

ENERGY IN MOTION



SMRT CORPORATION LTD Summary Report 2006

VISION

Moving People, Enhancing Lives

MISSION

To be the customers' choice by providing a safe, reliable and friendly travel experience that is enhanced through convenient and innovative services

CORE VALUES

- Excellence
- Respect, Responsibility and Recognition
- Commitment to the Public, Shareholders and Employees

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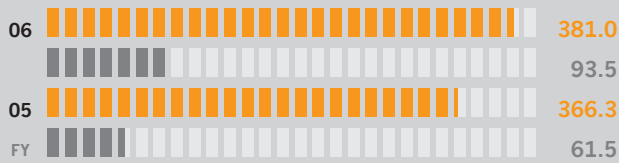
SMRT Corporation Ltd (SMRT) is a premier multi-modal public transport operator offering island-wide integrated transport services in Singapore.

Established in 1987, SMRT has been listed on the Singapore Exchange since July 2000. SMRT has a market capitalisation of S\$1.7 billion. Our annual turnover stands at more than S\$700 million and our total assets at S\$1.4 billion.

In our core transport business, our goal is to offer a safe, reliable and friendly travel experience on our trains, buses and taxis. Going beyond transport, we also offer commuters the convenience of retail and lifestyle amenities located within our stations. These commercial spaces contribute to our non-fare revenue, which also encompasses income streams from taxis, advertising, engineering consultancy, project management, operations and maintenance services.

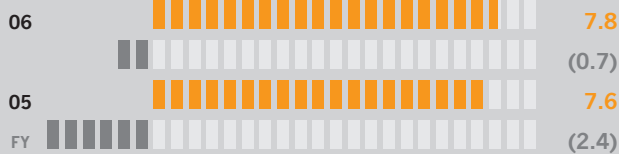
AT A GLANCE

MRT



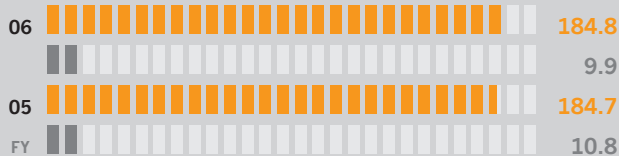
- Operates the first mass rapid transit system in Singapore (North South and East West lines) since 1987
- Network comprises 89.4 kilometres of double track along 51 stations
- Average daily ridership in FY2006 was 1,134,000 (FY2005: 1,103,000)
- Average fare per passenger in FY2006 was S\$0.921 (FY2005: S\$0.909)

LRT



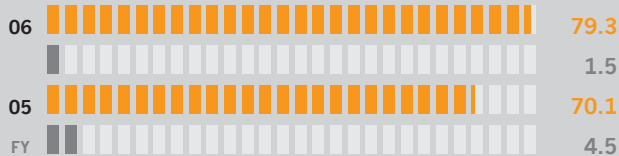
- Operates Singapore's first fully-automated Bukit Panjang Light Rapid Transit system since 1999
- Network comprises 7.8 kilometres along 14 stations
- Average daily ridership in FY2006 was 38,600 (FY2005: 37,800)
- Average fare per passenger in FY2006 was S\$0.557 (FY2005: S\$0.549)

BUSES



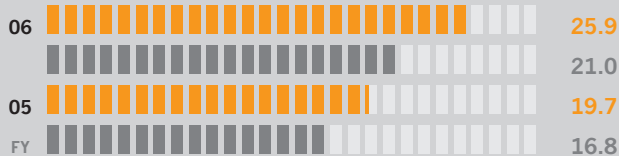
- Operates a fleet of 838 buses from three leased depots and six interchanges
- Provides 76 bus services concentrated in the Western and North-Western areas in Singapore
- Average daily ridership in FY2006 was 726,900 (FY2005: 736,200)
- Average fare per passenger in FY2006 was S\$0.675 (FY2005: S\$0.662)

TAXIS



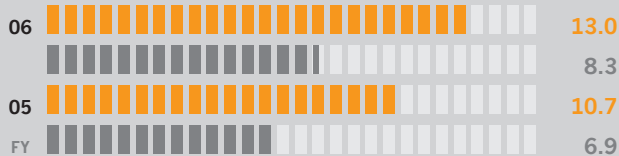
- Manages and leases a fleet of 2,659 taxis, including Mercedes and London cabs
- Provides competitive packages and incentives to taxi hirers
- Average number of taxis hired out during the year was 2,439 (FY2005: 2,168)

RENTAL



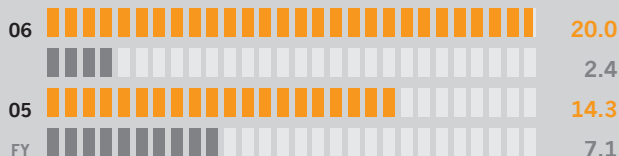
- Leases approximately 20,400 square metres of commercial space at MRT and LRT stations
- Average occupancy rate in FY2006 was 98.0 per cent (FY2005: 95.0 per cent)

ADVERTISING



- Sole representative for advertising and promotion of all media spaces on SMRT premises and vehicles (MRT, LRT, Buses, Taxis)

ENGINEERING AND OTHER SERVICES



- Provides engineering consultancy, project management, operations and maintenance services
- Leases fibre optic cables

- Revenue rose 4.0 per cent to S\$381.0 million in FY2006 on the back of ridership growth
- Operating profits increased to S\$93.5 million due largely to revenue contributions from increased ridership, improved cost efficiencies and productivity

- Ridership is expected to remain stable

- Revenue increased 3.5 per cent to S\$7.8 million with improvement in ridership
- Operating losses reduced by 69.7 per cent to S\$0.7 million as a result of cost efficiencies achieved

- Revenue is expected to stay the same with similar levels of ridership

- Revenue was flat compared to FY2005 at S\$184.8 million
- Operating profits declined 8.0 per cent to S\$9.9 million due to the rise in diesel costs which was largely offset by lower depreciation expenses

- Ridership and revenue are expected to remain stable

- Revenue grew by 13.0 per cent or S\$9.2 million as a result of a larger average hired-out fleet
- Operating earnings declined 67.8 per cent to S\$1.5 million due to provision for doubtful receivables from drivers and diesel subsidies to alleviate hirers' burden of high fuel costs

- Competition in the taxi industry remains keen
- Taxi business is expected to improve with a younger taxi fleet and new schemes for hirers

- Rental revenue contributed a total of S\$25.9 million in FY2006, representing a strong increase of 31.4 per cent. Contributions from newly refurbished commercial spaces at five stations, opening of new shops at Bishan Station and higher rental yields led to the increase
- Operating profits for the year was boosted to a high of S\$21.0 million

- Revenue is expected to increase with additional rental revenue contribution from redeveloped commercial spaces at 18 MRT stations, which will be progressively completed in FY2007

- Advertising revenue posted a healthy growth of 21.6 per cent at S\$13.0 million
- Operating profits increased 21.2 per cent or S\$1.5 million to S\$8.3 million

- The redevelopment of commercial spaces at 18 MRT stations is expected to bring about more avenues for advertising
- Continued investment in more creative and varied advertising mediums

- Revenue increased to S\$20.0 million due mainly to higher diesel sales to taxi hirers
- Operating earnings for the year was lower at S\$2.4 million as the previous year saw profit contribution from a completed project

- Continued pursuit of overseas opportunities in existing and new MRT lines

FINANCIAL HIGHLIGHTS

	FY2002	FY2003	FY2004	FY2005 ^(a)	FY2006
Profit & Loss Statement for the Year Ended 31 March (\$\$million)					
Revenue	496.8	685.6	667.3	673.5	711.7
Other operating income	14.0	19.9	28.8	26.4	24.7
Staff and related costs	(184.0)	(261.9)	(256.4)	(247.7)	(253.5)
Repairs and maintenance costs	(37.9)	(59.0)	(63.3)	(56.9)	(57.7)
Electricity and diesel costs	(40.8)	(51.9)	(49.4)	(57.4)	(66.4)
Other operating expenses	(51.5)	(89.0)	(101.5)	(107.8)	(111.7)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	196.6	243.7	225.5	230.0	247.2
Depreciation and impairment losses of property, plant and equipment	(149.7)	(186.2)	(154.2)	(141.3)	(131.5)
Amortisation of asset-related grant	46.6	42.0	31.7	25.5	23.1
Amortisation and impairment losses on goodwill	(1.2)	(3.6)	(3.6)	(21.4)	–
Earnings before interest and tax (EBIT)	92.3	96.0	99.3	92.8	138.8
Finance costs	(6.3)	(20.3)	(15.8)	(14.0)	(9.7)
Interest and investment income/(expense)	2.5	(0.5)	3.0	5.4	1.3
Share of results of associates	(6.3)	(2.6)	(0.3)	(0.3)	(6.3)
Profit before tax	82.3	72.7	86.2	83.9	124.1
Profit after tax	56.8	72.2	90.2	126.6	103.6
Net profit (after minority interests) attributable to shareholders	56.8	72.1	89.5	126.7	103.4
Net dividends declared	32.2	36.0	53.6	78.1	84.6^(b)

^(a) Figures have been restated to comply with revised or new Financial Reporting Standards.

^(b) Upon approval of final dividend at the Seventh Annual General Meeting on 20 July 2006.

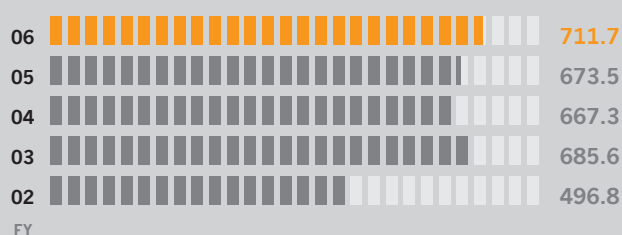
Summarised Balance Sheet as at 31 March (\$\$million)

Non-current assets	1,466.1	1,419.3	1,242.1	1,203.0	1,130.9
Current assets	458.8	190.6	342.7	160.8	253.2
Current liabilities	547.4	244.6	456.5	163.7	402.6
Net current assets/(liabilities)	(88.6)	(54.0)	(113.8)	(2.9)	(149.4)
Non-current liabilities	988.3	936.4	645.3	644.9	393.2
Shareholders' funds	387.8	427.2	480.7	553.1	586.0

FINANCIAL HIGHLIGHTS

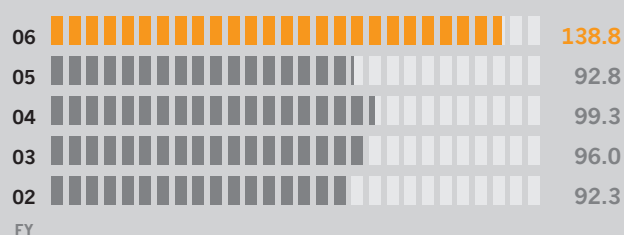
REVENUE

(S\$million)



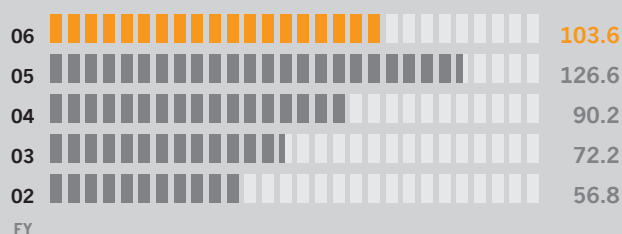
EARNINGS BEFORE INTEREST AND TAX (EBIT)

(S\$million)



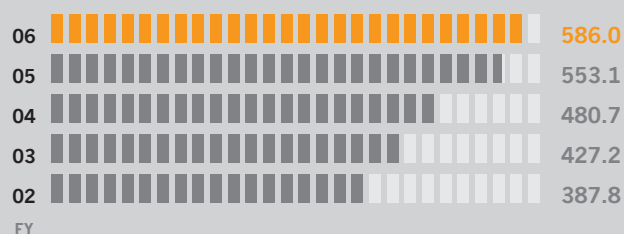
PROFIT AFTER TAX

(S\$million)



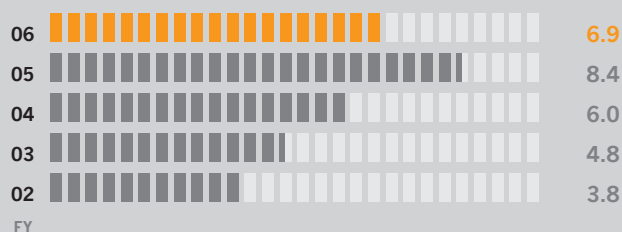
SHAREHOLDERS' FUNDS

(S\$million)



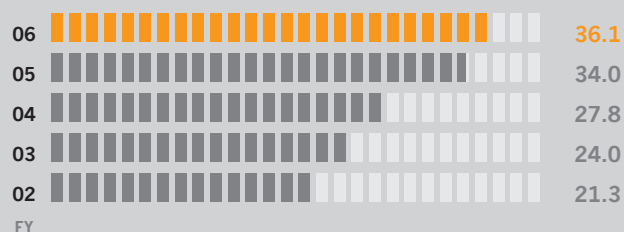
BASIC EARNINGS PER SHARE

(cents)



