.		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Summarised Statement of Comprehensive Income						
Revenue	35	–	–	–	35	–
Expenses						
<i>Includes:</i>						
– Depreciation and amortisation	(13)	–	–	–	(13)	–
Loss before & after income tax	(1,691)	–	(253)	–	(1,944)	–

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8. OTHER INVESTMENTS

	Group	
	2015 \$'000	2014 \$'000
Non-current		
Quoted available-for-sale equity security	4,175	4,226
Quoted held-to-maturity debt securities	16,454	16,487
	20,629	20,713
Current		
Quoted held-to-maturity debt securities	–	5,000
Total	20,629	25,713

Held-to-maturity debt securities bear interest at rates ranging from 3.08% to 3.60% (2014: 2.81% to 3.60%) per annum and will mature in 5.28 years to 7.46 years (2014: 0.92 years to 8.46 years).

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	
	2015 \$'000	2014 \$'000
Spare parts, diesel, tyres and consumable stores	98,847	103,090
Allowance for obsolete inventories	(17,930)	(18,765)
	80,917	84,325

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	10(a)	34,430	37,652	–	–
Other receivables, deposits and prepayments	10(b)	133,254	61,286	4,300	3,777
Amounts due from subsidiaries	10(c)	–	–	65,405	75,188
		167,684	98,938	69,705	78,965

10(A). TRADE RECEIVABLES

		Group	
	Note	2015 \$'000	2014 \$'000
Trade receivables	27	39,828	42,694
Allowance for doubtful receivables	27	(5,398)	(5,042)
		34,430	37,652

Trade receivables of the Group include \$901,000 (2014: \$2,992,000) due from subsidiaries and/or associates of the ultimate holding company and there is no allowance for doubtful debts arising from the outstanding balances.

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10(B). OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits	234	743	19	40
Prepayments	9,955	7,253	1,666	1,554
Staff loans and advances	1,058	845	54	343
Interest receivable	115	84	–	–
Recoverable in respect of accident claims	8,335	8,739	–	–
Advances to suppliers	29,299	13,320	81	99
Other receivables	84,258	30,302	2,480	1,741
	133,254	61,286	4,300	3,777

10(C). AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
Current account (trade)	37,726	11,590
Interest-bearing loans	27,679	63,598
	65,405	75,188

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.48% (2014: 0.23%) 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			
	2015		2014	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,521,508	168,240	1,520,972	167,496
Issue of shares under SMRT ESOP	–	–	74	46
Issue of performance shares under SMRT RSP & SMRT PSP	630	903	462	698
At 31 March	1,522,138	169,143	1,521,508	168,240

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.

Pursuant to the SMRT ESOP, no new fully-paid ordinary shares were issued during the financial year. In the previous financial year, 74,300 new fully-paid ordinary shares were issued for cash at \$0.623 per share by the Company.

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fair value reserve	465	516	–	–
Hedge reserve	(630)	(94)	–	–
Share-based payment reserve	3,185	1,977	3,185	1,977
Foreign currency translation reserve	6,125	(170)	–	–
	9,145	2,229	3,185	1,977

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 2000, members of the Company approved the adoption of the SMRT Corporation Employee Share Option Plan (“SMRT ESOP”) at an Extraordinary General Meeting (“EGM”). The SMRT ESOP had expired on 21 July 2013. The SMRT ESOP comprised two distinct schemes:

- (i) Management Scheme – Scheme designed for management staff in the positions of Deputy Director and above of the Group.
- (ii) Employee Scheme – Scheme designed for all other employees of the Group.

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 SMRT ESOP and 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 SMRT ESOP and Share Plans 2014 as it thinks fit.

The salient features of the SMRT ESOP, SMRT RSP and SMRT PSP are as follows:

SMRT ESOP

(i) Eligible participants

At the absolute discretion of the Committee, all confirmed employees of the Group (including any director of the Group who performs an executive function) who are not less than 21 years old and have been in the service of the Group for at least one year prior to the date of which an option is granted (“Grant Date”) are eligible to participate in the SMRT ESOP.

13. EQUITY COMPENSATION BENEFITS (CONT'D)

SMRT ESOP (cont'd)

(ii) Maximum allowable allotment

The total number of shares which may be issued under the SMRT ESOP ("ESOP Shares") when added to the number of shares which may be issued pursuant to awards granted under the SMRT RSP and SMRT PSP shall not exceed 10% (2014: 15%) of the issued share capital of the Company on the Grant Date.

The number of ESOP Shares to be offered to a participant shall be determined by the Committee at its absolute discretion after taking into account the length of service and performance of the participant and such other general criteria as the Committee may consider appropriate.

(iii) Subscription price

The subscription price for each share in respect of which an option is exercisable shall be the average of the last dealt prices of the shares as published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for five consecutive market days immediately preceding the Grant Date.

(iv) Option period

The options granted under the Management Scheme will be vested over a 3-year period (that is cumulatively 33% in the first year, 66% in the second year and 100% in the third year) and may be exercised during the period commencing after the vesting date but before the tenth anniversary of the Grant Date.

The options granted under the Employee Scheme may be exercised during the period commencing after the second anniversary of the Grant Date but before the tenth anniversary of the Grant Date. The right of the participants to exercise their options is in all cases subject to such vesting schedule (if any) stipulated by the Committee and any other conditions which may be imposed by the Committee from time to time in its absolute discretion.

