

# ONE WITH YOU



## CSR EFFORTS RECOGNISED

SMRT receives 2010 President's  
Social Service Award (Corporate)

## BRINGING YOU LIFE!

11 new Circle Line stations open

## AWARD-WINNING INNOVATIONS

STARiS | Rail Vision | Titan Gate  
Metro Awards 2010

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## Mission

To be the customer's 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



## Vision

# MOVING PEOPLE, ENHANCING LIVES

## Corporate Profile

SMRT Corporation Ltd (SMRT) is Singapore's leading multi-modal public transport operator. Established in 1987, SMRT offers a comprehensive network of rail, bus and taxi services, designed to interconnect seamlessly, helping to make Singapore's public transport system one of the best in the world.

We have established a strong reputation as a reliable, progressive organisation, distinguished by our sound corporate governance, commitment to sustainable development and corporate social responsibility. These and our excellent track record in operations and maintenance have allowed us to expand our customer base in the Middle East and Asia Pacific.

SMRT was listed on the Singapore Exchange in July 2000, and as of 31 March 2011, had a market capitalisation of approximately \$3 billion.

We have an annual turnover of \$969.7 million and a net profit after tax of \$161.1 million. Apart from its core business, SMRT has interests in operations and maintenance services, engineering consultancy and project management, as well as the marketing and leasing of commercial and media spaces within its transport network.

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# EVERY STEP

## a Milestone

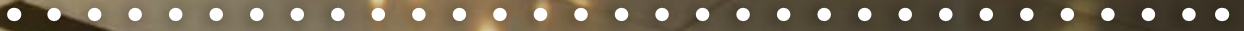
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Public transport is interwoven into the very fabric of a community. Through our community engagement programmes, we bring people together, engaging and helping them understand our network and services and what our people do to ensure an enjoyable travel experience for all. By reaching out to customers, we nurture and grow a closer community we can better serve.

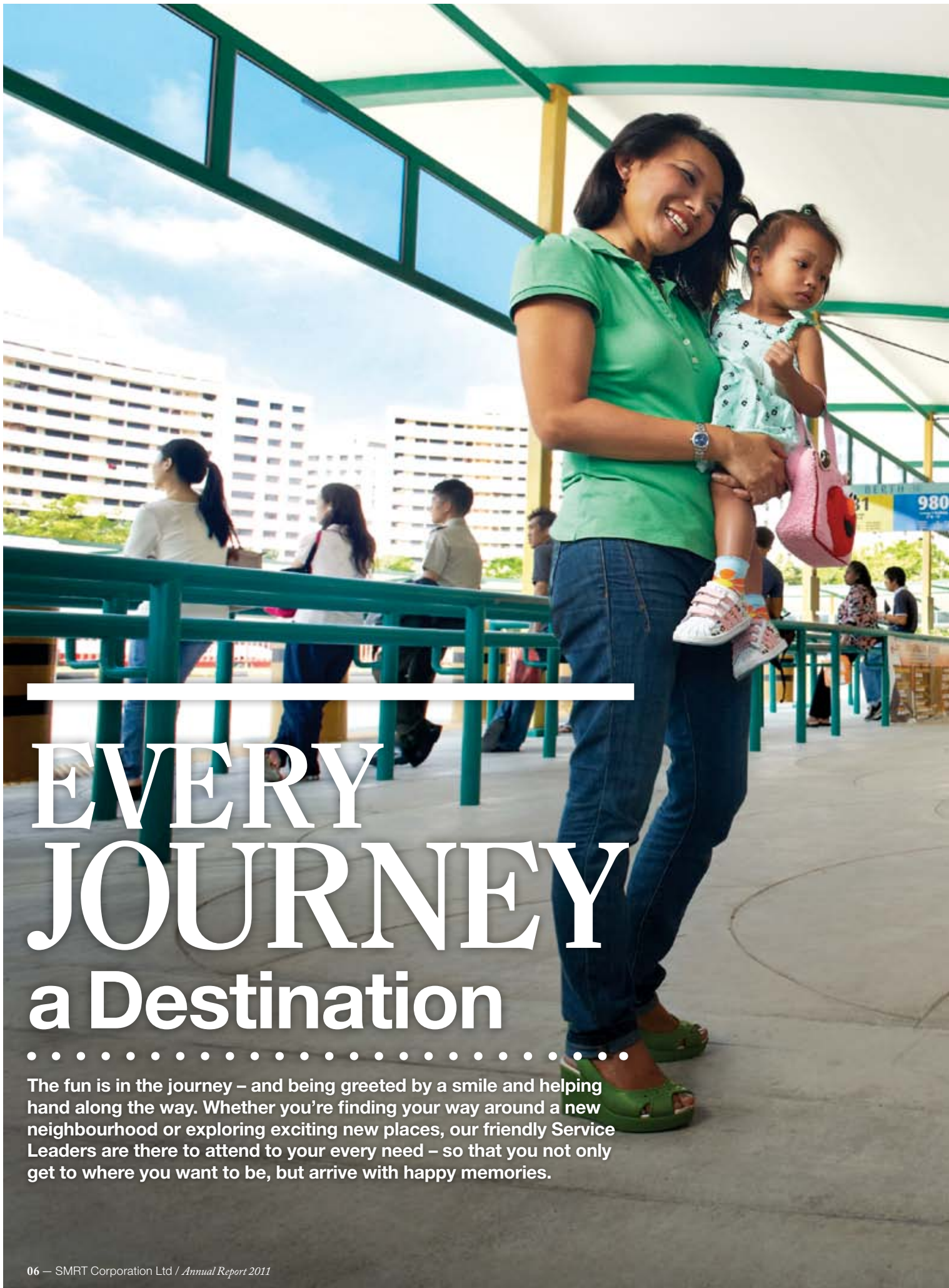




# EVERY MILESTONE a Journey



Your first paycheck. That hard-earned bonus. Time for a well deserved treat or a day of indulgence. Our iconic Xchanges are located just where you need them, offering many shopping and dining delights to help you celebrate life's simple pleasures or grand moments.