NET TANGIBLE ASSET PER SHARE

(cents)



FINANCIAL HIGHLIGHTS

	FY2002	FY2003	FY2004	FY2005 ^(a)	FY2006
Financial indicators					
EBITDA margin (%)	39.6	35.5	33.8	34.2	34.7
EBIT margin (%)	18.6	14.0	14.9	13.8	19.5
Net gearing	0.70	0.95	0.49	0.41	0.29
Interest cover (times)	31.3	12.0	14.3	16.5	25.6
Per share					
Basic earnings per share (cents)	3.8	4.8	6.0	8.4	6.9
Net asset value per share (cents)	25.9	28.5	32.0	36.8	38.8
Net tangible asset per share (cents)	21.3	24.0	27.8	34.0	36.1
Gross dividend per share (cents)	2.8	3.1	4.5	6.5	7.0
Productivity data					
Staff strength	6,102	6,194	5,975	5,775	5,715
Employment costs per \$ of turnover (S\$)	0.37	0.38	0.38	0.37	0.36
Economic value-added (S\$million)	4.7	3.4	24.6	47.6	61.9
Economic value-added per employee (S\$)	765.98	556.34	4,109.12	8,244.85	10,828.70
Value-added (S\$million)	386.1	508.9	493.0	496.9	509.7
Value-added per employee (S\$)	93,926.61 ^(b)	82,163.22	82,507.78	86,051.26	89,181.45
Value-added per \$ of employment costs (S\$)	2.10	1.94	1.92	2.01	2.01
Value-added per \$ of gross fixed assets (S\$)	0.21	0.25	0.25	0.24	0.25
Value-added per \$ of turnover (S\$)	0.78	0.74	0.74	0.74	0.72

^(a) Figures have been restated to comply with revised or new Financial Reporting Standards.

^(b) Adjusted for effect of acquisition of TIBS Holdings Ltd (now known as SMRT Road Holdings Ltd) in December 2001.

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31 MARCH 2006		FINANCIAL YEAR ENDING 31 MARCH 2007	
29 April 2005	Announcement of Audited Full Year Results for Financial Year Ended 31 March 2005 Webcast of Media and Analysts Briefing	28 April 2006	Announcement of Audited Full Year Results for Financial Year Ended 31 March 2006 Webcast of Media and Analysts Briefing
14 July 2005	Sixth Annual General Meeting	20 July 2006	Seventh Annual General Meeting
21-22 July 2005	Books Closure Dates (both dates inclusive)	27-28 July 2006	Books Closure Dates (both dates inclusive)
29 July 2005	Announcement of Financial Results for First Quarter Ended 30 June 2005 Media and Analysts Teleconference	28 July 2006	Announcement of Financial Results for First Quarter Ending 30 June 2006
3 August 2005	Payment of FY2005 Final Dividend	8 August 2006	Proposed Payment of FY2006 Final Dividend
28 October 2005	Announcement of Financial Results for Second Quarter and Half Year Ended 30 September 2005 Webcast of Media and Analysts Briefing	27 October 2006	Announcement of Financial Results for Second Quarter and Half Year Ending 30 September 2006
17-18 November 2005	Books Closure Dates (both dates inclusive)	26 January 2007	Announcement of Financial Results for Third Quarter Ending 31 December 2006
25 November 2005	Payment of FY2006 Interim Dividend		
24 January 2006	Announcement of Financial Results for Third Quarter Ended 31 December 2005 Media and Analysts Teleconference		

Note:

The dates after July 2006 are indicative and subject to change.

Please check for updates on the financial calendar at http://www.smrt.com.sg/investors/financial_calendar.html.

CHAIRMAN'S MESSAGE



CHOO CHIAU BENG
Chairman

CHAIRMAN'S MESSAGE

Chairman's Message

FY2006 can be described as a year of growth for SMRT. Our robust growth is across our operations, both in our regulated businesses as well as in our non-fare businesses.

The Group achieved S\$103.6 million in profit after tax for the year ended 31 March 2006. During the year we worked hard to strengthen the fundamentals that underpin the success of the SMRT Group. At the same time, we launched bold new initiatives to serve our customers better and maximise returns to our shareholders.

Financial Performance

Group revenue for FY2006 rose 5.7 per cent to S\$711.7 million due mainly to strong growth from rental and advertising, and increased train ridership. Non-fare revenue made up 19.4 per cent of Group revenue, compared to 17.1 per cent in FY2005.

Operating expenses fell 1.5 per cent to S\$597.7 million in FY2006 as operating expenses in the previous year took into account an impairment loss on goodwill of S\$21.4 million. Excluding the impairment loss on goodwill in FY2005, total operating expenses in FY2006 would have increased by S\$12.1 million or 2.1 per cent. Staff costs, rising energy costs, repairs and maintenance expenses and other operating expenses accounted for the increase in total operating expenses which was partially offset by lower depreciation, net of amortisation of an asset-related grant.

In FY2006, profit after tax for the Group declined 18.1 per cent to S\$103.6 million. It should be noted that in FY2005, profit after tax included a tax write back of S\$58.3 million and an impairment loss on goodwill of S\$21.4 million. Net profit for FY2006 also included a S\$2.1 million tax write-back of deferred tax provision that was made with respect to previous years. Excluding these exceptional items, profit after tax in FY2006 would have increased S\$11.9 million or 13.3 per cent to S\$101.5 million.

Taking into account the current operating environment, we have performed well and are pleased to recommend higher dividends for our shareholders this year.

The Board of Directors is recommending a final gross dividend of 5.5 cents per share at the forthcoming Annual General Meeting. Total gross dividends for FY2006, including the interim dividend of 1.5 cents per share, amount to 7.0 cents per share or S\$84.6 million net of tax. This figure is the equivalent of 81.6 per cent of Group's net profit.

The Year In Review

During the year, we set ourselves the goal of living out our vision of "Moving People, Enhancing Lives" through the actions of all our employees, in all areas of our work and across all our operations. And the key to living out this mission was to focus our energies on our customers.

In rolling out our varied slate of customer service initiatives, our intention was not to merely delight our customers with impeccable service but also to meet current needs and anticipate future ones through carefully planned programmes that respond to the changing travel and lifestyle patterns of commuters. For example, our bus operations saw the opening of Sembawang Bus Interchange, the introduction of new bus services in response to changing demographics and the refinement of existing services to better respond to commuter needs.

To stimulate demand for our services and to inject an element of excitement into the daily commute, we launched the Ride SMRT & Win promotion throughout our network in October 2005. Our train stations were upgraded to offer an improved transit experience for commuters. Programmes like the SMRT Taxi Hirers' Care Programme and Team Taxi address the welfare of our taxi hirers by helping them earn a reasonable income despite the keen competition in the industry. At the same time, we challenged our hirers to excel in customer service through initiatives like the SMRT Taxis Service Promise, which encourages customers to tip drivers who render exemplary service. Backing up our promise of good customer service, under this scheme, SMRT also undertakes to refund the fares of customers who have received poor service from our taxi drivers.

CHAIRMAN'S MESSAGE

In the non-fare sectors of our business, we tapped the revenue-generating potential of our station spaces through advertising and leasing. Beyond our shores, we made forays into China where we took on project consulting and operations and maintenance training assignments.

On home ground, we have worked hard to strengthen both the soft and hard aspects of our security infrastructure. At the same time, we continue to engage the larger community in which we operate by promoting safe travel practices throughout our network.

Corporate Governance

The SMRT Group is a socially responsible company committed to effective corporate governance.

The Securities Investors Association (Singapore) acknowledged our commitment to the highest standards of corporate governance by awarding us second place in its 2005 Investors' Choice Awards for Corporate Governance under the category of companies listed on the Mainboard of the Singapore Exchange.

During the year, we pressed ahead with initiatives to add more depth to the culture of corporate transparency within our organisation.

Our Risk Management Committee has established the Enterprise Risk Management Framework. To foster a higher level of risk and control awareness, we have initiated a Control Self-Assessment programme in FY2006. The programme involves management

and staff conducting a self-assessment of the effectiveness of their department's control processes.

We have also taken the proactive step of adopting the recommendations of the Code of Corporate Governance 2005, wherever practicable. This is well ahead of the 1 January 2007 deadline when the Code will be applied to all Annual General Meetings held thereafter.

We are proposing changes to our Memorandum & Articles of Association in line with the latest amendments to the Companies Act. In addition to this, we are obtaining a Share Purchase Mandate, which will allow Directors to optimise the share capital structure of the Group by giving the Company the flexibility to undertake purchases of its shares at any time during the period when the Mandate remains in force and to hold such purchases as Treasury shares.

Board and Management Developments

We added new members and new perspectives to our Board in July and August 2005 with the appointment of Mr Paul Ma and Mr Edmund Koh respectively who have a wealth of experience in finance, audit, accounting and business development. Mr Ma sits on the Audit Committee while Mr Koh sits on the Remuneration Committee.

Two of our Directors, Mr Niam Chiang Meng and Mr Nithiah Nandan will step down from the Board at the forthcoming Annual General Meeting, in accordance with the Company's Articles of Association on retirement of directors by rotation. Both Mr Niam and Mr Nithiah Nandan were first

appointed to SMRT's Board on 20 March 2003. Mr Niam sits on the Nominating Committee while Mr Nithiah Nandan sits on the Remuneration Committee. The Board would like to thank the outgoing Directors for their dedicated service and invaluable contributions to the Group.

The Nominating Committee has been actively evaluating candidates with the necessary expertise and experience to make meaningful contributions to the Board.

As regards the Group's Senior Management, we would like to thank Mr Tan Hup Foi, Deputy President, and Mr Oh Seong Tatt, Vice President, SMRT Taxis for their services. We warmly welcome Mr Lo Chee Wen on board as Vice President of SMRT Taxis.

Prospects for FY2007

In the year ahead, we will continue to focus our energies on our fare operations. A mid-life refurbishment programme for 66 of our oldest trains is currently underway. In FY2007, we will be investing S\$54 million as part of this three-year refurbishment programme worth S\$142 million. The mid-life upgrading of 29 trains and the full-year impact from the implementation of the Integrated Bus Operating System will increase depreciation expenses for the year.

Oil prices have been increasing in recent years, with diesel prices climbing by an average of 40 per cent in FY2006. We are mindful of the fact that continued increases in oil prices will have an impact on our energy costs.

CHAIRMAN'S MESSAGE

The challenge before us is to accelerate growth in our revenue and profit contributions while simultaneously managing cost increases through improvements in productivity and efficiency.

We will press ahead with our efforts to grow and expand our non-fare operations. Rental revenue experienced robust growth in FY2006. We expect to build on this momentum to develop more commercial spaces in FY2007. Another 18 stations are currently being developed and will be completed progressively. The first quarter of FY2007 will witness the opening of a new lifestyle hub, Dhoby Xchange. Advertising revenue is poised to increase as our revamped stations yield more avenues for advertising and as we invest in more creative and varied advertising mediums.

We have and will continue to respond swiftly and decisively to the competition in the taxi industry by rolling out competitive packages to retain and attract taxi hirers. These initiatives are backed by effective marketing campaigns to boost the earnings of taxi hirers.

Our experience and expertise in operating and maintaining train systems in Singapore also means that we are well placed to go beyond operations and maintenance consultancy to run existing and new mass rapid transit lines overseas.