At the end of the previous financial year, details of the options granted under the SMRT ESOP on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per option	Options outstanding and exercisable at 1 April 2013	Options exercised	Options cancelled	Options outstanding and exercisable at 31 March 2014	Proceeds on exercise of options during the year credited to share capital \$'000	Weighted average share price at exercise date of options	Exercise period
22/7/2003	\$0.623	322,150	(74,300)	(247,850)	–	46	\$1.454	22/7/2004 to 21/7/2013

No option has been granted during the financial year. The last batch of share options granted on 22 July 2003 expired on 21 July 2013.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a modified Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on the historic volatility, calculated based on monthly share prices over three years prior to date of grant of options.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the fair value measurement of the services received.

SMRT RSP and SMRT PSP (collectively "the Plans")

The 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.

The 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.

13. EQUITY COMPENSATION BENEFITS (CONT'D)**SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)****(i) 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.

(ii) 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 the SMRT RSP 2004 and SMRT RSP 2014 are aligned with the principle of pay-for-performance.

Awards granted under the 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 an award under the SMRT PSP 2004 and SMRT PSP 2014, as well as the 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.

(iii) 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% (2014: 15%) 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 7 July 2015 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% (2014: 2%) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

13. EQUITY COMPENSATION BENEFITS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

(iv) 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 SMRT PSP 2014 and SMRT RSP 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	15 October 2014	15 October 2014 and 15 December 2014
Performance period	1 April 2014 to 31 March 2017	1 April 2014 to 31 March 2015
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	2015		2014	
	SMRT PSP 2014	SMRT RSP 2014	SMRT PSP 2014	SMRT RSP 2014
Historical volatility				
SMRT				
– 31 July 2013	–	–	8.94%	8.94%
– 15 October 2014	20.22%	20.22%	–	–
– 15 December 2014	–	20.97%	–	–
Straits Times Index				
– 31 July 2013	–	–	14.52%	–
– 15 October 2014	11.55%	–	–	–
Risk-free interest rates				
Yield of Singapore Government Securities on Date of Grant				
– 31 July 2013	–	–	0.40%	0.20% – 0.40%
– 15 October 2014	1.195%	0.322% – 1.195%	–	–
– 15 December 2014	–	0.566% – 0.705%	–	–
Term				
– 31 July 2013	–	–	2.9 years	0.9 – 2.9 years
– 15 October 2014	2.7 years	0.7 – 2.7 years	–	–
– 15 December 2014	–	0.5 – 2.5 years	–	–
SMRT expected dividend yield	--- Management's forecast ---		--- Management's forecast ---	
Share price				
– 31 July 2013	–	–	\$1.42	\$1.42
– 15 October 2014	\$1.48	\$1.48	–	–
– 15 December 2014	–	\$1.58	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

13. EQUITY COMPENSATION BENEFITS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

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 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

SMRT PSP

Grant date	Balance as at 1 April 2013	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 2014 or as at date of resignation
23 August 2010						
– For senior management	36,000	–	(36,000)	–	–	–
30 March 2012						
– For senior management	246,000	–	(108,000)	–	–	138,000
26 December 2012						
– For senior management	310,000	–	(95,000)	–	–	215,000
31 July 2013						
– For senior management	–	275,000	–	–	–	275,000
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
	592,000	405,000	(239,000)	–	–	758,000

The estimated fair value at date of grant for each share granted on 15 October 2014 pursuant to SMRT PSP was \$1.802.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

13. EQUITY COMPENSATION BENEFITS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

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

SMRT RSP

Grant date	Balance as at 1 April 2013	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 2014 or as at date of resignation
28 August 2009						
– For senior management	144,800	–	(28,600)	(116,200)	–	–
23 August 2010						
– For senior management	335,400	–	(95,700)	(129,900)	–	109,800
30 March 2012						
– For senior management	852,500	–	(90,100)	(119,200)	(547,800)	95,400
26 December 2012						
– For senior management	1,157,000	–	(82,400)	(96,300)	(812,300)	166,000
31 July 2013						
– For senior management	–	1,105,500	(53,000)	–	–	1,052,500
– For executive director (Desmond Kuek Bak Chye)	–	156,000	–	–	–	156,000
	2,489,700	1,261,500	(349,800)	(461,600)	(1,360,100)	1,579,700

The estimated fair values at grant date for each share granted on 15 October 2014 and 15 December 2014 pursuant to SMRT RSP 2014 range from \$1.393 to \$1.454 and \$1.502 to \$1.564 respectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

13. EQUITY COMPENSATION BENEFITS (CONT'D)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

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 2015 were 1,106,384 (2014: 758,000) for SMRT PSP 2004 and SMRT PSP 2014, and 3,071,008 (2014: 1,579,700) 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 1,659,600 (2014: 1,137,000) fully-paid SMRT shares for SMRT PSP 2004 and SMRT PSP 2014, and 4,056,200 (2014: 1,634,700) 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	
	2015 \$'000	2014 \$'000
Expenses		
(i) Performance share plan under SMRT PSP	168	20
(ii) Performance-based restricted shares under SMRT RSP	1,943	95
	2,111	115

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 and Company	
	2015 \$'000	2014 \$'000
Non-current liabilities		
Unsecured quoted fixed rate notes	750,000	450,000
Secured loan from third party	62,671	30,017
	812,671	480,017
Current liabilities		
Unsecured quoted fixed rate notes	–	150,000
Secured loan from third party	4,884	2,343
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,050
	8,934	156,393
Total	821,605	636,410