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# EVERY JOURNEY a Destination

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The fun is in the journey – and being greeted by a smile and helping hand along the way. Whether you're finding your way around a new neighbourhood or exploring exciting new places, our friendly Service Leaders are there to attend to your every need – so that you not only get to where you want to be, but arrive with happy memories.









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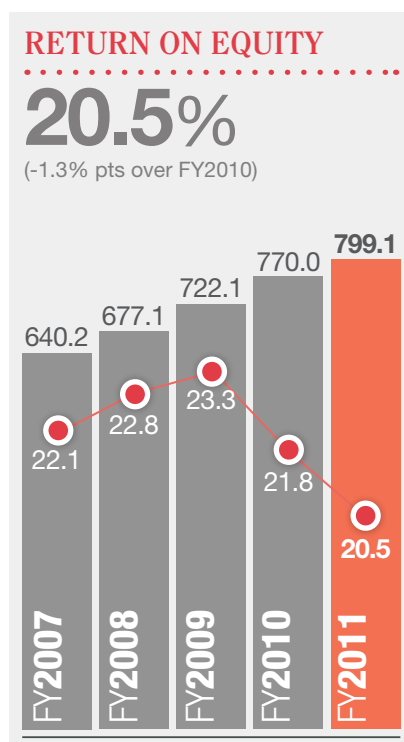
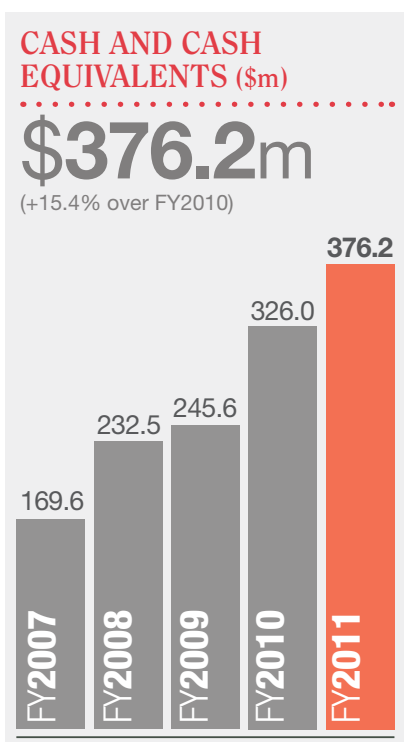
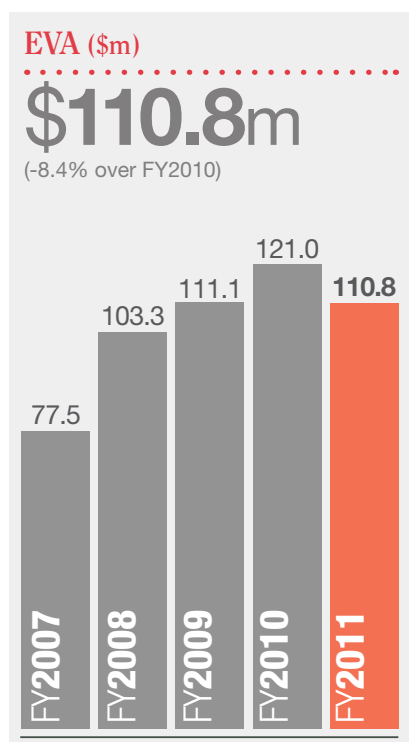
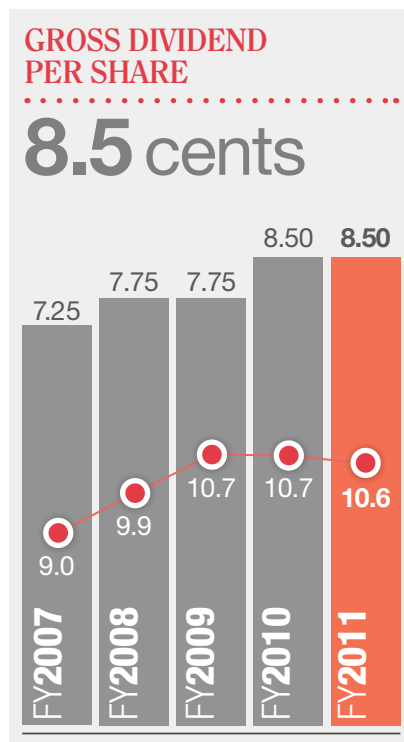
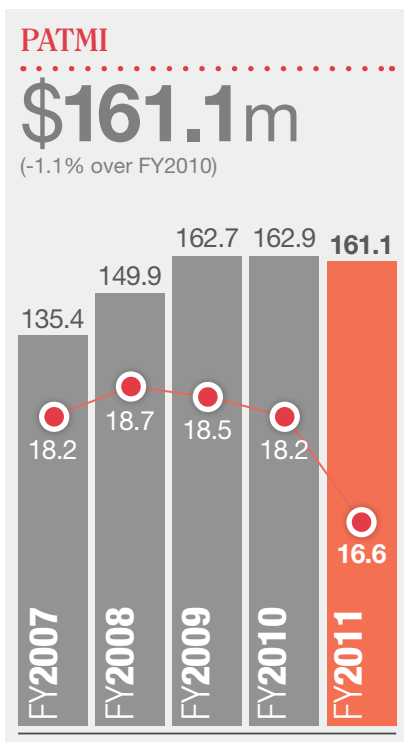
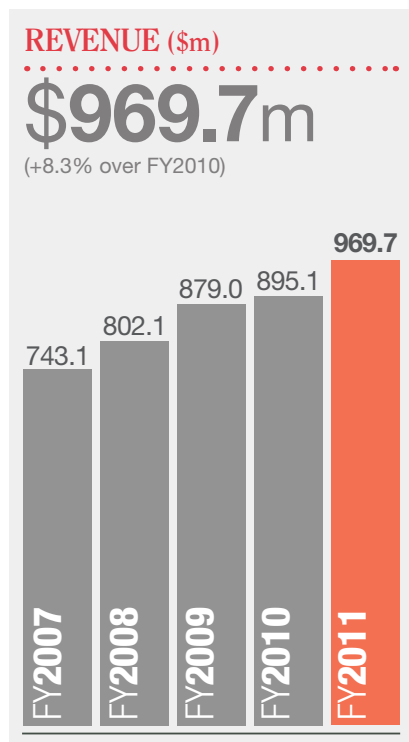
# EVERY DESTINATION

## a New Step

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Life comes with challenges and every step towards better living is a small milestone. Through fundraising and community outreach efforts for the disadvantaged, needy and elderly, we create an inclusive society and environment where everyone has the freedom to live life on one's own terms.