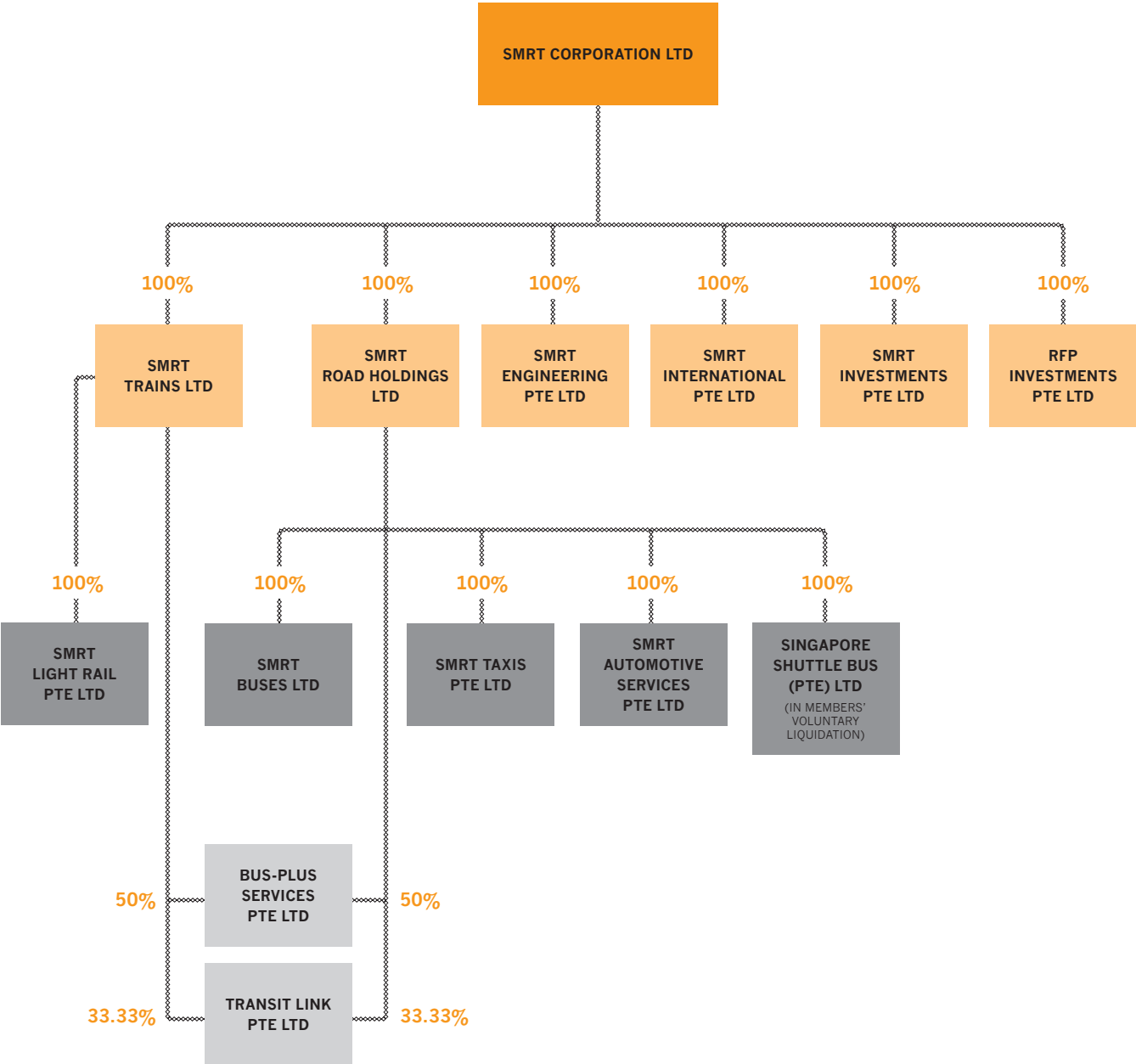
Customer service will remain the key focus for FY2007 as the SMRT Group focuses on growth strategies in its fare and non-fare operations.

In conclusion, I wish to extend my thanks to the Board of Directors for their support and wise counsel during the year. On behalf of the Board, I would also like to thank the Management and staff of SMRT for their wholehearted commitment to serve our commuters and shareholders.



CHOO CHIAU BENG
Chairman

SMRT GROUP STRUCTURE



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

Choo Chiau Beng, *Chairman*
Saw Phaik Hwa, *President & CEO*
Daniel Ee Hock Huat
Edmund Koh Kian Chew
Koh Kheng Siong
Paul Ma Kah Woh
Niam Chiang Meng
Nithiah Nandan s/o Arumugam
Engelin Teh Guek Ngor

Company Secretary

S. Prema

Audit Committee

Daniel Ee Hock Huat, *Chairman*
Koh Kheng Siong
Paul Ma Kah Woh
Engelin Teh Guek Ngor

Remuneration Committee

Choo Chiau Beng, *Chairman*
Daniel Ee Hock Huat (*appointed on 15 March 2006*)
Edmund Koh Kian Chew (*appointed on 15 March 2006*)
Koh Kheng Siong
Nithiah Nandan s/o Arumugam

Nominating Committee

Engelin Teh Guek Ngor, *Chairman*
Choo Chiau Beng
Niam Chiang Meng

Auditors

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Audit Partner-in-charge:
Yap Chee Meng (*appointed in FY2004*)

Principal Bankers

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Share Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

FINANCIAL REVIEW

Overview

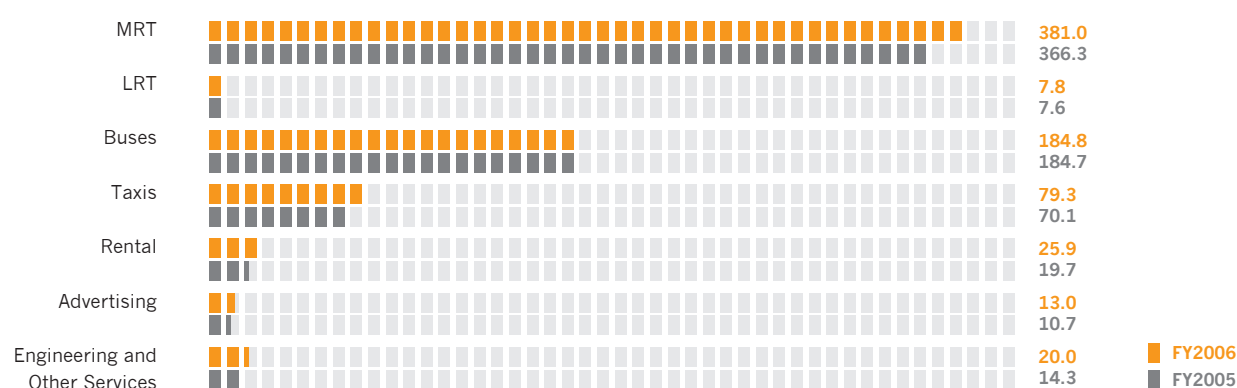
Group revenue for FY2006 rose to S\$711.7 million, an increase of 5.7 per cent over FY2005. (Revenue is stated net of Goods and Services Tax or GST). Revenue increase was a result of strong contributions from rental and advertising, and increased ridership.

Operating profit in FY2006 improved by 49.6 per cent to S\$138.8 million as the previous year's profit was affected by an impairment loss on goodwill amounting to S\$21.4 million.

Net profit for FY2006 declined 18.1 per cent to S\$103.6 million. Excluding non-recurring tax write-backs in the past two financial years and the impairment loss on goodwill for FY2005, after-tax profit increased S\$11.9 million or 13.3 per cent to S\$101.5 million.

Review of Sectoral Revenue

REVIEW OF SECTORAL REVENUE (S\$million)



	QTR 1	QTR 2	QTR 3	QTR 4	Total
MRT					
FY2006	92.4	97.0	96.5	95.1	381.0
FY2005	89.9	93.4	92.6	90.4	366.3
LRT					
FY2006	1.9	2.0	1.9	2.0	7.8
FY2005	1.9	1.9	1.8	2.0	7.6
Buses					
FY2006	45.3	47.2	46.1	46.2	184.8
FY2005	46.1	47.2	45.4	46.0	184.7
Taxis					
FY2006	21.7	20.2	19.4	18.0	79.3
FY2005	15.8	17.3	18.3	18.7	70.1
Rental					
FY2006	6.1	6.4	6.7	6.7	25.9
FY2005	4.8	4.6	4.5	5.8	19.7
Advertising					
FY2006	3.2	3.3	3.5	3.0	13.0
FY2005	2.5	2.8	2.8	2.6	10.7
Engineering and Other Services					
FY2006	5.6	5.9	5.0	3.5	20.0
FY2005	4.6	5.2	4.8	-0.3	14.3

For FY2006, revenue from MRT operations increased 4.0 per cent to S\$381.0 million on the back of growth in average daily ridership of 2.8 per cent and increase in average fare of 1.2 per cent.

LRT revenue showed a slight increase of 3.5 per cent over FY2005 with increased average daily ridership of 2.1 per cent.

Revenue from bus operations was comparable to FY2005 at S\$184.8 million.

FINANCIAL REVIEW

Taxi revenue was 13.0 per cent higher at S\$79.3 million on account of a larger average hired-out fleet in the year.

Rental revenue contributed a total of S\$25.9 million, a strong increase of 31.4 per cent.

The full-year contributions from commercial spaces at five MRT stations redeveloped in FY2005 – Sembawang, Yew Tee, Marsiling, Bukit Batok and Raffles Place – and Bishan Station completed in FY2006, led to the increase.

The total lettable space at the MRT stations stood at 20,401 square metres as of 31 March 2006 compared to 23,831 square metres at end FY2005. The shortfall was due to the loss of shop space to the Circle Line construction works, lifts upgrade at stations and renovation works, but partially mitigated by the increased shop space at the six redeveloped MRT stations.

Advertising revenue grew 21.6 per cent to S\$13.0 million due to enhanced marketing efforts and increased creative use of space on trains and stations for advertising.

Engineering and Other Services showed an increase in revenue of 39.6 per cent to S\$20.0 million due mainly to higher diesel sales to taxi hirers.

Operating Expenditure

Total operating expenditure in FY2006 was lower by 1.5 per cent at S\$597.7 million as the previous year was affected by the impairment loss on goodwill amounting to S\$21.4 million.

Excluding the impairment loss on goodwill in FY2005 for comparison purposes, total operating expenditure in FY2006 would have been higher by 2.1 per cent or S\$12.1 million.

	FY2006 S\$million	FY2005 S\$million	Increase/(decrease)	
			S\$million	%
Staff and related costs	253.5	247.7	5.8	2.3
Depreciation and impairment losses of property, plant and equipment	131.5	141.3	(9.8)	(6.9)
Amortisation of asset-related grant	(23.1)	(25.5)	2.4	9.3
Repairs and maintenance costs	57.7	56.9	0.8	1.4
Electricity and diesel costs	66.4	57.4	9.0	15.6
Impairment losses on goodwill	–	21.4	(21.4)	(100.0)
Other operating expenses	111.7	107.8	3.9	3.6
	597.7	607.1	(9.4)	(1.5)

Staff and related costs increased 2.3 per cent or S\$5.8 million to S\$253.5 million due mainly to salary adjustments. The increase, as compared to FY2005, would have been smaller if not for the write-back of provisions amounting to S\$2.1 million in FY2005.

Depreciation charge dropped by 6.9 per cent or S\$9.8 million to S\$131.5 million. The change in estimated useful life for selected bus models from 12 to 17 years effective 1 April 2005 and the continued usage of fully depreciated operating assets contributed to the decrease in depreciation charge. Amortisation of asset-related grant fell 9.3 per cent to S\$23.1 million due to the continued usage of fully depreciated operating assets.

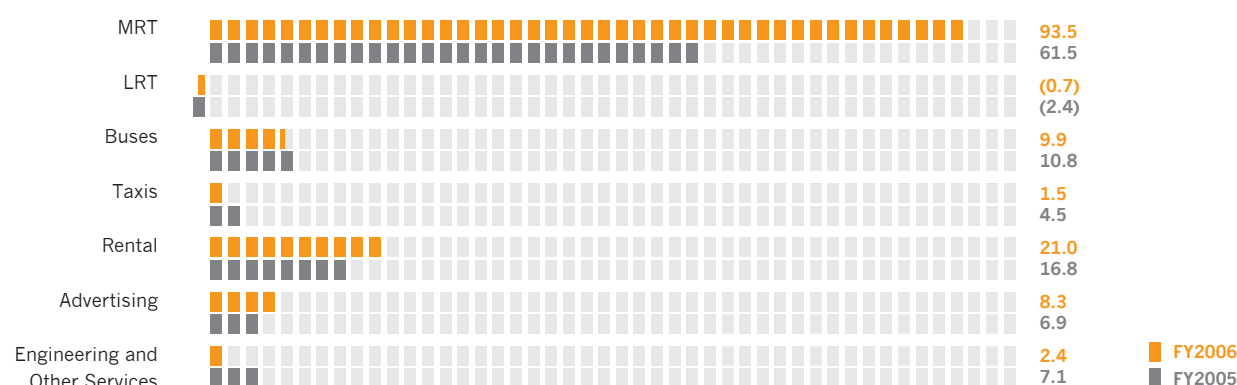
Compared to FY2005, total electricity and diesel costs in FY2006 increased 15.6 per cent to S\$66.4 million as a result of higher diesel prices.

Other operating expenses increased 3.6 per cent to S\$111.7 million mainly because of provision for doubtful receivables, costs associated with a larger taxi fleet and diesel subsidies to taxi hirers. The contribution of S\$1.15 million to the Public Transport Fund also added to the increase in other operating expenses.

FINANCIAL REVIEW

Earnings Before Interest and Tax ("EBIT")

EARNINGS BEFORE INTEREST AND TAX EXCLUDING GOODWILL IMPAIRMENT (S\$million)



Operating profits from MRT grew to S\$93.5 million due to revenue contributions from increased ridership, improved cost controls and productivity.

Losses from LRT were significantly reduced by 69.7 per cent or S\$1.6 million to S\$0.7 million with cost efficiencies in place.