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

14. INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule

Group	Interest rate	Year of maturity	Note	Carrying amount	
				2015 \$'000	2014 \$'000
Unsecured loan from non-controlling shareholder of subsidiary	4.00%	Repayable on demand		4,050	4,050
Unsecured quoted fixed rate notes	2.42%	2014	(b)(i)	–	150,000
Unsecured quoted fixed rate notes	1.20%	2017	(b)(ii)	350,000	350,000
Unsecured quoted fixed rate notes	1.388%	2017	(b)(iii)	200,000	–
Unsecured quoted fixed rate notes	2.363%	2022	(b)(iv)	100,000	100,000
Unsecured quoted fixed rate notes	3.072%	2024	(b)(v)	100,000	–
Secured loan from third party	6.00%	2032	(c)	67,555	32,360
				821,605	636,410

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.

- (a) On 13 January 2005, the Company put in place a S\$500 Million Multi-Currency MTN Programme.
- (b) On 15 September 2009, a subsidiary put in place a S\$1 Billion Multi-Currency Guaranteed MTN Programme. This MTN Programme has been 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.

Details of notes outstanding at the balance sheet date are as follows:

- (i) The S\$150 million 5-year unsecured guaranteed fixed rate notes issued by a subsidiary on 7 October 2009 are due in 2014. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST. Balance has been fully repaid during the financial year.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (c) 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 \$73,380,000 (2014: \$36,605,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

14. INTEREST-BEARING BORROWINGS (CONT'D)

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 \$819,069,000 (2014: \$641,721,000). The period in which the financial guarantees expire is as follows:

	Company	
	2015 \$'000	2014 \$'000
Less than 1 year	12,411	160,193
Between 1 and 5 years	591,176	374,433
More than 5 years	215,482	107,095
	819,069	641,721

15. PROVISIONS

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Liability for defined benefit plan	15(a)	32	25	–	–
Liability for short-term accumulating compensated absences	15(b)	5,141	2,673	578	252
Provision for accident claims	15(c)	52,754	47,590	–	–
		57,927	50,288	578	252

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current	57,895	50,263	578	252
Non-current	32	25	–	–
	57,927	50,288	578	252

(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:

- (i) 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.
- (ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

15. PROVISIONS (CONT'D)

(a) Liability for defined benefit plan (cont'd)

Movements in the net liability recognised in the balance sheet

	Note	2015 \$'000	Group 2014 \$'000
At 1 April		25	55
Expense recognised/(reversed) during the year	21(b)	7	(25)
Payments made		–	(5)
At 31 March		32	25

Recognised in the income statement

	2015 \$'000	Group 2014 \$'000
Current service costs	6	(26)
Interest on obligations	1	1
	7	(25)

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	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 April		2,673	1,497	252	261
Provision made/(reversed) during the year	21(b)	2,468	1,176	326	(9)
At 31 March		5,141	2,673	578	252

(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

	2015 \$'000	Group 2014 \$'000
At 1 April	47,590	43,824
Provision made during the year	28,938	26,686
Provision used during the year	(23,774)	(22,920)
At 31 March	52,754	47,590

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

16. DEFERRED TAX

Deferred tax liabilities/(assets) and movements in temporary differences during the year are attributable to the following:

	At 1/4/2013 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2014 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2015 \$'000
Group							
Excess of net book value over tax written down value of property, plant and equipment	156,701	22,179	–	178,880	21,339	–	200,219
Other temporary differences	(13,834)	(9,277)	39	(23,072)	(11,388)	(110)	(34,570)
	142,867	12,902	39	155,808	9,951	(110)	165,649
Company							
Excess of net book value over tax written down value of property, plant and equipment	1,420	57	–	1,477	158	–	1,635
Other temporary differences	(43)	1	–	(42)	(83)	–	(125)
	1,377	58	–	1,435	75	–	1,510

17. FUEL EQUALISATION ACCOUNT ("FEA")

	Group	
	2015 \$'000	2014 \$'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		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Grants received		488,113	487,276	–	150
Accumulated amortisation:					
At 1 April		(438,327)	(428,431)	–	(63)
Amortisation during the year		(10,025)	(9,877)	–	(45)
Released on assets disposed/written-off	21(a)	(3)	(19)	–	–
At 31 March		(448,355)	(438,327)	–	(108)
		39,758	48,949	–	42

Included in grants received is \$480,000,000 (2014: \$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	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables and accrued operating expenses	19(a)	251,655	197,308	17,928	17,561
Other payables and refundable deposits	19(b)	316,576	157,875	7,131	4,554
Amounts due to subsidiaries	19(c)	–	–	200	187
		568,231	355,183	25,259	22,302

Outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

19(A). TRADE PAYABLES AND ACCRUED OPERATING EXPENSES

Trade payables and accrued operating expenses of the Group include \$1,440,000 (2014: \$1,055,000) due to subsidiaries and/or associates of the ultimate holding company.