# FY2011 FINANCIAL PERFORMANCE



## FOR THE YEAR

\$m	FY2007	FY2008	FY2009	FY2010	FY2011
Revenue	743.1	802.1	879.0	895.1	<b>969.7</b>
Other operating income	27.8	20.9	26.7	43.2	<b>20.2</b>
Profit					
EBITDA <sup>1</sup>	255.0	284.1	299.0	320.9	<b>314.9</b>
Operating profit	145.3	178.0	188.7	197.2	<b>195.6</b>
Before tax	142.3	176.2	185.8	191.7	<b>191.7</b>
After tax	135.8	149.9	162.7	162.9	<b>161.1</b>
PATMI <sup>2</sup>	135.4	149.9	162.7	162.9	<b>161.1</b>
Capital expenditure <sup>3</sup> (CAPEX)	107.9	118.3	190.4	114.8	<b>100.8</b>
Operating cash flow	286.3	261.6	280.8	326.6	<b>283.3</b>
Free cash flow <sup>4</sup>	195.6	165.1	142.3	239.7	<b>176.5</b>
Economic value added (EVA)	77.5	103.3	111.1	121.0	<b>110.8</b>
Financial ratios					
EBIT margin (%)	19.5	22.2	21.5	22.0	<b>20.2</b>
Net profit margin (%)	18.3	18.7	18.5	18.2	<b>16.6</b>
Interest cover (times)	25.7	35.4	40.5	40.6	<b>44.2</b>

## AT YEAR-END

\$m	FY2007	FY2008	FY2009	FY2010	FY2011
Cash and cash equivalents	169.6	232.5	245.6	326.0	<b>376.2</b>
Total assets	1,379.0	1,437.6	1,501.5	1,583.2	<b>1,606.6</b>
Short-term and long-term borrowings (total borrowings)	250.0	250.0	250.0	250.0	<b>250.0</b>
Shareholders' funds	640.2	677.1	722.1	770.0	<b>799.1</b>
Net gearing (times) <sup>5</sup>	0.13	0.03	0.01	Net cash	<b>Net Cash</b>

## PER SHARE

cents	FY2007	FY2008	FY2009	FY2010	FY2011
Basic earnings per share (EPS)	9.0	9.9	10.7	10.7	<b>10.6</b>
Net asset value <sup>6</sup>	42.3	44.7	47.6	50.7	<b>52.6</b>
Net tangible asset <sup>7</sup>	39.6	41.9	44.9	48.4	<b>50.3</b>

## SHAREHOLDERS' RETURN

\$m	FY2007	FY2008	FY2009	FY2010	FY2011
Gross dividend (cents)	7.25	7.75	7.75	8.50	<b>8.50</b>
Net dividend (cents)	7.00	7.75	7.75	8.50	<b>8.50</b>
Share price at end of year (\$)	1.49	1.82	1.53	2.04	<b>1.89</b>
Dividend yield (%) <sup>8</sup>	6.1	4.4	4.5	4.9	<b>4.1</b>
Total shareholder return (%) <sup>9</sup>	39.1	26.6	(11.5)	38.2	<b>(3.3)</b>
Return on total assets (%) <sup>10</sup>	9.8	10.6	11.1	10.6	<b>10.1</b>
Return on equity (%) <sup>11</sup>	22.1	22.8	23.3	21.8	<b>20.5</b>

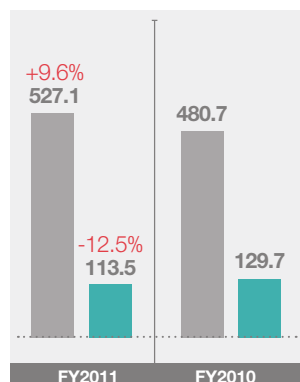
### Notes:

- Earnings before interest, tax, depreciation and amortisation. Excludes impairment of goodwill
- Profit after tax and minority interests
- Capital expenditure refers to the total cost incurred during the year to acquire assets that are expected to be used for more than one year
- Free cash flow = cash flow from operating activities (excludes payment of dividends) – purchase of property, plant and equipment + proceeds from disposal of property, plant and equipment
- Net gearing = (total borrowings – cash and cash equivalents) / shareholders' funds
- Net asset value per share excludes minority interest
- Net tangible asset per share excludes intangible asset and minority interests
- Dividend yield = total gross dividend / average share price in the year
- Total shareholder return = capital gain % (based on end-of-year share prices) + dividend yield
- Return on total assets = PAT / average of total assets as at end FY2010 and FY2011
- Return on equity = PATMI / average of equity as at end FY2010 and FY2011

# AT A GLANCE

## TRAINS

Full-year ridership grew 12.6% to 603.9 million from FY2010



### FACTS

- Operating and maintaining Singapore's first Mass Rapid Transit (MRT) system since 1987
- Network comprises North-South line, East-West line and Circle Line Stage 1, 2 and 3 with a total route length of 109.9km

### HIGHLIGHTS IN FY2011

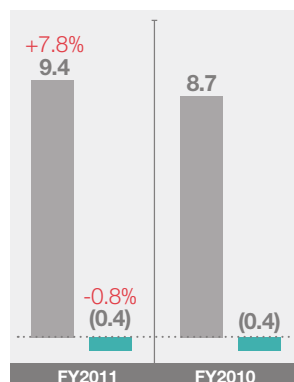
- 11 new stations were opened along the Circle Line, adding another 11km to revenue operations
- Lower average fare with the introduction of Distance Fares

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

- Revenue is expected to be higher due to the commencement of Circle Line Stage 4 and 5 and higher MRT ridership
- The increase in fleet will allow commuters to enjoy shorter waiting times