EBIT contribution from Buses declined 8.0 per cent to S\$9.9 million due to the rise in diesel costs which was largely offset by lower depreciation expenses.

Taxis' operating profits for the year declined to S\$1.5 million due to provision for doubtful receivables from drivers and diesel subsidies to alleviate the hirers' burden of high fuel costs.

EBIT contribution from Rental grew 24.8 per cent to S\$21.0 million due to the incremental rental revenue from refurbished commercial spaces at six MRT stations.

Operating profits from Advertising also rose 21.2 per cent compared to the last financial year.

EBIT from Engineering and Other Services declined in FY2006 as a completed project in FY2005 brought in profits.

Finance Costs

The outstanding borrowings of the Group were significantly reduced with the redemption of S\$250.0 million bonds in December 2004. As a result, interest costs in FY2006 were lower.

Interest and Investment Income

Interest and investment income fell in the absence of gains from the disposal of an investment as reported in the previous financial year.

Share of Results of an Associate

Share of losses in an associated company, Transys, amounted to S\$6.3 million in FY2006. However, the Group divested its stake in Transys on 31 March 2006, in line with its focus on providing operations and maintenance services, engineering consultancy and project management expertise in railway systems.

Income Tax

The tax charge for FY2006 included a write-back of deferred tax provision of S\$2.1 million with respect to prior years, whereas the write-back of current and deferred tax provisions amounted to S\$58.3 million in FY2005.

Dividends

The Board of Directors has proposed a final gross dividend of 5.5 cents per share less tax at 20.0 per cent for approval by shareholders at the Seventh Annual General Meeting to be held on 20 July 2006. This, together with the interim dividend that was paid on 25 November 2005, will amount to a total gross dividend of 7.0 cents per share or S\$84.6 million net of tax for FY2006.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Important Note

The Summary Financial Statements as set out on pages 17 to 36 contains only a summary of the information in the directors' report and a summary of the full financial statements. It also includes the information provided in compliance with the requirements of Section 203A of the Companies Act, Chapter 50 and regulations made thereunder, applicable to the Summary Financial Statements. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Group and of the Company.

For further information, the full financial statements, the auditors' report on those financial statements and the directors' report in the Annual Report should be consulted. Shareholders may request for a copy of the Annual Report at no cost by notifying the Company by 30 June 2006.

Directors

The directors in office at the date of this report are as follows:

Choo Chiau Beng	Chairman
Saw Phaik Hwa	
Daniel Ee Hock Huat	
Edmund Koh Kian Chew	(Appointed on 15 August 2005)
Koh Kheng Siong	
Paul Ma Kah Woh	(Appointed on 15 July 2005)
Niam Chiang Meng	
Nithiah Nandan s/o Arumugam	
Engelin Teh Guek Ngor	

Principal Activities

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 seven key businesses as follows:

i) Rail Operations

Its principal activities are to provide transport-related businesses in Singapore. It operates the East West and North South 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 bus services and charter hire services.

iii) Taxi Operations

Its principal activities are to provide rental of taxis and provision of taxi services.

iv) Rental

Its principal activities are the leasing of commercial space and kiosks.

v) Advertising

Its principal activities are the leasing of advertising space at the MRT and LRT stations as well as in trains, and on buses and taxis.

vi) Engineering and Other Services

The business provides consultancy, project management services, leasing of fibre optic cables, repair and maintenance services and sales of diesel to taxi hirers.

vii) Investment Holding

Its principal activities are the provision of management services to Group companies and investments in associates.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are 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	At End of the Year
Choo Chiau Beng		
SMRT Corporation Ltd		
– ordinary shares	100,000	100,000
Neptune Orient Lines Ltd		
– ordinary shares	150,000	100,000
SIA Engineering Company Limited		
– ordinary shares	100,000	100,000
Singapore Food Industries Limited		
– ordinary shares	20,000	20,000
Singapore Telecommunications Limited		
– ordinary shares	1,746	1,746
Saw Phaik Hwa		
SMRT Corporation Ltd		
– ordinary shares	80,000	186,000
– options to subscribe for ordinary shares at: – \$0.623 between 22/7/2004 to 21/7/2013	160,000	54,000
Daniel Ee Hock Huat		
SMRT Corporation Ltd		
– ordinary shares	55,000	55,000
CapitaMall Trust Management Limited		
– units in CapitaMall Trust	24,000	*
SembCorp Industries Ltd		
– ordinary shares	3,709	3,486
Singapore Food Industries Limited		
– ordinary shares	61,000	61,000
Singapore Technologies Engineering Ltd		
– ordinary shares	10,000	10,000
Singapore Telecommunications Limited		
– ordinary shares	3,500	3,500
Edmund Koh Kian Chew		
SNP Corporation Ltd		
– ordinary shares	–	10,000
– options to subscribe for ordinary shares at: – \$0.50 between 23/4/2002 to 22/4/2006	10,000	–
– \$0.69 between 17/4/2003 to 16/4/2007	25,000	25,000
– \$0.59 between 15/4/2004 to 14/4/2008	25,000	25,000
– \$1.19 between 21/4/2005 to 20/4/2009	25,000	25,000
– \$0.90 between 19/4/2006 to 18/4/2010	27,500	27,500

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Directors' Interests (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	At End of the Year
Koh Kheng Siong		
CapitaCommercial Trust Management Limited		
– units in CapitaCommercial Trust	5,000	*
CapitaLand Limited		
– ordinary shares	25,000	*
SembCorp Industries Ltd		
– ordinary shares	20,000	18,800
SembCorp Logistics Ltd		
– ordinary shares	24,000	–
SIA Engineering Company Limited		
– ordinary shares	2,000	–
Singapore Airlines Limited		
– ordinary shares	15,000	15,000
Singapore Technologies Engineering Ltd		
– ordinary shares	34,361	34,361
Singapore Telecommunications Limited		
– ordinary shares	14,090	14,090
Paul Ma Kah Woh		
Singapore Telecommunications Limited		
– ordinary shares	380	380
StarHub Ltd		
– ordinary shares	100,000	100,000
Niam Chiang Meng		
CapitaMall Trust Management Limited		
– units in CapitaMall Trust	150,000	*
CapitaLand Limited		
– ordinary shares	10,000	*
SembCorp Logistics Ltd		
– ordinary shares	30,000	–
Singapore Telecommunications Limited		
– ordinary shares	12,080	12,080
SembCorp Marine Ltd		
– ordinary shares	–	10,000

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Directors' Interests (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	At End of the Year
Nithiah Nandan s/o Arumugam		
Singapore Telecommunications Limited		
– ordinary shares	1,430	1,430
SP AusNet		
– stapled securities	**	3,000
Engelin Teh Guek Ngor		
SMRT Corporation Ltd		
– ordinary shares	150,000	150,000
SembCorp Logistics Ltd		
– ordinary shares	25,000	50,000
Singapore Airlines Limited		
– ordinary shares	5,000	–
Singapore Telecommunications Limited		
– ordinary shares	31,430	100,000
SP AusNet		
– stapled securities	**	31,000

* CapitaCommercial Trust Management Limited, CapitaLand Limited, CapitaMall Trust Management Limited, Raffles Holdings Limited and The Ascott Group Limited ceased to be related corporations of SMRT Corporation Ltd during the financial year.

** SP AusNet became a related corporation of SMRT Corporation Ltd with effect from 8 December 2005.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment if later or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2006.

Except as disclosed under the "Share Options and Share Plans" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

Since the end of the last 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Directors' Remuneration

	2006 \$'000	2005 \$'000
Directors of the Company		
– fees	428	398
– remuneration	1,008	862
	1,436	1,260

Unusual Items

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made, or render any items in the financial statements of the Group or of the Company for the current financial year misleading, and/or affect the ability of the Group or of the Company in meeting the obligations as and when they fall due.

Share Options and Share Plans

The SMRT Corporation Employee Share Option Plan ("SMRT ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRT ESOP comprises 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.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2004.

The SMRT ESOP, SMRT RSP and SMRT PSP are administered by the Remuneration Committee (the "Committee"), comprising Mr Choo Chiau Beng, Chairman of the Committee, Mr Daniel Ee Hock Huat, Mr Edmund Koh Kian Chew, Mr Koh Kheng Siong and Mr Nithiah Nandan s/o Arumugam.

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 regulations for the implementation and administration of the SMRT ESOP, SMRT RSP and SMRT PSP 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.

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 fifteen per cent 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Share Options and Share Plans (cont'd)

SMRT ESOP (cont'd)

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 the 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 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 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 Share	Options Outstanding at 1/4/2005	Options Granted	Options Exercised	Options Cancelled	Options Outstanding at 31/3/2006	Number of Option Holders at 31/3/2006	Exercise Period
16/7/2001	\$0.816	5,916,000	–	2,350,000	105,000	3,461,000	1,430	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	4,407,200	–	1,903,100	123,500	2,380,600	1,849	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	5,681,500	–	2,289,506	129,500	3,262,494	2,012	22/7/2004 to 21/7/2013
		16,004,700	–	6,542,606	358,000	9,104,094		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the SMRT ESOP are as follows:

Name of Director	Options Granted for Financial Year Ended 31 March 2006	Aggregate Options Granted Since Commencement of Scheme to 31 March 2006	Aggregate Options Exercised Since Commencement of Scheme to 31 March 2006	Aggregate Options Outstanding as at 31 March 2006
Saw Phaik Hwa	–	160,000	106,000	54,000

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Share Options and Share Plans (cont'd)

SMRT ESOP (cont'd)

Since the commencement of the SMRT ESOP, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the SMRT ESOP has been granted 5% or more of the total options available under the SMRT ESOP.

Since the commencement of the SMRT ESOP, no options have been granted to the employees of the holding company or its related corporations under the SMRT ESOP.

The options granted by the Company do not entitle the holders of the option, by virtue of such holdings, to any rights to participate in any share issue of any other company.

During the financial year, no options have been granted.

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

The SMRT RSP 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 is targeted at senior management in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

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 award performance-based restricted awards to ensure that the earnings of shares under the SMRT RSP is aligned with pay-for-performance principle.

Awards granted under the SMRT PSP are performance-based and the targets set under the plan are intended to be based on medium-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, as well as the SMRT RSP although differing performance targets are likely to be set for each award.

Non-executive directors of the Group, the holding company and associated companies will not be eligible to participate in the Plans.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Share Options and Share Plans (cont'd)

SMRT RSP and SMRT PSP (cont'd)

iii) Size and Duration

The total number of new shares which may be issued pursuant to awards granted under the Plans, when added to the number of options granted under SMRT ESOP shall not exceed fifteen per cent of the issued share capital of the Company on the day preceding the relevant date of award.

The number of existing shares purchased from the market which may be delivered pursuant to awards under the Plans, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to any limit as such methods will not involve the issuance of any new shares.

The Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 15 July 2004, provided always that the Plans 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 Plans, 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 SMRT PSP and SMRT RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
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 two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of Grant	1 March 2006	1 March 2006
Performance Period	1 April 2005 to 31 March 2008	1 April 2005 to 31 March 2007
Vesting Condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfillment of service requirements.
Payout	0% – 125% depending on the achievement of pre-set performance targets over the performance period.	0% – 121% depending on the achievement of pre-set performance targets over the performance period.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Share Options and Share Plans (cont'd)

SMRT RSP and SMRT PSP (cont'd)

The details of shares awarded under the Plans during the year since commencement of the SMRT PSP and SMRT RSP were as follows:

SMRT PSP

	Balance as at 1 April 2005	Shares Granted During Financial Year	Shares Cancelled During Financial Year	Shares Released During Financial Year	Balance as at 31 March 2006
Grant Date					
1 March 2006					
– For senior management	–	40,000	–	–	40,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	100,000
Total	–	140,000	–	–	140,000

SMRT RSP

	Balance as at 1 April 2005	Shares Granted During Financial Year	Shares Cancelled During Financial Year	Shares Released During Financial Year	Balance as at 31 March 2006
Grant Date					
1 March 2006					
– For senior management	–	495,500	–	–	495,500
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	100,000
Total	–	595,500	–	–	595,500

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 2006, were 140,000 and 595,500 for SMRT PSP and SMRT RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 175,000 fully-paid SMRT shares and 716,920 fully-paid SMRT shares for SMRT PSP and SMRT RSP respectively.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2006

Audit Committee

The Audit Committee (the "Committee") comprises four non-executive directors. The Committee's members during the year and at the date of this report are as follows:

Daniel Ee Hock Huat *Chairman*

Koh Kheng Siong

Paul Ma Kah Woh

Engelin Teh Guek Ngor

On behalf of the Board of Directors



CHOO CHIAU BENG

Director



SAW PHAIK HWA

Director

Singapore
28 April 2006

AUDITORS' STATEMENT

FOR THE YEAR ENDED 31 MARCH 2006

Auditors' Statement to the Members of SMRT Corporation Ltd

We have examined the Summary Financial Statements set out on pages 28 to 36 which have been prepared by the directors of the Company. In our opinion, the Summary Financial Statements are consistent with the full financial statements and directors' report of SMRT Corporation Ltd for the year ended 31 March 2006 and comply with the requirements of Section 203A of the Companies Act, Chapter 50 (the "Act"), and regulations made thereunder, applicable to the Summary Financial Statements.