Trade payables and accrued operating expenses of the Company include \$43,000 (2014: \$34,000) 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unearned revenue	6,139	6,033	–	–
Rental deposits	38,696	35,251	–	–
Other deposits	9,163	8,895	53	44
Interest payable	5,405	4,951	–	–
Purchase of property, plant and equipment	249,766	93,118	2,027	2,972
Retention monies	–	3,769	–	–
Other payables	7,407	5,858	5,051	1,538
	316,576	157,875	7,131	4,554

19(C). AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
Current account (non-trade)	200	187

The balances are unsecured, interest-free and are repayable on demand.

20. REVENUE

	Group	
	2015 \$'000	2014 \$'000
Passenger revenue	892,139	851,940
Taxi rental	130,034	117,074
Rental revenue	120,378	97,620
Advertising revenue	36,178	35,633
Sales of goods	12,850	15,464
Engineering and others	43,956	46,162
	1,235,535	1,163,893

21. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	Note	Group	
		2015 \$'000	2014 \$'000
(a) Other operating income			
Unutilised tickets and farecards		1,556	9,129
Maintenance income		8,204	4,485
Grant released upon disposal/write-off of property, plant and equipment	18	3	19
Gain on disposal of property, plant and equipment		–	1,874
Grant income		33,585	15,207
Others		14,613	11,432
		57,961	42,146

Included in grant income is the Bus Service Enhancement Programme Grant received from the LTA to defray the cost of purchasing and running additional buses under the Bus Service Enhancement Programme.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

21. PROFIT BEFORE INCOME TAX (CONT'D)

	Note	Group	
		2015 \$'000	2014 \$'000
(b) Staff costs			
Wages and salaries		413,907	401,703
Defined contribution plans		49,214	47,950
Special employment credit/Wage credit scheme		(14,145)	(14,410)
Defined benefit plan	15(a)	7	(25)
Short-term accumulating compensated absences	15(b)	2,468	1,176
Value of employee services received for share-based payment		2,111	115
Other staff-related expenses and benefits-in-kind		30,031	25,851
		483,593	462,360
Included in staff costs is compensation to key management personnel of the Group as follows:			
Directors' fees – Company		908	806
Director and senior management personnel of the Group:			
– employee benefits		15,192	12,304
– defined contribution plans		303	299
		16,403	13,409
(c) Other operating expenses			
Audit fees paid to:			
– auditors of the Company		334	319
– other auditors		21	21
Non-audit fees paid to auditors of the Company		297	98
Cost of inventories sold		9,634	12,969
Foreign exchange loss		150	86
Licence fees paid to LTA		6,345	4,881
Operating lease expenses		16,499	5,391
Loss on disposal of property, plant and equipment		124	–
Property, plant and equipment written off		4,815	1,126
(d) Finance costs			
Net change in fair value of cash flow hedge transferred to the income statement		113	227
Interest paid and payable on quoted fixed rate notes and shareholder's loan		12,414	10,204
		12,527	10,431
(e) Interest and investment income			
Dividends received from available-for-sale equity security		206	206
Interest income from:			
– bank deposits and balances		748	531
– held-to-maturity debt securities		633	533
		1,587	1,270

22. INCOME TAX EXPENSE

	Group	
	2015 \$'000	2014 \$'000
Current tax expense		
Current year	565	363
Under/(Over) provision in respect of prior years	9,886	(108)
	10,451	255
Deferred tax expense		
Movements in temporary differences	18,494	12,830
(Over)/Under provision in respect of prior years	(8,543)	72
	9,951	12,902
Income tax expense	20,402	13,157

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

22. INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group	
	2015 \$'000	2014 \$'000
Profit before income tax	110,856	74,655
Less: Share of results of associates and joint ventures (net of tax)	(989)	418
	109,867	75,073
Tax calculated using Singapore tax rate of 17% (2014: 17%)	18,677	12,762
Expenses not deductible for tax purposes	3,762	2,664
Income not subject to tax	(2,352)	(2,055)
Under/(Over) provision in respect of prior years	1,343	(36)
Tax incentives	(2,578)	(627)
Others	1,550	449
	20,402	13,157

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	Group					
	2015			2014		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax charge \$'000	After tax \$'000
Currency translation differences arising from foreign operations	6,295	–	6,295	2,708	–	2,708
Fair value adjustments on available-for-sale equity security	(51)	–	(51)	(1,031)	–	(1,031)
Fair value adjustments on cash flow hedge	(646)	110	(536)	228	(39)	189
Other comprehensive income	5,598	110	5,708	1,905	(39)	1,866

Deferred tax balances have not been recognised for the following temporary differences:

	Group	
	2015 \$'000	2014 \$'000
Shortfall of net book value over tax written down value of property, plant and equipment	(5,847)	(1,305)
Deductible temporary differences	3,458	4,085
Unutilised tax losses, donations and capital allowances	12,406	3,310
	10,017	6,090

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	
	2015 \$'000	2014 \$'000
Net profit attributable to equity holders of the Company	91,000	61,902

	Group	
	2015 No. of shares '000	2014 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,521,508	1,520,972
– shares issued under share option scheme	–	58
– shares issued under share plan	473	346
Weighted average number of ordinary shares in issue	1,521,981	1,521,376

23. EARNINGS PER SHARE (CONT'D)

Diluted earnings per share is based on:

	Group	
	2015 \$'000	2014 \$'000
Net profit attributable to equity holders of the Company	91,000	61,902

The effect of the exercise of share options and issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2015 No. of shares '000	2014 No. of shares '000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,521,981	1,521,376
– contingently issuable shares under SMRT PSP and SMRT RSP	2,630	1,803
Weighted average number of ordinary issued and potential shares assuming full conversion	1,524,611	1,523,179

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 dilutive share options and 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 operations : Provision of MRT and LRT services
- Bus operations : Provision of public bus services

Non-Fare:

- 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.