## LRT

Continued to engage neighbourhoods and communities it serves



### FACTS

- Singapore's first fully-automated Light Rapid Transit (LRT) system commenced operations in 1999
- Network comprises 7.8km of elevated guideways linking 14 stations in Bukit Panjang

### HIGHLIGHTS IN FY2011

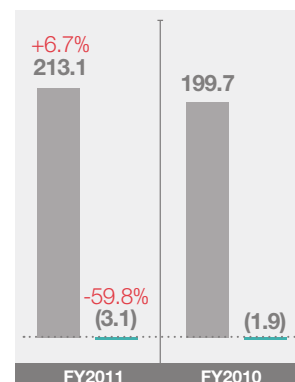
- Full-year LRT ridership increased 8.7% to 17.7 million from 16.3 million in FY2010

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

- Continue to improve cost efficiency and grow ridership

## BUSES

Fleet expanded to more than 1,020 buses to meet growing demand



### FACTS

- Provides 93 bus services connecting the Western and North-Western areas to the rest of Singapore
- Runs premium and chartered bus services

### HIGHLIGHTS IN FY2011

- Full-year bus ridership increased 7.5% to 311.7 million from 290.0 million in FY2010
- Continued to meet increasingly stringent Quality of Service standards

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

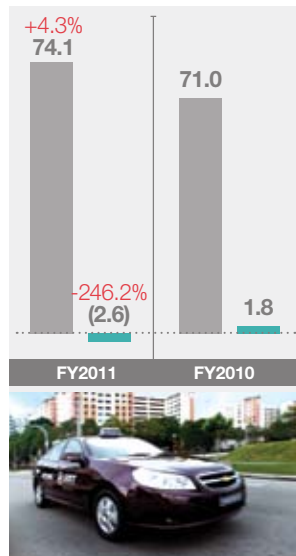
- Reinforce Green Code of conduct and reduce fuel consumption by introducing Black Box System on all buses and Fleet Management System Gateway
- Anticipate impact from volatile diesel prices

Revenue (\$m)

Operating Profit (\$m)

## TAXIS

Taxi business continued to maintain a high hired-out rate



### FACTS

- A leading taxi operator in Singapore with over 20 years of operating experience
- Manages and leases a fleet of approximately 3,000 taxis, including MPVs, sedans, CNG and limousine cabs

### HIGHLIGHTS IN FY2011

- Launched a major fleet renewal and expansion programme, including the introduction of the Chevrolet Epica

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

- Revenue is expected to be higher due to fleet expansion, supported by demand for taxi services
- Higher COE prices and aggressive competitors may impact rate of growth

## RENTAL

39 MRT stations have been refurbished, resulting in increased space and rental yields



### FACTS

- Leases approximately 34,134 sq m of commercial space within our train network
- Average occupancy rate in FY2011 remains high at 98.4%

### HIGHLIGHTS IN FY2011

- Achieved rental revenue of \$73.6 million in FY2011, up 13.1% from FY2010

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

- Expect to grow rental revenue by \$7 million with increased rental space in MRT stations
- Total of seven stations, including Woodlands Xchange and Holland Village, are expected to be developed for retail

## ADVERTISING

Launched new digital platforms to generate more innovative advertising campaigns



### FACTS

- Provides a one-stop media solution for advertisers by offering a variety of media platforms to create impactful advertising campaigns

### HIGHLIGHTS IN FY2011

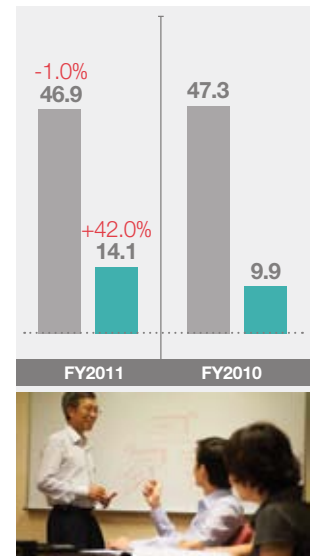
- Launched a new suite of digital platforms, iViewSMRT and Media Hub Wall @ Orchard, which enable advertisers to deliver powerful campaigns

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

- Continue to strengthen SMRT Media's position as a leading Out-of-Home media player
- To create more multi-sensory and interactive advertising platforms to engage our commuters

## ENGINEERING & OTHER SERVICES

Continued steady growth through overseas consultation and business operations



### FACTS

- Provides rail and road transport related engineering consultancy, project management, operations and maintenance services both locally and overseas
- Provides repair and maintenance services for SMRT buses and taxis, as well as to external clients
- Provides sale of diesel to taxi hirers
- Leases fibre-optic cables

### HIGHLIGHTS IN FY2011

- SMRTI secured a consultancy contract to provide O&M expertise for a Personal Rapid Transit (PRT) project in Masdar, Abu Dhabi
- SMRTE secured local engineering projects from LTA and railway contractors

### STRATEGIC DIRECTION & OUTLOOK FOR FY2012

- Continue to secure high-value engineering consultancy, project management, training and operations and maintenance contracts in Asia Pacific and the Middle East
- Increase market share of comprehensive corporate fleet maintenance services

## CHAIRMAN'S MESSAGE

“Revenue from train operations increased by 9.6% to \$527.1 million, due mainly to higher MRT ridership, partially offset by lower average MRT fares following the implementation of distance fares.”





REVENUE  
FY2011

\$969.7mil

TOTAL DIVIDEND  
FY2011

\$129.1mil

## SUSTAINED GROWTH

The financial year FY2011 was eventful. We witnessed the launch of Circle Line (CCL) Stage 1 and 2, higher MRT and bus ridership, and improved revenue from taxis, rental and advertising.

Group revenue rose 8.3% to \$969.7 million, despite a lower average MRT fare and lower revenue from Palm Jumeirah Monorail.

Group operating profit dropped marginally by 0.8% to \$195.6 million for the year, owing to higher staff and related costs, other operating expenses, and higher energy costs. These were offset by the higher revenue achieved and the absence of impairment of goodwill. As a result, net profit fell \$1.8 million to \$161.1 million.