We have issued an unqualified audit report dated 28 April 2006 on the full financial statements of SMRT Corporation Ltd for the year ended 31 March 2006. The auditors' report is as follows:

"Report of the Auditors to the Members of SMRT Corporation Ltd

We have audited the accompanying financial statements of SMRT Corporation Ltd for the year ended 31 March 2006 as set out in the Annual Report. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2006 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."



KPMG

Certified Public Accountants

Singapore
28 April 2006

BALANCE SHEETS

AS AT 31 MARCH 2006

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Non-current assets				
Property, plant and equipment	1,082,144	1,156,865	4,851	4,259
Intangible asset	41,932	41,932	–	–
Investments in subsidiaries	–	–	333,191	333,191
Interests in an associate	–	485	–	–
Available-for-sale financial assets	6,873	3,753	–	–
	1,130,949	1,203,035	338,042	337,450
Current assets				
Inventories	36,388	41,061	–	–
Trade and other receivables	74,879	38,789	302,946	325,523
Tax recoverable	10,184	8,977	7,422	6,183
Fixed deposits with banks and financial institutions	91,263	36,022	–	–
Cash at banks and in hand	40,471	35,948	1,008	2,133
	253,185	160,797	311,376	333,839
Total assets	1,384,134	1,363,832	649,418	671,289
Current liabilities				
Trade and other payables	134,358	146,848	85,938	81,528
Interest-bearing borrowings	250,000	–	250,000	–
Provisions	17,308	15,999	196	247
Current tax payable	915	815	–	–
	402,581	163,662	336,134	81,775
Non-current liabilities				
Interest-bearing borrowings	50,000	300,000	50,000	300,000
Provisions	2,869	3,222	167	634
Deferred tax liabilities	150,619	129,225	993	744
Fuel equalisation account	19,112	18,711	–	–
Deferred grant	170,560	193,774	–	–
	393,160	644,932	51,160	301,378
Total liabilities	795,741	808,594	387,294	383,153
Equity attributable to equity holders of SMRT				
Share capital	156,493	150,256	156,493	150,256
Share premium	–	1,606	–	1,606
Reserves	3,638	419	518	419
Accumulated profits	425,898	400,779	105,113	135,855
	586,029	553,060	262,124	288,136
Minority interests	2,364	2,178	–	–
Total equity	588,393	555,238	262,124	288,136
Total equity and liabilities	1,384,134	1,363,832	649,418	671,289

PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue	711,742	673,466	95,861	46,920
Other operating income	24,736	26,376	247	144
Staff and related costs	(253,530)	(247,714)	(22,715)	(23,879)
Depreciation and impairment losses of property, plant and equipment	(131,525)	(141,274)	(1,338)	(1,371)
Amortisation of asset-related grant	23,106	25,463	–	–
Repairs and maintenance costs	(57,683)	(56,878)	–	–
Electricity and diesel costs	(66,385)	(57,427)	–	–
Impairment losses on goodwill	–	(21,441)	–	–
Other operating expenses	(111,695)	(107,808)	(5,921)	(25,721)
Finance costs	(9,658)	(13,974)	(11,490)	(14,690)
Interest and investment income	1,302	5,350	4,748	7,627
Share of results of an associate	(6,339)	(256)	–	–
Profit/(Loss) from ordinary activities before taxation	124,071	83,883	59,392	(10,970)
Income tax (expense)/credit	(20,447)	42,669	(11,810)	1,320
Net profit/(loss) for the year	103,624	126,552	47,582	(9,650)
Attributable to:				
Equity holders of SMRT	103,436	126,665	47,582	(9,650)
Minority interests	188	(103)	–	–
Net profit/(loss) for the year	103,624	126,552	47,582	(9,650)
Earnings per share (in cents)				
Basic	6.9	8.4		
Diluted	6.8	8.4		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2006

The Group

	Share Capital \$'000	Share Premium \$'000	Fair Value Reserve \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Attributable to Equity holders of SMRT \$'000	Minority Interest \$'000	Total Equity \$'000
At 31 March 2004 as previously stated	150,000	–	–	–	330,709	480,709	2,281	482,990
Effects of adopting FRS 102	–	–	–	183	(183)	–	–	–
At 1 April 2004, restated	150,000	–	–	183	330,526	480,709	2,281	482,990
Net profit for the year	–	–	–	–	126,655	126,655	(103)	126,552
Total recognised income and expense for the year	–	–	–	–	126,655	126,655	(103)	126,552
Issue of shares under SMRT ESOP	256	1,606	–	–	–	1,862	–	1,862
Value of employee services received for share-based payment	–	–	–	236	–	236	–	236
Final dividend paid of 3.20 cents per share less tax at 20% in respect of year 2004	–	–	–	–	(38,401)	(38,401)	–	(38,401)
Interim dividend paid of 1.50 cents per share less tax at 20% in respect of year 2005	–	–	–	–	(18,001)	(18,001)	–	(18,001)
At 31 March 2005	150,256	1,606	–	419	400,779	553,060	2,178	555,238
At 31 March 2005 as previously stated	150,256	1,606	–	–	401,198	553,060	2,178	555,238
Effects of adopting FRS 102	–	–	–	419	(419)	–	–	–
At 31 March 2005, restated	150,256	1,606	–	419	400,779	553,060	2,178	555,238
Effects of adopting FRS 39	–	–	1,345	–	7	1,352	–	1,352
At 1 April 2005, restated	150,256	1,606	1,345	419	400,786	554,412	2,178	556,590
Disposal of subsidiary	–	–	–	–	–	–	(2)	(2)
Net fair value changes on available- for-sale financial assets	–	–	1,775	–	–	1,775	–	1,775
Net gain recognised directly in equity	–	–	1,775	–	–	1,775	(2)	1,773
Net profit for the year	–	–	–	–	103,436	103,436	188	103,624
Total recognised income and expense for the year	–	–	1,775	–	103,436	105,211	186	105,397
Issue of shares under SMRT ESOP	654	3,977	–	–	–	4,631	–	4,631
Value of employee services received for share-based payment	–	–	–	99	–	99	–	99
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	5,583	(5,583)	–	–	–	–	–	–
Final dividend paid of 5.00 cents per share less tax at 20% in respect of year 2005	–	–	–	–	(60,144)	(60,144)	–	(60,144)
Interim dividend paid of 1.50 cents per share less tax at 20% in respect of year 2006	–	–	–	–	(18,180)	(18,180)	–	(18,180)
At 31 March 2006	156,493	–	3,120	518	425,898	586,029	2,364	588,393

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2006

The Company

	Share Capital \$'000	Share Premium \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 31 March 2004 as previously stated	150,000	–	–	202,090	352,090
Effects of adopting FRS 102	–	–	183	(183)	–
At 1 April 2004, restated	150,000	–	183	201,907	352,090
Net loss for the year	–	–	–	(9,650)	(9,650)
Total recognised income and expense for the year	–	–	–	(9,650)	(9,650)
Issue of shares under SMRT ESOP	256	1,606	–	–	1,862
Value of employee services received for share-based payment	–	–	236	–	236
Final dividend paid of 3.20 cents per share less tax at 20% in respect of year 2004	–	–	–	(38,401)	(38,401)
Interim dividend paid of 1.50 cents per share less tax at 20% in respect of year 2005	–	–	–	(18,001)	(18,001)
At 31 March 2005	150,256	1,606	419	135,855	288,136
At 31 March 2005 as previously stated	150,256	1,606	–	136,274	288,136
Effects of adopting FRS 102	–	–	419	(419)	–
At 1 April 2005, restated	150,256	1,606	419	135,855	288,136
Net profit for the year	–	–	–	47,582	47,582
Total recognised income and expense for the year	–	–	–	47,582	47,582
Issue of shares under SMRT ESOP	654	3,977	–	–	4,631
Value of employee services received for share-based payment	–	–	99	–	99
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	5,583	(5,583)	–	–	–
Final dividend paid of 5.00 cents per share less tax at 20% in respect of year 2005	–	–	–	(60,144)	(60,144)
Interim dividend paid of 1.50 cents per share less tax at 20% in respect of year 2006	–	–	–	(18,180)	(18,180)
At 31 March 2006	156,493	–	518	105,113	262,124

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2006

	2006 \$'000	2005 \$'000
Operating activities		
Profit from operating activities before taxation	124,071	83,883
Adjustments for items not involving outlay of funds:		
Amortisation of asset-related grant	(23,106)	(25,463)
Impairment losses on goodwill	–	21,441
Depreciation and impairment losses of property, plant and equipment	131,525	141,274
Dividend income	(249)	(189)
Grant released upon disposal/write-off of property, plant and equipment	(108)	(352)
Interest expense	9,658	13,974
Interest income	(1,628)	(1,543)
Loss/(Gain) on disposals of:		
– investments	(81)	(3,618)
– property, plant and equipment	516	(1,029)
– investment in subsidiaries	10	–
– investment in an associate	646	–
Property, plant and equipment written off	533	1,213
Provisions made during the year	12,386	8,632
Share-based payment expenses	99	236
Share of results of an associate	6,339	256
Operating profit before working capital changes	260,611	238,715
Changes in working capital:		
Inventories	4,673	461
Trade and other receivables	(14,636)	(1,947)
Amounts due from an associate	290	654
Trade and other payables and provisions	(3,423)	(14,055)
Cash flows from operations	247,515	223,828
Income taxes (paid)/refunded	(160)	3,007
Dividends paid	(78,324)	(56,402)
Interest paid	(9,504)	(15,818)
Cash flows from operating activities	159,527	154,615
Balance carried forward	159,527	154,615

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2006

	2006 \$'000	2005 \$'000
Balance brought forward	159,527	154,615
Investing activities		
Dividends received	249	189
Interest received	1,412	1,793
Investment in an associate	(6,500)	–
Purchase of property, plant and equipment	(101,565)	(158,150)
Purchase of investments	–	(80,000)
Proceeds from disposals of:		
– investments	–	83,618
– property, plant and equipment	2,005	5,053
– subsidiary	5	–
Cash flows from investing activities	(104,394)	(147,497)
Financing activities		
Redemption of unsecured quoted bonds	–	(250,000)
Repayment of bank loans	–	(60,000)
Proceeds from bank loans	–	60,000
Proceeds from issue of unsecured quoted floating rate notes	–	50,000
Issue of shares under share option plan	4,631	1,862
Cash flows from financing activities	4,631	(198,138)
Net increase/(decrease) in cash and cash equivalents	59,764	(191,020)
Cash and cash equivalents at beginning of year	71,970	262,990
Cash and cash equivalents at end of year	131,734	71,970

Cash and cash equivalents at end of the year comprise:

	2006 \$'000	2005 \$'000
Fixed deposits with banks and financial institutions	91,263	36,022
Cash at banks and in hand	40,471	35,948
	131,734	71,970

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

31 MARCH 2006

Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In the financial year ended 31 March 2006, the Group adopted the following new/revised FRSs which are relevant to its operations:

FRS 1 (revised)	Presentation of Financial Statements
FRS 2 (revised)	Inventories
FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised)	Events After the Balance Sheet Date
FRS 16 (revised)	Property, Plant and Equipment
FRS 17 (revised)	Leases
FRS 21 (revised)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised)	Related Party Disclosures
FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 28 (revised)	Investment in Associates
FRS 32 (revised)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised)	Earnings Per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payments

The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except for certain financial assets and financial liabilities.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Judgements made by the management in the application of FRSs that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed as follows:

Accounting Estimates and Judgment

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 ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CRITICAL ACCOUNTING JUDGEMENTS MADE IN APPLYING THE GROUP AND COMPANY'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Goodwill and Investment in Subsidiary

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the business units to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the business units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 March 2006 was \$41,932,000 (2005: \$41,932,000). More details are provided in Note 5 of the full financial statements.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

31 MARCH 2006

Basis of Preparation (cont'd)

Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 30 years. The carrying amount of the Group's property, plant and equipment at 31 March 2006 was \$1,082,144,000. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

During the financial year, the estimated useful life for selected bus models was changed from 12 years to 17 years with effect 1 April 2005. With a robust regular maintenance programme and a planned midlife upgrade, the reliability of these buses will extend beyond the current 12 years to the statutory life of 17 years. Arising from this change in the estimated useful life for selected bus models, the reduction in depreciation of the buses amounted to \$8.7 million for 2006.

Share-based Payment

Judgement and key assumptions involved in determining share-based payment expenses are detailed in Note 14(c) of the full financial statements.