The inter-segment transactions are presented within the "Reconciliation" in segment reporting below. In the Consolidated Income Statement, the inter-segment eliminations are included within the "Rail", "Bus" and "Non-Fare" business (where appropriate) to better reflect the performance of the business, and unallocated inter-segment eliminations are included within the "Non-Fare" business.

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24. OPERATING SEGMENTS (CONT'D)

	Rail			
	MRT \$'000	LRT \$'000	Bus operations \$'000	Taxi operations \$'000
(a) Revenue and expenses				
2015				
Revenue				
– external customers	644,242	9,757	238,140	142,883
– inter-segment	–	–	478	–
Operating expenses (net of other income)	(526,936)	(13,275)	(218,289)	(87,018)
Depreciation and amortisation	(103,920)	(275)	(26,856)	(42,125)
Segment operating results	13,386	(3,793)	(6,527)	13,740
Finance costs				
Interest income				
Investment income				
Share of results of associates and joint ventures				
Income tax expense				
Profit after income tax				
Non-controlling interest				
Profit for the year attributable to equity holders of SMRT				
2014				
Revenue				
– external customers	623,805	10,340	217,795	132,538
– inter-segment	–	–	117	–
Operating expenses (net of other income)	(526,365)	(12,201)	(220,068)	(88,622)
Depreciation and amortisation	(91,968)	(208)	(26,211)	(34,281)
Segment operating results	5,472	(2,069)	(28,367)	9,635
Finance costs				
Interest income				
Investment income				
Share of results of associate				
Income tax expense				
Profit after income tax				
Non-controlling interest				
Profit for the year attributable to equity holders of SMRT				

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Non-Fare					Reconciliation			
Rental \$'000	Advertising \$'000	Engineering services \$'000	Other services \$'000	Investment holding and support services \$'000	Sub-total \$'000	Elimination \$'000	Total \$'000	
120,378	36,178	15,249	28,708	–	1,235,535	–	1,235,535	
–	320	1,437	907	56,315	59,457	(59,457)	–	
(27,676)	(11,812)	(19,056)	(27,084)	(49,441)	(980,587)	58,989	(921,598)	
(13,107)	(2,767)	(27)	(173)	(3,714)	(192,964)	(166)	(193,130)	
79,595	21,919	(2,397)	2,358	3,160	121,441	(634)	120,807	
							(12,527)	
							1,381	
							206	
							989	
							(20,402)	
							90,454	
							546	
							91,000	
97,620	35,633	21,815	24,347	–	1,163,893	–	1,163,893	
–	90	373	616	55,689	56,885	(56,885)	–	
(12,395)	(12,166)	(18,409)	(25,981)	(49,035)	(965,242)	56,885	(908,357)	
(11,806)	(2,742)	(14)	(185)	(3,639)	(171,054)	(248)	(171,302)	
73,419	20,815	3,765	(1,203)	3,015	84,482	(248)	84,234	
							(10,431)	
							1,064	
							206	
							(418)	
							(13,157)	
							61,498	
							404	
							61,902	

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24. OPERATING SEGMENTS (CONT'D)

	Rail			
	MRT \$'000	LRT \$'000	Bus operations \$'000	Taxi operations \$'000
(b) Assets and liabilities				
2015				
Operating assets	1,125,530	16,827	364,575	285,159
Assets under construction	236,631	129	28,551	103
Segment assets	1,362,161	16,956	393,126	285,262
Intangible asset				
Interest in associates and joint ventures				
Investments and cash equivalents				
Total assets				
Segment liabilities	899,046	39,002	348,500	256,706
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
2014				
Operating assets	940,399	4,435	261,373	258,624
Assets under construction	125,838	125	2,926	5,125
Segment assets	1,066,237	4,560	264,299	263,749
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Total assets				
Segment liabilities	636,849	22,777	231,166	244,608
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
(c) Other segment information				
2015				
Capital expenditure	334,344	12,477	163,014	90,100
Non-cash expenses other than depreciation, impairment losses and amortisation	4,190	(63)	5,072	16,220
2014				
Capital expenditure	266,890	575	29,778	81,675
Non-cash expenses other than depreciation, impairment losses and amortisation	2,060	228	5,028	14,657

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Non-Fare					Reconciliation			
Rental \$'000	Advertising \$'000	Engineering services \$'000	Other services \$'000	Investment holding and support services \$'000	Sub-total \$'000	Elimination \$'000	Total \$'000	
286,723	35,799	70,381	35,700	200,094	2,420,788	(403,362)	2,017,426	
3,253	138	855	298	3,701	273,659	–	273,659	
289,976	35,937	71,236	35,998	203,795	2,694,447	(403,362)	2,291,085	
							13,614	
							55,768	
							176,746	
							<u>2,537,213</u>	
57,163	5,989	71,390	14,468	107,361	1,799,625	(1,113,397)	686,228	
							4,853	
							821,605	
							165,649	
							<u>1,678,335</u>	
249,301	30,546	23,612	9,215	209,332	1,986,837	(311,357)	1,675,480	
11,973	31	3	69	3,462	149,552	–	149,552	
261,274	30,577	23,615	9,284	212,794	2,136,389	(311,357)	1,825,032	
							13,614	
							52,629	
							181,237	
							<u>2,072,512</u>	
50,859	5,419	12,185	11,247	139,653	1,354,763	(880,031)	474,732	
							3,902	
							636,410	
							155,808	
							<u>1,270,852</u>	
12,569	–	1,000	1,245	4,684	619,433	(242)	619,191	
644	37	298	51	2,475	28,924	17	28,941	
13,095	256	13	44	5,639	397,965	(259)	397,706	
116	21	(70)	146	114	22,300	1	22,301	