Revenue from train operations increased by 9.6% to \$527.1 million, due mainly to higher MRT ridership, partially offset by lower average MRT fares following the implementation of distance fares. The opening of CCL Stage 1 and 2 also contributed to the higher revenue.

Operating profit from train operations fell by 12.5% to \$113.5 million, due to lower other operating income, higher energy costs and staff related expenses. Staff and related expenses also rose due to the increased headcount for CCL Stage 1 and 2 and lower Jobs Credit. The CCL continued to sustain losses. However, losses were lower than the previous quarters as ridership grew.

Revenue from bus operations increased by 6.7% to \$213.1 million, mainly due to higher ridership. However, growth was dampened by a drop in the average bus fare. Operating loss also rose by \$1.2 million due mainly to higher staff and related expenses as a result of lower Jobs Credit and higher diesel cost.

Our taxi operations saw a \$3.1 million increase in revenue owing to improved hired-out rates and a larger average hired-out fleet. However, it chalked up an operating loss of \$2.6 million compared with an operating profit of \$1.8 million in FY2010 because of higher depreciation and insurance costs, and the write-off of property, plant and equipment.

In FY2011, rental revenue increased to \$73.6 million because the redevelopment of our commercial spaces at various MRT stations had created additional lettable space. Operating profit also increased by 12.1% to \$57.0 million.

## DELIVERING SUSTAINABLE RETURNS TO SHAREHOLDERS

The Board is recommending a final dividend of 6.75 cents per share, bringing the total dividend per share to 8.5 cents for the year. This will bring the total dividend for FY2011 to 8.5 cents per share, equivalent to \$129.1 million.

## EXTENDING OUR NETWORK

FY2011 was another year of expansion for the Group both at home and abroad.

In Singapore, our MRT network continued to grow, with the opening of 11 CCL stations on 17 April 2010. We also started gearing up for the launch of CCL Stage 4 and 5, which is scheduled to open by October 2011. When all five CCL stages are operational, the line will be 33km long.

Beyond comfortable, safe and affordable transport services, SMRT is committed to offering commuters various services and conveniences at our stations through our iconic Xchanges. In FY2011, the CCL's first Xchange was launched at Esplanade station. The Esplanade Xchange, with its exciting mix of retail and dining options, enhances the commuter transit experience.

Our bus fleet has grown in tandem with rising demand. The fleet strength expanded from 954 in FY2010 to 1,021 buses in FY2011, while full-year ridership increased 7.5% to 311.7 million over the same period. To ensure we continue to offer world-class bus services, SMRT Buses joined the International Bus Benchmarking Group (IBBG) in July 2009. The IBBG, whose members hail from Europe, the United States, Canada and Australia, is another avenue for us to learn and apply global industry best practices for our commuters.

### **FLYING OUR FLAG ABROAD**

The Group's international business arm, SMRT International (SMRTI), spearheads our efforts to achieve sustainable growth through the expansion of our overseas business operations.

In China, the taxi operations of our associate company Shenzhen Zona, came out tops. In March 2011, Zona Red Taxi Company received the 2010 Shenzhen Top 10 Taxi Company award from the Shenzhen Transportation Bureau. Zona Red was ranked ninth among all 84 taxi companies in Shenzhen. The bureau also ranked Zona Green Taxi Company second among the 19 green taxi companies there.

Zona was also awarded the largest tour bus transportation service provider contract for the Shenzhen 2011 Universiade Games to be held in August 2011. The company will be providing nearly 500 tour buses during the international multi-sport Games for university athletes.

In the Middle East, SMRTI also secured a consultancy contract to provide operations and maintenance expertise for a Personal Rapid Transit project in Masdar, Abu Dhabi.

### **BEING ACCOUNTABLE**

As the Group looks to grow at home and abroad, we actively monitor changes and developments in our business landscape as well as the risks inherent in our local and international business ventures. Our prudent approach in anticipating enterprise risk and mitigating its effects begins with the Board of Directors and permeates throughout our organisation. As a result of our efforts, we were ranked second in the Governance and Transparency Index by *The Business Times* and NUS Corporate Governance and Financial Reporting Centre.

In line with our aim for better corporate governance balanced with a practical management approach, the Executive Committee (EXCO) was set up on 28 January 2011. The EXCO assists the Board in various matters including approving transactions within a designated financial limit, as well as acting on behalf of the Board in situations of fast-changing developments. All the EXCO members are independent and non-executive Directors, except for Ms Saw Phaik Hwa who is the President & Chief Executive Officer.

Our Board Risk Committee (BRC) was also set up to assist the Board in managing the Group's risk profile and policies, and ensuring the effectiveness of the Group's risk management systems. All BRC members are independent and non-executive Directors.

### **BOARD AND MANAGEMENT DEVELOPMENTS**

In FY2011, two new members joined the Board. Yeo Wee Kiong and Lee Seow Hiang became Directors on 1 September 2010 and 19 January 2011, respectively. Mr Yeo also sits on the Audit Committee. Together, Mr Yeo and Mr Lee bring to SMRT a wealth of experience in law, the civil service, investment banking, aviation and engineering.

Mr Dilhan Pillay Sandrasegara resigned from the Board on 31 August 2010 to join Temasek Holdings (Pte) Ltd as Head of Portfolio Management. His resignation is in view of the fact that he would no longer be regarded as an independent Director.

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“In FY2011, the CCL’s first Xchange was launched at Esplanade station. The Esplanade Xchange, with its exciting mix of retail and dining options, enhances the commuter transit experience.”

On 21 May 2011, Mdm Halimah Yacob stepped down from the Board following her new appointment as Minister of State for the Ministry of Community Development, Youth and Sports.

The Board expresses its appreciation to Mr Dilhan Pillay and Mdm Halimah Yacob for their dedicated service and invaluable contributions. The Group has benefitted from their wise counsel and guidance during their tenure as Directors.

### SETTING STANDARDS

Our network is a critical infrastructure supporting the economic life of Singapore. SMRT is committed to be a leading transport service provider, offering a reliable, safe, and affordable travel option for everyone.