Changes in Accounting Policies

The changes in accounting policies arising from the adoption of FRS 39 Financial Instruments: Recognition and Measurement and FRS 102 Share-based Payment are summarised below:

FRS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

The adoption of FRS 39 has resulted in the Group measuring its forward foreign exchange contracts and available-for-sale financial assets at fair values. This change has been accounted for by increasing the opening balance at 1 April 2005 of the fair value reserve and accumulated profits by \$1,345,000 and \$7,000 respectively. The change in fair value during the year of \$1,775,000 was also dealt with in the fair value reserve. Comparatives have not been restated.

Previously, forward foreign exchange contracts were not recorded on the balance sheet and investments in debt and equity securities were stated at cost less diminution in value or lower of cost or market value.

Financial assets and financial liabilities are stated at amortised cost instead of cost.

FRS 102 SHARE-BASED PAYMENT

In accordance with the transitional provisions, FRS 102 has been applied to all grants after 22 November 2002 that were not yet vested as at 1 April 2005. The adoption of FRS 102 has resulted in a change in the Group's accounting policy for share-based payments, whereby the Group charges the fair value of grants under SMRT ESOP, SMRT PSP and SMRT RSP to the profit and loss account over the vesting periods.

The adoption of FRS 102 resulted in:

	2006 \$'000	2005 \$'000
Increase in staff and related costs	99	236
Decrease in opening accumulated profits	419	183
Increase in opening share-based payment reserves	419	183

The adoption of FRS 102 has no material impact on the basic and diluted earnings per share of the Company.

FRS Not Yet Adopted

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods beginning on or after 1 January 2006. The initial assessment of these standards and interpretations is not expected to have any material impact on the Group's financial statements.

Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies highlighted above and to be consistent with current year presentation.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

31 MARCH 2006

Share Capital

	2006		Company	
	No. of Shares ('000)	\$'000	No. of Shares ('000)	\$'000
Issued and fully paid				
Ordinary shares:				
At 1 April	1,502,561	150,256	1,500,000	150,000
Issue of shares under SMRT ESOP	6,543	654	2,561	256
Transfer from share premium account upon implementation of the Companies (Amendment) Act 2005	–	5,583	–	–
At 31 March	1,509,104	156,493	1,502,561	150,256

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, an additional 2,350,000, 1,903,100 and 2,289,506 new fully-paid ordinary shares were issued for cash at a premium of \$0.716, \$0.576 and \$0.523 per share respectively by the Company during the year.

Since the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

- The concept of authorised share capital is abolished;
- The concept of par value is abolished; and
- The amount standing to the credit of the Company's share premium account becomes part of the Company's share capital.

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, the Group and the Company had the following related party transactions on terms agreed between the parties:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Subsidiaries				
Management fees received/receivable	–	–	31,794	36,696
Purchases of goods and services	–	–	137	15
Training income received/receivable	–	–	4	–
Related Corporations				
Rental income received/receivable	–	1,177	–	–
Maintenance income received/receivable	545	909	–	–
Charter hire income received/receivable	917	653	–	–
Commission and distribution fee received/receivable	824	822	–	–
Consultancy income received/receivable	66	–	–	–
Purchases of goods and services	45,842	42,691	574	428

Dividends

After the balance sheet date, the directors proposed a final dividend of 5.5 cents (2005: 5.0 cents) per share less tax at 20% (2005: 20%) amounting to a net dividend of \$66,400,576 (2005: \$60,143,544). The dividends have not been provided for.

SHAREHOLDERS' INFORMATION

Statistics of Shareholders

as at 25 May 2006

Number of shares issued:	1,509,581,636
Issued and fully paid capital:	S\$156,826,204.938
Class of shares:	ordinary shares
Voting rights:	one vote per share

Distribution of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 999	41	0.09	17,457	0.00
1,000 – 10,000	42,540	92.56	105,906,661	7.01
10,001 – 1,000,000	3,352	7.29	159,347,627	10.56
1,000,001 and above	26	0.06	1,244,309,891	82.43
Total	45,959	100.00	1,509,581,636	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	824,400,030	54.61
2	DBSN Services Pte Ltd	92,240,147	6.11
3	DBS Nominees Pte Ltd	77,727,796	5.15
4	HSBC (Singapore) Nominees Pte Ltd	61,249,745	4.06
5	Citibank Nominees Singapore Pte Ltd	57,353,285	3.80
6	Raffles Nominees Pte Ltd	49,467,151	3.28
7	United Overseas Bank Nominees Pte Ltd	22,110,338	1.46
8	DB Nominees (S) Pte Ltd	21,518,995	1.43
9	Lee Pineapple Company Pte Ltd	5,000,000	0.33
10	OCBC Nominees Singapore Pte Ltd	4,528,000	0.30
11	Phillip Securities Pte Ltd	3,863,430	0.26
12	Chong Kah Yung	3,500,000	0.23
13	Quah Wee Lai	3,000,000	0.20
14	Royal Bank Of Canada (Asia) Ltd	2,669,000	0.18
15	Merrill Lynch (Singapore) Pte Ltd	1,879,225	0.12
16	DBS Vickers Securities (S) Pte Ltd	1,566,000	0.10
17	OCBC Securities Private Ltd	1,555,500	0.10
18	Hong Leong Finance Nominees Pte Ltd	1,387,000	0.09
19	Societe Generale Singapore Branch	1,346,776	0.09
20	NTUC Thrift & Loan Co-Operative Limited	1,250,000	0.08
	Total	1,237,612,418	81.98

Substantial Shareholder

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.61	10,890,000	0.72

Note: Temasek Holdings (Private) Limited is deemed to be interested in the 10,890,000 shares held by DBS Group Holdings Limited group of companies.

Shareholding Held In Hands Of Public

Based on information available to the Company as at 25 May 2006, approximately 44.58 per cent of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

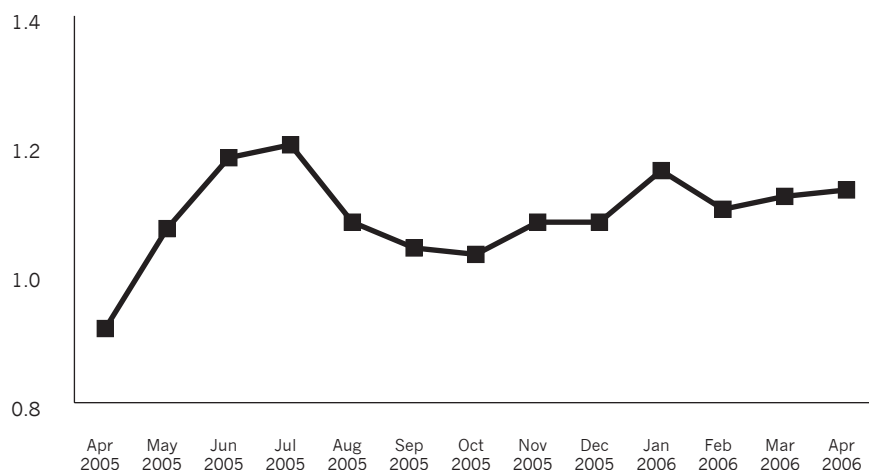
SHAREHOLDERS' INFORMATION

SMRT Corporation Share Prices and Traded Volumes

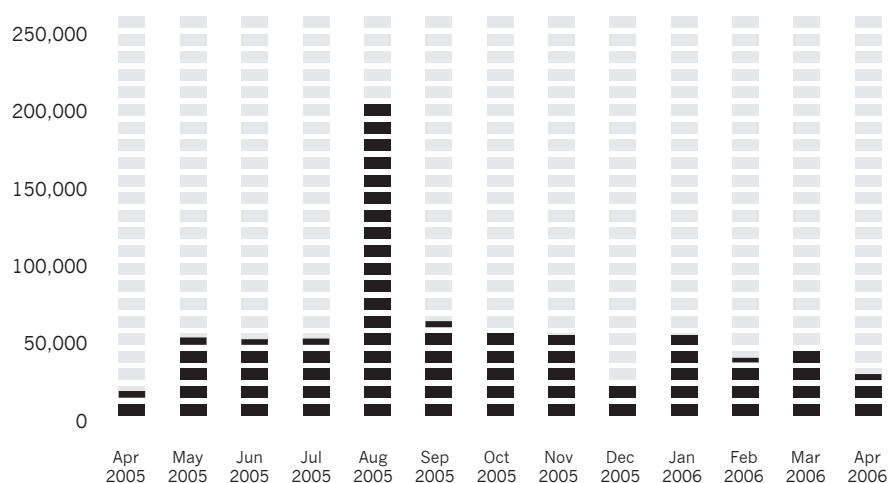
Date	Closing Price (\$\$)	Traded Volume ('000)
April 2005	0.915	14,790
May 2005	1.070	50,148
June 2005	1.180	48,295
July 2005	1.200	47,742
August 2005	1.080	201,300
September 2005	1.040	59,376
October 2005	1.030	51,489
November 2005	1.080	50,863
December 2005	1.080	20,866
January 2006	1.160	50,005
February 2006	1.100	36,205
March 2006	1.120	39,599
April 2006	1.130	25,622

Source: Bloomberg

MONTHLY SHARE PRICE PERFORMANCE (\$\$)



MONTHLY TRADED VOLUME ('000)



NOTICE OF ANNUAL GENERAL MEETING

SMRT CORPORATION LTD
(Incorporated in the Republic of Singapore)
(Registration No.: 200001855H)

To: All Shareholders

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Raffles City Convention Centre, Collyer Room, Level 4, 2 Stamford Road, Singapore 178882, on Thursday, 20 July 2006 at 2.30 p.m. to transact the following business:

As Ordinary Business:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2006 together with the Auditors' Report thereon.
2. To declare a Final Dividend of 5.5 cents per share, less income tax at 20 per cent, for the financial year ended 31 March 2006.
3. To approve the sum of \$428,351 as Directors' Fees for the financial year ended 31 March 2006 (FY2005: \$398,800).
4. a) To re-elect Mr Choo Chiau Beng who is retiring in accordance with Article 94 of the Company's Articles of Association.
b) To note the retirement of Mr Niam Chiang Meng and Mr Nithiah Nandan s/o Arumugam who are retiring in accordance with Article 94 of the Company's Articles of Association.
5. To re-elect the following Directors who are retiring in accordance with Article 100 of the Company's Articles of Association:
a) Mr Edmund Koh Kian Chew
b) Mr Paul Ma Kah Woh
6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business:

7. To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7.1 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) 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) does not exceed 50 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

As Special Business (cont'd):

- 2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company 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 consolidation or subdivision of shares;
- 3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being 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 the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7.2 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 ("SMRT RSP") and/or the SMRT Corporation Performance Share Plan ("SMRT PSP") (the SMRT RSP and SMRT PSP, together the "Share Plans"); and
- b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the SMRT Corporation Employee Share Option Plan ("SMRT ESOP") and/or such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the SMRT RSP and/or SMRT PSP,

provided always that the aggregate number of ordinary shares to be issued pursuant to the Share Plans and the SMRT ESOP shall not exceed 15 per cent of the issued shares in the capital of the Company from time to time.

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"That for the purpose of Chapter 9 of the Listing Manual of the SGX-ST ("Chapter 9"):

- a) approval be and is hereby given for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in Appendix B of the Letter to Shareholders dated 23 June 2006, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- b) the approval given in paragraph (a) above (the "General Mandate") shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including 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 General Mandate and/or this Resolution."

Any Other Business:

9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board
S. PREMA (Ms)
Company Secretary

Singapore
23 June 2006

NOTICE OF ANNUAL GENERAL MEETING

Notice of Closure of Books

Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed from 27 July 2006 to 28 July 2006 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Seventh Annual General Meeting, will be paid on 8 August 2006 to members on the Register as at 26 July 2006. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

Duly completed transfers received by the Share Registrar, Lim Associates (Pte) Ltd, at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 up to 5.00 p.m. on 26 July 2006 will be registered to determine shareholders' entitlements to the final dividend.

Explanatory notes on Ordinary Business to be transacted:

Resolution 3	Directors will be paid a basic fee and will get additional allowances for their services on other Board Committees. To promote a market competitive fee structure, the Directors have recommended a revision in the basic fee and the additional allowances of the Board Committees. The proposed scale of Directors' fees (per annum) is set out below: Board of Directors Chairman's Allowance \$25,000 Basic Fee \$35,000 Audit Committee Chairman's Allowance \$20,000 Member's Allowance \$12,000 Remuneration Committee/Nominating Committee Chairman's Allowance \$12,000 Member's Allowance \$6,000
Resolution 4(a)	Mr Choo Chiau Beng will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Board, the Chairman of the Remuneration Committee and a Member of the Nominating Committee. Mr Choo Chiau Beng is an independent director.
Resolution 5(a)	Mr Edmund Koh Kian Chew will, upon re-election as a Director of the Company, continue to serve as a Member of the Remuneration Committee. Mr Edmund Koh is an independent director.
Resolution 5(b)	Mr Paul Ma Kah Woh will, upon re-election as a Director of the Company, continue to serve as a Member of the Audit Committee. Mr Paul Ma is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes on Special Business to be transacted:

- Resolution 7.1 Is to empower the Directors to issue shares in the Company 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 issued shares in the capital of the Company with a sub-limit of twenty per cent (20%) for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the issued shares in the capital of the Company at the time that Resolution 7.1 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 7.1 is passed, and any subsequent consolidation or subdivision of shares.
- Resolution 7.2 Is to authorise the Directors to:
- a) grant awards in accordance with the SMRT Corporation Restricted Share Plan (“SMRT RSP”) and/or the SMRT Corporation Performance Share Plan (“SMRT PSP”) both of which were approved at the Extraordinary General Meeting on 15 July 2004; and
 - b) to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the SMRT Corporation Employee Share Option Plan and/or such number of shares to be issued pursuant to the vesting of awards under the SMRT RSP and/or the SMRT PSP.
- Resolution 8 Is to renew the General Mandate to enable the Company, its subsidiaries and associated companies or any of them to enter into any of the mandated transactions with parties who are considered “Interested Person” (as defined in Chapter 9).