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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
2015			
Revenue	1,235,535	–	1,235,535
Non-current assets*	2,056,626	55,240	2,111,866
2014			
Revenue	1,163,893	–	1,163,893
Non-current assets*	1,655,383	52,629	1,708,012

* 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	
	2015 \$'000	2014 \$'000
Other related parties		
Maintenance income received/receivable	2,224	2,044
Charter hire income received/receivable	383	350
Sales of other goods and services	1,816	1,093
Sales of other goods and services to joint ventures	399	–
Purchases of goods and services	105,354	49,941

26. COMMITMENTS

The Group had the following commitments as at the balance sheet date:

(a) Capital expenditure commitments:

	Group	
	2015 \$'000	2014 \$'000
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	621,266	649,360
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	389,304	633,227

Included in (a)(i) above are commitments with subsidiaries and/or associates of the ultimate holding company amounting to \$37,304,000 (2014: \$124,844,000) 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within 1 year	21,058	20,533	2,344	2,405
After 1 year but within 5 years	63,921	83,813	14	2,339
After 5 years	101,263	100,148	–	–
	186,242	204,494	2,358	4,744

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	
	2015 \$'000	2014 \$'000
Within 1 year	117,190	100,663
After 1 year but within 5 years	130,526	126,312
After 5 years	2,823	3,563
	250,539	230,538

Included above are rental receivables commitments from subsidiaries and/or associates of the ultimate holding company amounting to \$3,420,000 (2014: \$4,323,000).

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.

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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 2015, only 9.3% (2014: 11.9%) 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	
	2015 \$'000	2014 \$'000
Taxi operations	1,801	1,754
Bus operations	3,099	3,883
Rail operations	12,142	14,874
Advertising business	5,809	5,723
Rental of premises	1,992	1,932
Others	9,587	9,486
	34,430	37,652

The Group has a large and diversified customer base. There was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$7,812,000 (2014: \$13,717,000) 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			
	2015		2014	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
Not past due	14,998	21	15,530	6
Past due 1 – 30 days	10,475	84	7,762	8
Past due 31 – 120 days	6,349	427	9,284	326
Past due more than 120 days	8,006	4,866	10,118	4,702
	39,828	5,398	42,694	5,042

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Impairment losses for receivables (cont'd)

The changes in impairment loss in respect of trade receivables during the financial year are as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 April	5,042	5,016
Impairment loss recognised	1,091	298
Write-off against debtors	(735)	(272)
At 31 March	5,398	5,042

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.

The Company has no 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.

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

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	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within the next 1 to 5 years \$'000	More than 6 years \$'000
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
2014					
Non-derivative financial liabilities					
Unsecured quoted fixed rate notes due 2014 [^]	150,000	153,630	153,630	–	–
Unsecured quoted fixed rate notes due 2017 [^]	350,000	366,812	4,200	362,612	–
Unsecured quoted fixed rate notes due 2022 [^]	100,000	121,279	2,363	11,821	107,095
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,212	4,212	–	–
Secured loan from third party	32,360	47,454	4,221	18,197	25,036
Trade and other payables*	344,199	344,199	344,199	–	–
	980,609	1,037,586	512,825	392,630	132,131
Company					
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	–	–
2014					
Non-derivative financial liabilities					
Amounts due to subsidiaries	187	187	187	–	–
Trade and other payables*	22,115	22,115	22,115	–	–
	22,302	22,302	22,302	–	–

* Excludes unearned revenue and interest payable.

[^] Includes interest payable.

The Group had sufficient undrawn bank financing facilities as well as multicurrency medium term note programmes to finance its obligations. Trade and other payables of the Group include rental deposits of \$38,696,000 (2014: \$35,251,000) and provisions of \$57,927,000 (2014: \$50,288,000) 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.

27. FINANCIAL RISK MANAGEMENT (CONT'D)

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 2015, 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 2015 and 31 March 2014.

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	2015				2014			
	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000
Trade and other payables	(4,748)	(2,041)	(2,559)	(1,792)	(6,435)	(2,869)	(2,695)	(1,953)

The Company does not have any significant foreign currency exposure as at 31 March 2015 or as at 31 March 2014.

Sensitivity analysis

A 10% (2014: 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	
	2015 \$'000	2014 \$'000
USD	475	644
EUR	204	287
GBP	256	269
JPY	179	195
Net Impact	1,114	1,395

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.