To ensure world-class service under any changing circumstances and conditions, we have endeavoured to build a robust transportation system. In FY2011, SMRT became the first public transport operator in the world to achieve dual certification in Business Continuity Management (BCM) – in the British and Singapore standards. This dual certification underscores our commitment to a robust and rigorous BCM system, reinforcing our ability to handle any unforeseen incidents or emergencies. SMRT’s System Safety Programme Plan is also dual certified in OHSAS 18001 and ISO 1400. In FY2011, we underwent and passed the stringent OHSAS 18001 Surveillance Audit. Our Quality Management System also achieved the internationally recognised ISO 9001:2008 certification.

We are proud to receive the Best Investor Relations (Silver) and the Best Annual Report (Bronze) awards at the 2010 Singapore Corporate Awards, as well as three major awards at the Singapore Human Resource Awards 2010 for leading HR practices.

At the Metro Awards 2010, we won the Most Innovative Use of Technology award for our proprietary products, STARiS, Rail Vision and Titan Gate.

These achievements serve as milestones in our continuing journey towards service and operational excellence.

### SMART INVESTMENTS

Prospects for the Group for FY2012 are expected to remain challenging with continuing losses from CCL, and volatility in both diesel and electricity prices. However, FY2012 will also be a year of expansion for SMRT. Over the next 12 months, the Group will be adding 22 new trains and 50 new buses as part of our fleet renewal and expansion programme.

Propelling our growth plans are our people, who are our most valuable asset. We help them realise their full potential through regular training and skills upgrading so that they can perform their jobs with greater effectiveness. By investing in our people and building upon a proven system and business, we will deepen and widen our expertise and experience to deliver sustained growth for the Group in the years ahead.

I wish to take this opportunity to thank the Board for their wise counsel, the management and staff of SMRT for their commitment and dedication, and our stakeholders for their continued support.



**KOH YONG GUAN**

Chairman

SMRT Corporation Ltd

# BOARD OF DIRECTORS



FROM LEFT:  
Halimah Jacob  
Bob Tan Beng Hai  
Saw Phaik Hwa  
Koh Yong Guan  
Paul Ma Kah Woh  
Ong Ye Kung

## KOH YONG GUAN

### Chairman

Koh Yong Guan, 65, is Chairman of SMRT Corporation Ltd. He is also the Chairman of the Central Provident Fund Board, and a member of the Board of the Monetary Authority of Singapore.

Mr Koh's career in the Singapore Civil Service included appointments at the Permanent Secretary level in the Ministries of Defence, Finance, Health and National Development, as well as being appointed the Commissioner of Inland Revenue, and Managing Director of the Monetary Authority of Singapore.

Mr Koh did his undergraduate and postgraduate studies at the University of Toronto, and his Master of Business Administration (MBA) in the Catholic University of Leuven, Belgium.

Mr Koh was appointed as Singapore's High Commissioner to Canada in January 2008.

## SAW PHAIK HWA

### President & Chief Executive Officer

Saw Phaik Hwa, 56, is President and Chief Executive Officer of SMRT Corporation Ltd. Ms Saw brings to SMRT a wealth of experience from retail and international businesses. Prior to joining SMRT, she served as Regional President for DFS Venture Singapore (Pte) Limited, in charge of businesses in Singapore, Indonesia and Malaysia. Her 19-year career with the DFS group of companies saw her rising through the management ranks, including assuming operational responsibilities in Hong Kong, Macau and Vietnam, to her final position.

She is a director of The Esplanade Co Ltd, and a board member of the National Environment Agency and the Health Promotion Board. She also sits on the Board of Trustees of the Singapore Management University, the Tan Tock Seng Hospital Community Charity Fund, and Youth Business Singapore.



FROM LEFT:  
 Yeo Wee Kiong  
 Peter Tan Boon Heng  
 Lee Seow Hiang  
 Tan Ek Kia  
 Ho Kim Wai

Ms Saw is an ardent practitioner of taiji and sits on the Council of the Singapore Jian Chuan Tai Chi Chuan Physical Culture Association as President, and on the Executive Committee of the International Wu Style Tai Chi Chuan Federation as Vice President. She is Governor for Singapore and Malaysia for the international body of Wu's Tai Chi Chuan Academy as well as 3rd Vice Chairman of Singapore Wushu Dragon & Lion Dance Federation.

She was conferred the Leading CEO Award by the Singapore Human Resources Institute in 2005, and a Medal of Commendation at the 2007 May Day Award.

Ms Saw graduated with an Honours degree in Biochemistry from the University of Singapore. She also completed an Advanced Management Programme at the University of Hawaii.

## **HALIMAH YACOB**

Halimah Yacob, 56, was a Board Member of SMRT Corporation Ltd from 8 October 2007 to 21 May 2011. She was appointed as Minister of State for the Ministry of Community Development Youth & Sports on 21 May 2011. She was formerly the Deputy Secretary General of the National Trades Union Congress (NTUC) and the Executive Secretary of the United Workers of Electrical and Electronics Industries.

Mdm Halimah holds a Master of Laws degree from the National University of Singapore and was called to the Singapore Bar in 1981.

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**HO KIM WAI**

Dr Ho Kim Wai, 56, is an Associate Professor of Banking and Finance at the Nanyang Business School at the Nanyang Technological University (NTU). At the Business School, he had served as Associate Dean (Research), Founding Director of the MSc (Financial Engineering) Programme, and Director of the MBA (Banking and Finance) programme. Dr Ho's teaching and research interests are in corporate finance, corporate governance, mergers and acquisitions, financial modelling and business valuation.

Prior to joining NTU, Dr Ho was the Financial Controller and Company Secretary of Metal Box Singapore Limited. Before that, he had several years of audit experience in international accounting firms in London and Singapore.

Dr Ho obtained First Class Honours in Mechanical Engineering from Imperial College London, a Master of Finance from Royal Melbourne Institute of Technology University, Australia, and a Doctor of Philosophy in Finance from NTU. He is a Fellow of both the Institute of Chartered Accountants in England and Wales, and the Institute of Certified Public Accountants of Singapore.

Dr Ho is Chairman of the Telok Blangah People's Action Party Community Foundation Pre-School Education Centre and Student Care Centre Management Committee, and Vice-Chairman of the Dover Community Centre Management Committee. Dr Ho was conferred the Public Service Medal Award (PBM) in August 2005.