Notes

- 1 *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and to 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 registered office of the Company at 251 North Bridge Road, Singapore 179102, at least 48 hours before the time appointed for the Seventh Annual General Meeting.*

LETTER TO SHAREHOLDERS

SMRT CORPORATION LTD
(Incorporated in the Republic of Singapore)
(Registration No.: 200001855H)

Board of Directors:

Choo Chiau Beng (*Chairman*)
Saw Phaik Hwa (*President and Chief Executive Officer*)
Daniel Ee Hock Huat
Edmund Koh Kian Chew
Koh Kheng Siong
Paul Ma Kah Woh
Niam Chiang Meng
Nithiah Nandan s/o Arumugam
Engelin Teh Guek Ngor

Registered Office:

251 North Bridge Road
Singapore 179102

23 June 2006

To: The Shareholders of SMRT Corporation Ltd ("Shareholders")

Dear Sir/Madam

RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We refer to item 8 of the Notice of the 7th Annual General Meeting of SMRT Corporation Ltd (the "Company") (the "7th AGM") which is an Ordinary Resolution ("Resolution 8") to be proposed at the 7th AGM for the renewal of the Company's general mandate for interested person transactions. The purpose of this letter is to provide Shareholders with information relating to Resolution 8.

1 Background

At an Extraordinary General Meeting of the Company held on 17 July 2003 (the "EGM"), Shareholders approved a general mandate (the "General Mandate") for interested person transactions pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") which enabled the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company's interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.

General information on the listing rules relating to interested person transactions, including the meanings of terms such as "associate", "entity at risk", "interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual is set out in Appendix A to this letter.

2 Renewal of the General Mandate

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The General Mandate was renewed at the 6th Annual General Meeting of the Company (the "6th AGM") held on 14 July 2005 and will continue to be in force until the conclusion of the 7th AGM. Accordingly, it is proposed that the General Mandate be renewed at the 7th AGM, to take effect until the conclusion of the 8th Annual General Meeting of the Company.

The nature of the interested person transactions and the classes of interested persons in respect of which the General Mandate is sought to be renewed remain unchanged. Particulars of the General Mandate, including the rationale for, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in Appendix B to this letter.

3 Audit Committee's statement

The Audit Committee of the Company confirms that:

- a) the methods or procedures for determining the transaction prices under the General Mandate have not changed since the 6th AGM; and
- b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

4 Directors' and substantial shareholders' interests

The interests of the Directors of the Company in the issued shares in the capital of the Company as at 31 March 2006 can be found on pages 18 to 20.

The interests of the substantial Shareholder of the Company in the issued shares in the capital of the Company as at 25 May 2006 can be found on page 37.

Saw Phaik Hwa will abstain from voting with her shareholdings in the Company, if any, on Resolution 8 relating to the renewal of the General Mandate at the forthcoming 7th AGM. Saw Phaik Hwa shall also decline to accept appointment as proxy for any Shareholder to vote on Resolution 8, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Resolution 8.

Temasek Holdings (Private) Limited ("Temasek") and its associates, being interested persons in relation to the proposed renewal of the General Mandate, will abstain from voting with their respective shareholdings (if any) in the Company on Resolution 8 relating to the renewal of the General Mandate at the forthcoming 7th AGM. Temasek and its associates shall also decline to accept appointment as proxies for any Shareholder to vote on Resolution 8, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Resolution 8.

5 Recommendation

The Directors of the Company who are considered independent for the purposes of the proposed renewal of the General Mandate are Messrs Choo Chiau Beng, Daniel Ee Hock Huat, Edmund Koh Kian Chew, Koh Kheng Siong, Paul Ma Kah Woh, Niam Chiang Meng, Nithiah Nandan s/o Arumugam and Engelin Teh Guek Ngor. Having considered, inter alia, the terms, the rationale and the benefits of the General Mandate, they are of the opinion that the entry into the Interested Person Transactions (as described in paragraph 5 of Appendix B) between the SMRT Group (as described in paragraph 1 of Appendix B) and the Interested Persons (as described in paragraph 4 of Appendix B) in the ordinary course of its business will be in the best interests of the Company. For the reasons set out in paragraphs 1 and 3 of Appendix B, they recommend that Shareholders vote in favour of Resolution 8 relating to the renewal of the General Mandate at the forthcoming 7th AGM.

6 Responsibility statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this letter are fair and accurate and that there are no material facts the omission of which would make any statement in this letter misleading.

7 Singapore Exchange Securities Trading Limited

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or the opinions expressed in this letter.

8 Advice to Shareholders

Shareholders who are in any doubt as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Yours faithfully

For and on behalf of the Board of Directors of

SMRT CORPORATION LTD



CHOO CHIAU BENG

Chairman

APPENDIX A

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1 Introduction

Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregate with all other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or make an immediate announcement and seek its shareholders' approval for that transaction.

2 Under the Listing Manual

"Entity at Risk"

The term "entity at risk" means (a) the listed company, (b) a subsidiary of the listed company that is not listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") or an approved exchange, or (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

"Interested Person"

The term "interested person" means a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder.

"Interested Person Transaction"

The term "interested person transaction" means a transaction between an entity at risk and an interested person.

"Associate"

In relation to any director, chief executive officer, substantial or controlling shareholder (being an individual), an "associate" means (a) an immediate family member (that is, spouse, child, adopted child, step-child, sibling and parent); (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (c) any company in which the individual and his immediate family together (directly or indirectly) have an interest of 30% or more.

In relation to a substantial shareholder or controlling shareholder (being a company), an "associate" means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"Associated Company"

A listed company's "associated company" is a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.

"Controlling Shareholder"

A "controlling shareholder" of a listed company is a person who holds directly or indirectly 15% or more of the voting shares in the listed company, or a person who in fact exercises control over the listed company.

"Approved Exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9.

"Chief Executive Officer"

"Chief executive officer" means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.

3 Materiality Thresholds, Disclosure Requirements and Shareholders' Approval

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("NTA")) are reached or exceeded.

APPENDIX A

3 Materiality Thresholds, Disclosure Requirements and Shareholders' Approval (cont'd)

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited consolidated NTA.

Where the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited consolidated NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to or more than:

- a) 5% of the listed group's latest audited consolidated NTA; or
- b) 5% of the listed group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Based on the latest audited consolidated accounts of SMRT Corporation Ltd ("SMRT" or the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2006, the consolidated NTA of the Group was S\$544 million. In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time as the consolidated audited accounts of the Group for the financial year ending 31 March 2007 are published, 5% of the latest audited consolidated NTA of the Group would be S\$27.2 million.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below S\$100,000.

4 Exceptions

Rule 916 of the Listing Manual provides that the following transactions are not required to comply with Rule 906 of the Listing Manual (which requires a listed company to obtain shareholders' approval for certain interested person transactions):

- 1) The entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation.
- 2) Investment in a joint venture with an interested person if:
 - a) the risks and rewards are in proportion to the equity of each joint venture partner;
 - b) the listed company confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the listed company and its minority shareholders; and
 - c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

APPENDIX A

4 Exceptions (cont'd)

- 3) The provision of a loan to a joint venture with an interested person if:
 - a) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
 - b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
 - c) the listed company confirms by an announcement that its audit committee is of the view that:
 - i) the provision of the loan is not prejudicial to the interests of the listed company and its minority shareholders; and
 - ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the listed company and its minority shareholders.
- 4) The award of a contract by way of public tender to an interested person if:
 - a) the awarder entity at risk announces the following information:
 - i) the prices of all bids submitted;
 - ii) an explanation of the basis for selection of the winning bid; and
 - b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.
- 5) The receipt of a contract which was awarded by way of public tender, by an interested person if:
 - a) the bidder entity at risk announces the prices of all bids submitted; and
 - b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

5 Shareholders' Mandate

Rule 920(1) of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

APPENDIX B

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1 Introduction and Rationale for the General Mandate

It is envisaged that the SMRT Corporation Ltd group of companies ("SMRT Group") will, in the ordinary course of their businesses, continue to enter into the categories of transactions (the "Interested Person Transactions") set out in paragraph 5 below with the specified classes of the Company's interested persons (the "Interested Persons") set out in paragraph 4 below. Such transactions are likely to occur with some degree of frequency and could arise at any time. For the purpose of Chapter 9 of the Listing Manual, the SMRT Group comprises (a) SMRT Corporation Ltd ("SMRT" or the "Company"), (b) subsidiaries of SMRT (other than a subsidiary that is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") or an approved exchange), and (c) associated companies of SMRT (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the SMRT Group, or the SMRT Group and interested person(s) of SMRT Group, has or have control.

Given that the Interested Person Transactions are expected to be recurrent transactions and may occur at any time, and to allow the SMRT Group to undertake such transactions in a more expeditious manner, the obtaining of a general mandate (the "General Mandate") pursuant to Chapter 9 will enable the SMRT Group, or any of them, in the ordinary course of their businesses, to enter into the Interested Person Transactions with the Interested Persons, provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and the minority shareholders of the Company (the "Shareholders").

2 Scope of the General Mandate

- 2.1 The General Mandate will cover a wide range of transactions arising in the normal course of business operations of the SMRT Group, in particular, those relating to its principal activities of operating the Mass Rapid Transit ("MRT") and the Bukit Panjang Light Rapid Transit ("LRT") systems and of providing public bus and taxi services, and its ancillary activities which include providing chartered bus and car rental services and specialist engineering consultancy services.
- 2.2 It is anticipated that the SMRT Group may, from time to time, in the normal course of its business, enter into or participate in joint ventures and similar forms of mutual collaboration or participation, such as joint investments, co-operation arrangements and shareholders' agreements (collectively, "joint ventures") and related transactions with the Interested Persons to undertake substantive commitments, or for business efficacy, diversification of risk and mutual benefit, particularly in areas of activities that are complementary to, or offer synergy for, the SMRT Group and its joint venture partners. The General Mandate will not cover any such joint venture with Interested Person(s). Such joint venture with Interested Person(s) which complies with the provisions of Rule 916(2) of the Listing Manual (the details of which are described in Appendix A) is exempted from requiring Shareholders' approval. In the event that such transaction does not comply with the provisions of Rule 916(2) of the Listing Manual, the Company will separately seek Shareholders' approval prior to the entry thereof.
- 2.3 The General Mandate will not cover any transaction arising from (a) the award of a contract by way of public tender by any company in the SMRT Group to an Interested Person, or (b) the receipt of a contract by any company in the SMRT Group which was awarded by way of public tender by an Interested Person, if it complies with the provisions of Rule 916(4) or Rule 916(5) of the Listing Manual (details of which are described in Appendix A), whichever is applicable. Such transaction which complies with the provisions of Rule 916(4) or Rule 916(5), whichever is applicable, of the Listing Manual is exempted from requiring Shareholders' approval.
- 2.4 The General Mandate will not cover any transaction by a company in the SMRT Group with an Interested Person Transaction that is below S\$100,000 in value, as Chapter 9 provides that any such transaction is to be excluded from the relevant provisions of Chapter 9.
- 2.5 Transactions by the SMRT Group with the Interested Person that do not fall within the ambit of the General Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3 Benefit to Shareholders

The General Mandate is intended to facilitate the specified categories of transactions in the normal course of business of the SMRT Group which are transacted, from time to time, with the Interested Persons, provided that they are carried out on the SMRT Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX B

3 Benefit to Shareholders (cont'd)

Where the Interested Person Transactions relate to the purchase of products and receipt of services from the Interested Persons, the SMRT Group will benefit from having access, where applicable, to competitive quotes from the Interested Persons, and may also derive savings in terms of cost efficiencies and greater economies of scale. The sale of products and provision of services to the Interested Persons widen the customer base and provide an additional source of revenue for the SMRT Group, provided that such products and services are provided on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The General Mandate will eliminate the need for the Company to announce, or to convene separate general meetings, from time to time, to seek Shareholders' approval as and when the need to enter into a specified category of transaction with the Interested Person arises, thereby substantially reducing the administrative time, inconvenience and expense in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SMRT Group, and enabling companies within the SMRT Group to expeditiously conclude time-sensitive business arrangements with the Interested Persons.