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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	
	2015 %	2014 %
Financial assets		
Fixed deposits with banks and financial institutions	0.20	0.03
Held-to-maturity debt securities	3.13	3.05
Financial liabilities		
Unsecured quoted fixed rate notes due 2014	–	2.57
Unsecured quoted fixed rate notes due 2017	1.20	1.20
Unsecured quoted fixed rate notes due 2017	1.39	–
Unsecured quoted fixed rate notes due 2022	2.36	2.36
Unsecured quoted fixed rate notes due 2024	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	0.23

Sensitivity analysis

At the balance sheet date, the Group's and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below:

Group	2015 \$'000	2014 \$'000
Financial assets		
Fixed deposits with banks and financial institutions	9,358	8,615
Company		
Financial assets		
Amounts due from subsidiaries	27,679	63,598

For these variable-rate financial assets and liabilities, an increase in 100 basis points (2014: 100 basis points) in interest rate at the balance sheet date would increase profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group \$'000	Company \$'000
2015		
Variable rate instruments	94	277
2014		
Variable rate instruments	86	636

A 100 basis points (2014: 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.

27. FINANCIAL RISK MANAGEMENT (CONT'D)

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 \$417,500 (2014: \$423,000).

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 2015 are represented in the following table:

Group	Note	2015		2014	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Held-to-maturity debt securities	8	16,454	16,610	16,487	16,349
Unrecognised gain/(loss)			156		(138)
Financial liabilities					
Unsecured quoted fixed rate notes	14	750,000	744,266	450,000	443,248
Secured loan from third party	14	62,671	71,860	30,017	37,742
		812,671	816,126	480,017	480,990
Unrecognised loss			(3,455)		(973)

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 in the following page 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).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2015				
Quoted available-for-sale equity security	4,175	–	–	4,175
2014				
Quoted available-for-sale equity security	4,226	–	–	4,226

The Company did not have any financial instrument carried at fair value as at 31 March 2015 or as at 31 March 2014.

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
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)
2014				
Other investments	–	21,487	4,226	–
Trade and other receivables*	78,365	–	–	–
Cash and cash equivalents	155,524	–	–	–
Financial liabilities	–	–	–	(636,410)
Trade and other payables^	–	–	–	(349,150)
	233,889	21,487	4,226	(985,560)
Company				
2015				
Trade and other receivables*	67,958	–	–	–
Cash and cash equivalents	6,904	–	–	–
Trade and other payables^	–	–	–	(25,259)
	74,862	–	–	(25,259)
2014				
Trade and other receivables*	77,312	–	–	–
Cash and cash equivalents	5,682	–	–	–
Trade and other payables^	–	–	–	(22,302)
	82,994	–	–	(22,302)

* 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 1.75 cents (2014: 1.20 cents) per share, amounting to a net dividend of \$26,637,416 (2014: \$18,258,099). 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 2016.

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 2015 or later periods and which the Group has not early adopted are:

- Amendments to FRS 19 (R) Employee Benefits – Defined Benefit Plans: Employee Contributions (effective for annual periods commencing on or after 1 July 2014)
- Annual improvements 2012 (effective for annual periods commencing on or after 1 July 2014)
 - FRS 102 Share-based Payment
 - FRS 103 Business Combinations
 - FRS 108 Operating Segments
 - FRS 16 Property, Plant and Equipment
 - FRS 38 Intangible Assets
 - FRS 24 Related Party Disclosures
- Annual improvements 2013 (effective for annual periods commencing on or after 1 July 2014)
 - FRS 103 Business Combinations
 - FRS 113 Fair Value Measurement
 - FRS 40 Investment Property
- FRS 114 Regulatory Deferral Accounts (effective for annual periods commencing on or after 1 January 2016)

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 in the following page.

30. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**Critical accounting judgements made in applying the Group's 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.

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	6.55
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	0.67
60 Woodlands Industrial Park E	A bus depot comprising garaging with 3-storey workshop facilities and 2-storey ancillary office	Leasehold	12.32
209 Kranji Road	A single-storey bus depot with office-cum-canteen, workshop, washing shed and other ancillary facilities	Leasehold	4.75

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		
Certis CISCO Aviation Security Pte Ltd ¹	268	–
MediaCorp Pte Ltd	482	–
Singapore Telecommunications Ltd ²	1,327	–
SingTel Mobile Singapore Pte Ltd ²	973	–
ST Synthesis Pte Ltd ³	136	–
SIA Engineering Company Limited	338	–
Purchases of Goods and Services		
Certis CISCO Security Pte Ltd ¹	252	–
Singapore Technologies Electronics Ltd ³	4,254	–
Singapore Technologies Kinetics Ltd ³	131,043	–
ST Electronics (Training & Simulation Systems) Pte Ltd ³	7,199	–
Singapore Telecommunications Ltd ²	1,539	–
Starhub Ltd	205	–