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**LEE SEOW HIANG**

Lee Seow Hiang, 41, is Chief Executive Officer of Changi Airport Group (CAG) and Deputy Chairman of Changi Airports International Pte Ltd. He also sits on the Board of Agency for Integrated Care Pte Ltd.

Prior to joining CAG, he was Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. From 2005 to 2008, Mr Lee was Principal Private Secretary to former Minister Mentor Lee Kuan Yew in the Prime Minister's Office. Between 1989 and 2005, he held various appointments in the Republic of Singapore Air Force (RSAF) and Ministry of Defence. His last military appointment was Deputy Head of Air Operations in HQ RSAF.

Mr Lee was awarded the SAF (Overseas)/President's Scholarship in 1989 and the SAF Postgraduate Scholarship (General Development) in 2002. He has a Bachelor of Arts (Honours) degree from the University of Cambridge, UK, and an MBA from the Massachusetts Institute of Technology, USA.

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**PAUL MA KAH WOH**

Paul Ma, 63, is Chairman of Mapletree Logistics Trust Management Ltd, and a director of Mapletree Investments Pte Ltd. He is also a director of CapitalLand China Development Fund Pte Ltd, CapitalLand China Development Fund II Ltd, Hwa Hong Corporation Limited, Keppel Infrastructure Fund Management Pte Ltd and Nucleus Connect Pte Ltd. In addition, Mr Ma sits on the Board of Trustees of the National University of Singapore.

Mr Ma was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice, and the partner in charge of Risk Management of the firm until his retirement in September 2003.

Mr Ma is a fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Certified Public Accountants of Singapore.

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**ONG YE KUNG**

Ong Ye Kung, 41, is the Deputy Secretary General of National Trades Union Congress (NTUC), and Chairman of the Employment and Employability Institute (e2i). He also holds the positions of Executive Secretary in the National Transport Workers' Union and the Singapore Manual and Mercantile Workers' Union. Prior to joining NTUC, he was the Chief Executive of Singapore Workforce Development Agency. He also held several other positions in the Singapore Government, including that of Principal Private Secretary to Prime Minister Lee Hsien Loong, and Deputy Chief Negotiator for the US-Singapore Free Trade Agreement.

Besides SMRT, Mr Ong also sits on the Boards of JTC Corporation, Chinese Development Assistance Council, NTUC LearningHub Pte Ltd, and NTUC Investment Co-operative Ltd, and is a member of the Ngee Ann Polytechnic Council.

Mr Ong obtained First Class Honours in Economics from the University of London, London School of Economics and Political Science (UK), and an MBA from the Institute of Management Development, Lausanne, Switzerland.

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## **BOB TAN BENG HAI**

Bob Tan, 59, is Chairman of Jurong Engineering Limited, Singapore LNG Corporation Pte Ltd, and the Singex Group of companies, and a director of Asia Pacific Breweries Ltd. He is also Chairman of the Institute of Technical Education, President of the Singapore Golf Association, Vice President of the Singapore National Employers Federation, Honorary Treasurer of the Singapore Business Federation, and a board member in the Ong Teng Cheong Labour Leadership Institute. Mr Tan also serves as a member of the National Wages Council, NTUC Club Management Council, Charity Council, and Co-chair of the Tripartite Alliance for Fair Employment Practices.

Mr Tan is a Fellow of the Institute of Chartered Accountants in England and Wales.

## **TAN EK KIA**

Tan Ek Kia, 63, is Chairman of City Gas Pte Ltd. He is also a director on the Boards of Keppel Corporation Ltd, Keppel Offshore and Marine Ltd, CitySpring Infrastructure Management Pte Ltd, PT Chandra Asli Petrochemical Tbk, and Dialog Systems (Asia) Pte Ltd.

Mr Tan is a seasoned professional in the oil and gas and petrochemical business, with more than 30 years of experience in engineering, construction, project management, operations management, business management and development, joint venture governance, and organisation change/transformation. Prior to his retirement in September 2006, the senior positions he held in Shell included Managing Director of Shell Malaysia Exploration and Production (based in Sarawak), Chairman of Shell North East Asia (based in Beijing), and Executive Vice President of Shell Chemicals Asia Pacific and Middle East (based in Singapore).

Mr Tan obtained First Class Honours in Mechanical Engineering from Nottingham University, UK. He has attended a management development programme in the International Institute of Management Development, Lausanne. He is a Chartered Engineer with the UK Engineering Council, and a Fellow of the Institute of Engineers, Malaysia. He was awarded the Panglima Gemilang Bintang Kenyalang, which carries the title "Datuk", by the State Government of Sarawak.

## **PETER TAN BOON HENG**

Peter Tan, 62, is Managing Partner of JP Asia Capital Partners Pte Ltd, and also sits on the Boards of Dialog Semiconductor PLC (UK), Vacuumschmelze (VAC) Luxembourg S.a.r.l, VariOptic SA, and InnoTek Limited. He has held senior management roles across a wide range of technology companies, including National Semiconductors Pte Ltd, Molex Singapore Pte Ltd, Apple Computer Inc, and Flextronics International Inc.

Mr Tan also holds an advisory function in the National University of Singapore B.Tech Programme, and is a member of the International Evaluation Panel for the Singapore National Research Foundation.

Mr Tan holds a Diploma in Management Studies from the University of Chicago, and an Executive MBA Degree from the Golden Gate University, San Francisco.

## **YEO WEE KIONG**

Yeo Wee Kiong, 55, is a director of Drew & Napier LLC, a leading local law firm. He is also an independent director on the board of three other listed companies, Bonvests Holdings Limited, Kian Ho Bearings Ltd and Esmart Holdings Limited.

Before practising law, Mr Yeo was in investment promotions with Singapore Economic Development Board, and in investment banking with NM Rothschild Singapore. He has been a practising corporate lawyer for the past 21 years, specialising in initial public offers, mergers and acquisitions, capital markets and venture capital.

In the past, he has held appointments as independent director at more than 10 corporations listed on the Singapore Stock Exchange, one corporation listed on the Australian Stock Exchange, and various government-linked agencies and companies such as National Science & Technology Board, Ascendas Pte Ltd, and PSB Corporation Pte Ltd.