4 Classes of Interested Persons

The General Mandate will apply to the Interested Person Transactions (as described in paragraph 5 below) with the following classes of Interested Persons, namely:

- a) Temasek Holdings (Private) Limited ("Temasek"); and
- b) the associates of Temasek.

5 Categories of Interested Person Transactions

The Interested Person Transactions entered into by the SMRT Group with the Interested Persons (as described in paragraph 4 above) which will be covered by the General Mandate (which will not include transactions in respect of the purchase or sale of assets, undertaking or businesses) are as follows:

- a) the leasing or rental of premises within the MRT and LRT stations for commercial use;
- b) the provision of car rental, chartered bus and taxi services;
- c) the selling of advertisement space;
- d) the provision or procurement of engineering, repair, servicing and technical services;
- e) the obtaining, purchase, leasing or rental (as lessor and lessee) of electronic engineering equipment, parts, components, and computer maintenance, software and systems;
- f) the obtaining or procurement of communications and all other forms of utility services and products; and
- g) the procurement of insurance.

6 Review Procedures for Interested Person Transactions

- 6.1 In general, the SMRT Group has internal control procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the SMRT Group's usual practices and policies, which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to unrelated third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended to the SMRT Group by unrelated third parties.

APPENDIX B

6 Review Procedures for Interested Person Transactions (cont'd)

In particular, the following review procedures will be undertaken:

a) *Provision of Services or Sale of Products*

For transactions with Interested Persons which are not subject to Rule 916(5) of the Listing Manual, the review procedures are as follows:

- i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product provider within the SMRT Group, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to a class of customers or for bulk purchases or long-term contracts where the giving of such preferential rates/prices/discounts are commonly practiced within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms; and
- ii) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the SMRT Group's pricing for such services to be provided or products to be sold to the Interested Persons is determined in accordance with the SMRT Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the SMRT Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, the senior management of the relevant company of the SMRT Group (who has no interest, direct or indirect, in the transaction) will take into account factors such as, but not limited to, specifications, quantity, volume consumption, customer requirements, duration of contract, and strategic purposes of the transaction.

b) *Obtaining of Services or Purchasing of Products*

In general, for the obtaining of services and purchasing of products, the SMRT Group has an internal policy of calling for tenders and awarding the contract to the lowest offer which meets tender specifications in full or very substantially.

For transactions with Interested Persons which are not subject to (i) Rule 916(4) of the Listing Manual and (ii) the SMRT Group's internal policy on tenders (for instance, when there are no unrelated third party vendors of similar products or services or if the product or service is proprietary), the senior management staff of the relevant company in the SMRT Group (who has no interest, direct or indirect, in the transaction) will determine whether the price and terms offered by the Interested Person are in accordance with industry norms, and are fair and reasonable. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, specification compliance, track record, skill, experience, quality of service and sales support, delivery schedules, financial standing and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will be taken into account.

In addition to the review procedures, a threshold limit equivalent to 3% of the latest audited consolidated net tangible assets of the Company for transactions with Interested Persons ("IPT Limit") will be applied to supplement the internal procedures of the SMRT Group to ensure that transactions are undertaken with Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Where the SMRT Group's individual transaction with an Interested Person exceeds the IPT Limit, such transaction must be approved by the Audit Committee prior to its entry. Where the SMRT Group's individual transaction is equal to or below the IPT Limit and in excess of or equal to S\$100,000, such transaction need not have the prior approval of the Audit Committee, but shall be reviewed on a quarterly basis by the Audit Committee.

6.2 A register will be maintained by the Company to record all Interested Person Transactions (and the basis on which they are entered into) which are entered into pursuant to the General Mandate.

The Company shall, on a quarterly basis, report to the Audit Committee on all Interested Person Transactions, and the basis of such transactions, entered into with Interested Persons during the preceding quarter. The Audit Committee shall review such Interested Person Transactions at its quarterly meeting except where such Interested Person Transactions are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

APPENDIX B

6 Review Procedures for Interested Person Transactions (cont'd)

- 6.3 The Company's annual internal audit plan shall incorporate a review of all Interested Person Transactions, including the established review procedures for the monitoring of such Interested Person Transactions, entered into during the current financial year pursuant to the General Mandate.

The Audit Committee shall, in conjunction with its review of the Interested Person Transactions and the internal audit report, ascertain whether the established review procedures have been complied with. If, during its reviews, the Audit Committee is of the view that the review procedures as stated above are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the SMRT Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that the Interested Person Transaction will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh mandate based on new review procedures for the Interested Person Transactions. In such a case, all Interested Person Transactions will be reviewed and approved by the Audit Committee prior to their entry while the fresh mandate is being sought from the Shareholders.

- 6.4 For purposes of the above review and approval process, any Director of the Company who is not considered independent for purposes of the General Mandate and/or any Interested Person Transaction will abstain from voting in relation to any respective resolution, and/or abstain from participating in the Audit Committee's decision during its review procedures for the Interested Person Transactions or during its review or approval of any Interested Person Transaction.

7 Expiry and Renewal of the General Mandate

The General Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the conclusion of the next annual general meeting of the Company ("AGM") and will apply to Interested Person Transactions entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the General Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the Interested Person Transactions.

If the Audit Committee is of the view that the review procedures under the General Mandate are not sufficient to ensure that the Interested Person Transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh General Mandate from the Shareholders based on new review procedures for Interested Person Transactions.

8 Disclosure

Pursuant to Chapter 9, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions entered into under the General Mandate during the financial year, and in the annual reports for the subsequent financial years during which the General Mandate is in force. In addition, the Company will announce the aggregate value of the Interested Person Transactions entered into pursuant to the General Mandate for the financial periods which it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

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PROXY FORM

ANNUAL GENERAL MEETING

SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)

(Company Registration Number : 200001855H)

Important:

1. For investors who have used their CPF monies to buy SMRT Corporation Ltd shares, the Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ NRIC/Passport No. _____ of

being a member/members of SMRT Corporation Ltd ("the Company") hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (NUMBER OF SHARES)

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (NUMBER OF SHARES)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company, to be held at Raffles City Convention Centre, Collyer Room, Level 4, 2 Stamford Road, Singapore 178882, on Thursday, 20 July 2006 at 2.30 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

	RESOLUTIONS	INDICATE YOUR VOTE FOR OR AGAINST WITH A TICK	
NO.	ORDINARY BUSINESS	FOR	AGAINST
1.	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4a)	Re-election of Mr Choo Chiau Beng as Director		
5a)	Re-election of Mr Edmund Koh Kian Chew as Director		
5b)	Re-election of Mr Paul Ma Kah Woh as Director		
6.	Re-appointment of KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
7.1	Authority for Directors to issue shares		
7.2	Authority for Directors to grant awards and issue and allot shares, pursuant to the SMRT Corporation Employee Share Option Plan, SMRT Corporation Restricted Share Plan and SMRT Corporation Performance Share Plan		
8.	Renewal of the General Mandate for Interested Person Transactions		
9.	ANY OTHER BUSINESS		

Dated this _____ day of _____ 2006

Total Number of Shares Held: _____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

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PLEASE
AFFIX
POSTAGE
STAMP

THE COMPANY SECRETARY
SMRT CORPORATION LTD
251 NORTH BRIDGE ROAD
SINGAPORE 179102

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Notes to Proxy Form

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holding (expressed as the number of shares) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing or, where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
4. A corporation which is a member may authorise by a resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 251 North Bridge Road, Singapore 179102, at least 48 hours before the time appointed for the Seventh Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
7. The Company shall be entitled to reject the instrument appointing proxy or proxies if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Seventh Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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REQUEST SLIP

SMRT CORPORATION LTD
Company Registration Number: 200001855H
(Incorporated in the Republic of Singapore)

23 June 2006

Dear Shareholder

This notice accompanies a copy of the Summary Report ("SR") of SMRT Corporation Ltd ("SMRT") for the financial year ended 31 March 2006 ("FY2006"). The SR contains a review of SMRT and its group of companies ("Group") for FY2006. It also contains a summary of the audited financial statements of SMRT and the Group for FY2006.

The Directors' Report and the full financial statements of SMRT and of the Group for FY2006 are set out in a separate report called Annual Report ("AR") 2006. This report is available to all registered SMRT shareholders at no cost upon request.

We will continue to send you a copy of the SR for so long as you are a SMRT shareholder unless you indicate to us otherwise.

For SMRT shareholders who wish to receive a copy of the AR for FY2006, please complete the request form below accordingly, and return it to us, not later than **30 June 2006**.

For SMRT shareholders who are receiving this SR for the first time, or who did not respond previously, if you wish to receive a copy of the AR for FY2006 and for future financial years for as long as you are a shareholder, please complete the request form below by ticking the appropriate box and returning it to us by **30 June 2006**. If we do not receive your request form, it would indicate that you do not wish to receive copies of the AR for FY2006 and for future financial years.

For SMRT shareholders who have indicated to us previously that you wish to receive the AR for as long as you are a shareholder, you may change your instructions to us by ticking the relevant box in the request form below and returning it to us by **30 June 2006**. If we do not receive your request form, it would indicate that there is no change to your instructions.

Your latest request will supersede the earlier requests received by us.

Please note that the AR for FY2006 will also be available on SMRT's website at www.smrt.com.sg

Yours faithfully
For and on behalf of SMRT CORPORATION LTD

S. Prema (Ms)
Company Secretary

REQUEST FORM

TO: SMRT CORPORATION LTD

N.B. PLEASE TICK ONE BOX ONLY. INCOMPLETE OR INCORRECTLY COMPLETED FORMS WILL NOT BE PROCESSED.

- ☐ I/We wish to receive the Annual Report for FY2006.
- ☐ * I/We do not wish to receive the Annual Report for FY2006, and the Summary Report and Annual Report for future financial years for as long as I am/we are a shareholder(s) of SMRT Corporation Ltd.
- ☐ * I/We wish to receive the Annual Report for FY2006, and the Summary Report and Annual Report for future financial years for as long as I am/we are a shareholder(s) of SMRT Corporation Ltd.

Name of Shareholder(s): _____

NRIC/Passport Number: _____

The shares are held by me under or through:

- ☐ CDP Securities Account No: _____
- ☐ CPFIS Account
- ☐ Physical Scrips

Address: _____

Signature(s) _____ Date _____

* Please note that this option is not available if your shares are deposited in a CPFIS Account.

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**BUSINESS REPLY SERVICE
PERMIT NO. 07076**



**SMRT CORPORATION LTD
C/O LIM ASSOCIATES (PTE) LTD
10 COLLYER QUAY #19-08
OCEAN BUILDING
SINGAPORE 049315**

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DIRECTORY OF SUBSIDIARIES

SMRT Trains Ltd**SMRT Investments Pte Ltd****SMRT International Pte Ltd****RFP Investments Pte Ltd**

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

SMRT Engineering Pte Ltd

300 Bishan Road
Singapore 579828
Telephone: (65) 6554 8531
Facsimile: (65) 6453 7645
www.smrt.com.sg

SMRT Light Rail Pte Ltd

1 Woodlands Road
#03-01 Ten Mile Junction
Singapore 677899
Telephone: (65) 6893 6456
Facsimile: (65) 6762 6732
www.smrt.com.sg

SMRT Road Holdings Ltd**SMRT Buses Ltd**

6 Ang Mo Kio Street 62
Singapore 569140
Telephone: (65) 6482 3888
Facsimile: (65) 6482 3842
www.smrt.com.sg

Singapore Shuttle Bus (Pte) Ltd

(In Members' Voluntary Liquidation)
c/o RSM Chio Lim
18 Cross Street, #18-01
Marsh & McLennan Centre
Singapore 048423

SMRT Taxis Pte Ltd

60 Woodlands Industrial Park E4
Singapore 757705
Telephone: (65) 6369 0111
Facsimile: (65) 6369 3639
www.smrt.com.sg

SMRT Automotive Services Pte Ltd

60 Woodlands Industrial Park E4
Singapore 757705
Telephone: (65) 6866 2697
Facsimile: (65) 6368 7421
www.smrt.com.sg

Bus-Plus Services Pte Ltd

6 Ang Mo Kio Street 62
Singapore 569140
Telephone: (65) 6481 0166
Facsimile: (65) 6484 0129
www.smrt.com.sg

Transit Link Pte Ltd

9 Maxwell Road #03-02 Annexe A
MND Complex
Singapore 069112
Telephone: (65) 6236 6666
Facsimile: (65) 6222 0220
www.transitlink.com.sg



SMRT CORPORATION LTD

251 North Bridge Road Singapore 179102

tel: 65 6331 1000 fax: 65 6334 0247

www.smrt.com.sg

Company Registration No: 200001855H