1. Part of Certis Cisco Security Group.

2. Part of SingTel Group.

3. Part of Singapore Technologies Engineering Group.

SHAREHOLDING STATISTICS

AS AT 26 MAY 2015

SHARE CAPITAL

Number of shares issued	: 1,522,138,046
Issued and fully paid-up capital	: S\$169,143,205.548
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	459	0.00
100 – 1,000	16,197	32.49	16,098,976	1.06
1,001 – 10,000	27,135	54.43	121,513,330	7.98
10,001 – 1,000,000	6,463	12.96	263,518,204	17.31
1,000,001 and above	32	0.06	1,121,007,077	73.65
Total	49,856	100.00	1,522,138,046	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	824,400,030	54.16
2	Citibank Nominees Singapore Pte Ltd	77,856,868	5.11
3	DBS Nominees (Private) Limited	56,681,274	3.72
4	HSBC (Singapore) Nominees Pte Ltd	34,964,463	2.30
5	DBSN Services Pte. Ltd.	22,314,725	1.47
6	Raffles Nominees (Pte) Limited	18,154,005	1.19
7	United Overseas Bank Nominees (Private) Limited	17,401,100	1.14
8	OCBC Nominees Singapore Private Limited	8,689,627	0.57
9	Bank of Singapore Nominees Pte. Ltd.	5,559,700	0.37
10	HL Bank Nominees (Singapore) Pte Ltd	5,110,000	0.34
11	BNP Paribas Securities Services Singapore Branch	4,242,038	0.28
12	CIMB Securities (Singapore) Pte. Ltd.	3,911,033	0.26
13	Yim Chee Chong	3,680,000	0.24
14	Quah Wee Lai	3,600,000	0.24
15	OCBC Securities Private Limited	3,199,010	0.21
16	DBS Vickers Securities (Singapore) Pte Ltd	2,745,800	0.18
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,623,024	0.17
18	Tan Nak Yong	2,400,000	0.16
19	BNP Paribas Nominees Singapore Pte Ltd	2,321,480	0.15
20	Phillip Securities Pte Ltd	2,274,900	0.15
	Total	1,102,129,077	72.41

SUBSTANTIAL SHAREHOLDER

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.16	7,767,039	0.51

Note:

Temasek Holdings (Private) Limited is deemed to be interested in the 7,767,039 shares in which its subsidiaries, Fullerton Fund Management Company Ltd and ST Asset Management Ltd, and its associated company, DBS Group Holdings Limited, are deemed to have an interest.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 26 May 2015, approximately 45.30% 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 SIXTEENTH ANNUAL GENERAL MEETING

SMRT CORPORATION LTD

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
COMPANY REGISTRATION NO: 200001855H

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Canning Room, Level 4, Raffles City Convention Centre, 252 North Bridge Road, Singapore 179103 on Tuesday, 7 July 2015 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2015 together with the Independent Auditor's Report thereon. **Resolution 1**
2. To declare a Final (tax exempt one-tier) Dividend of 1.75 cents per share in the Company for the financial year ended 31 March 2015. **Resolution 2**
3. To approve the sum of S\$908,296 (FY 2014: S\$805,896) as payment of Directors' fees by the Company for the financial year ended 31 March 2015. **Resolution 3**
4. To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - (i) Mr Desmond Kuek Bak Chye; **Resolution 4**
 - (ii) Mr Bob Tan Beng Hai; **Resolution 5**
 - (iii) Mr Tan Ek Kia; and **Resolution 6**
 - (iv) Mr Lee Seow Hiang. **Resolution 7**
5. 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:

6. General authority to allot and issue shares
"That authority be and is hereby given to the Directors to:
 - (a) (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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) 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:
 - (i) 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
 - (ii) 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, Chapter 50 of Singapore (the "Companies Act") and the Articles of Association 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 and 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

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

- (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 17 June 2015 (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 exercise by Directors of 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, 17 June 2015

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 20 July 2015 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares in the capital of the Company ("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 16 July 2015 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 Shares as at 5.00 p.m. on 16 July 2015 will be entitled to the proposed Final Dividend. Payment of the Final Dividend, if approved by members at the Annual General Meeting to be held on 7 July 2015, will be made on 31 July 2015.

EXPLANATORY NOTES ON ORDINARY BUSINESS TO BE TRANSACTED:

Resolution 3

Is to approve the sum of S\$908,296 as payment of Directors' fees for the non-executive Directors for the financial year ended 31 March 2015. 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 Board of Directors will donate S\$50,000 from their Directors' fees for the year to benefit the poor and those in need, for travel vouchers on our public transport system.

The Directors' fees structure (per annum) proposed for the financial year ended 31 March 2015 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 Desmond Kuek Bak Chye will, upon re-election as a Director of the Company, continue to serve as a Member of the Executive Committee. Mr Desmond Kuek Bak Chye is the President and Group CEO of the Company.

Mr Bob Tan Beng Hai will, upon re-election as a Director of the Company, continue to serve as Chairman of the Audit Committee, and a Member of the Nominating Committee and Executive Committee, respectively. Mr Bob Tan Beng Hai is considered independent for the purposes of Rule 704(8) of the Listing Manual.

Mr Tan Ek Kia will, upon re-election as a Director of the Company, continue to serve as Chairman of the Board Risk Committee and a Member of the Remuneration Committee and Executive Committee respectively.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

Mr Lee Seow Hiang will, upon re-election as a Director of the Company, continue to serve as Chairman of the Nominating Committee.

The profiles of Messrs Desmond Kuek Bak Chye, Bob Tan Beng Hai, Tan Ek Kia and Lee Seow Hiang can be found in the Company's Annual Report 2015. 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 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 date of the next AGM of the Company, 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 2015 and on certain assumptions.

Notes

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for the AGM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) 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.

CORPORATE DIRECTORY

SUBSIDIARIES

SINGAPORE

SMRT Alpha Pte. Ltd.

SMRT Trains Ltd.

SMRT Investments Pte Ltd

SMRT Capital Pte. Ltd.

SMRT Far East Pte. Ltd.

Singapore Rail Engineering Pte. Ltd.

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Railise Pte. Ltd.

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