Mr Yeo obtained First Class Honours in Mechanical Engineering from the National University of Singapore, and was awarded the Professional Engineers Board Gold Medal. He also has an LLB (Honours) degree from the University of London, and an MBA from the National University of Singapore. He is a barrister-at-law with the Lincoln's Inn in England, and is admitted as an advocate and solicitor in Singapore.

# SENIOR MANAGEMENT



FROM LEFT:

Frank Wong, Teo Chew Hoon, Khoo Hean Siang, Saw Phaik Hwa, Lim Mei Nai, Vincent Tan & Goh Chee Kong

## **SAW PHAIK HWA**

**President & Chief Executive Officer**

Please refer to Ms Saw's profile on page 18.

## **KHOO HEAN SIANG**

**Executive Vice President, Trains**

Khoo Hean Siang, 63, is Executive Vice President, Trains. Mr Khoo also serves as Chairperson of SMRT-Geylang East Home for the Aged (GEHA) Volunteer Committee. Mr Khoo joined the Mass Rapid Transit Corporation (precursor to SMRT) in 1986 as a design engineer, and was responsible for the design and construction of the telecommunication and signalling networks. He was appointed Director, Engineering, overseeing the engineering division before his appointment as Director, Marina Line Project when the Marina/Circle Line division was formed in 2001. Until recently, he was Senior Vice President of Engineering and Projects, and was instrumental in laying the foundation for the Circle Line and ensuring a smooth ramp-up of operations to support and run this new line. Mr Khoo was previously a senior engineer at Singapore Telecoms, and was part of the pioneer team that introduced the first fibre optic network in Singapore.

A Chartered Electrical Engineer of the Institute of Electrical Engineers (United Kingdom), Mr Khoo has an Honours degree in Electronics Engineering from the University of Sheffield and a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He is a Fellow of the Institute of Railway Signal Engineers in the UK, and a Member of the Professional Engineers Board, Singapore.

## **TEO CHEW HOON**

**Executive Vice President, Commercial & Roads**

Teo Chew Hoon, 47, is Executive Vice President, Commercial & Roads. She is also Chairperson of SMRT Family Service Centres Committee. She joined SMRT in 2003. Before this, Ms Teo was Group Sales Manager, and subsequently General Manager of Airport Operations at DFS Venture Singapore (Pte) Ltd from 1999. The businesses under her charge included duty-free liquor, wines, tobacco, beauty, fashion goods, watches, souvenirs and packaged food.

Ms Teo graduated from the National University of Singapore with a Bachelor of Science in Mathematics and Economics.





FROM LEFT:  
Ng Tek Poo, Dawn Low, James Ng, Kang Huey Ling, Lui Wai Meng, Celina Eng & Phan Yoke Fei

## VINCENT TAN

### Senior Vice President, Engineering & Projects

Vincent Tan, 56, is Senior Vice President, Engineering & Projects. He is also Chairperson of SMRT Blood Donation Drive Committee. Mr Tan joined the Mass Rapid Transit Corporation in 1985, followed by SMRT in 1987, where he assumed positions in rail operations management. Prior to his career with SMRT, he was a principal mechanical engineer with the Port of Singapore Authority, and had served on the Standards Committee in SPRING Singapore (previously known as Singapore Productivity and Standards Board) for three years.

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

## GOH CHEE KONG

### Senior Vice President, Communications & Services

Goh Chee Kong, 55, is Senior Vice President, Communications & Services. He leads the company's corporate branding, marketing and communications initiatives as well as information technology, safety and security functions. He also oversees SMRT's

commitments to good corporate citizenship which focuses on programmes that positively impact stakeholders and the communities SMRT serves.

Prior to joining SMRT, he served in the Singapore Armed Forces (SAF) of the Ministry of Defence (MINDEF). His appointments in the SAF included Head, Defence Relations Department, Commander, 8th Singapore Armoured Brigade, Commander, Officer Cadet School, and Director, Public Affairs and spokesperson for MINDEF. He was awarded the Public Administration Medal (Bronze) in 1998.

Mr Goh is Chairman of Students Care Service, Vice President of Beyond Social Services and a board member of St Andrew's School. He is also a member of the Programme Advisory Committee for English Programmes.

Mr Goh has a Bachelor of Science in Electrical and Electronic Engineering from the Royal Military College of Science, United Kingdom, and a Master of Defence Studies from the University of New South Wales, Australia. He is also an Accreditation Board Member, and an Accredited Member of the Institute of Public Relations of Singapore.

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**FRANK WONG****Senior Vice President, Business Development**

Frank Wong, 63, is Senior Vice President, Business Development. He is responsible for SMRT's business development in Singapore and international markets.

Prior to joining SMRT in March 2011, Mr Wong was General Manager, Business Improvement & Development, at Metro Trains Melbourne, Australia. During his stewardship, the company won the award for the city's metropolitan train operations and maintenance (O&M) franchise in 2009. Mr Wong is also a founding team member of Hong Kong's Mass Transit Railway Corporation Ltd's international railway consultancy services, O&M, project management, railway franchise and railway materials sourcing businesses, where he established markets around the world. He was previously Chief Supporting Services Manager (Development) of Hong Kong's Hospital Authority, which oversees over 43 public hospitals and associated clinics with more than 50,000 staff.

Mr Wong is an engineering graduate from the Swinburne University of Technology, Melbourne. He is a committee member of the Hong Kong Australia Business Association of the Victoria Chapter, and an honourable adviser to the Vocational Training Council for Education of Hong Kong on career development for railway industry undergraduates.

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**LUI WAI MENG****Vice President, Rail Operations**

Lui Wai Meng, 48, is Vice President, Rail Operations. He joined SMRT in 1995 as an engineer. In 1998, he assumed a managerial role overhauling rolling stock, and was subsequently appointed project manager overseeing the mid-life upgrade of SMRT's first-generation trains.

In 2008, Mr Lui was promoted to Director, Maintenance Group, and was responsible for all maintenance activities of SMRT Trains. He subsequently headed the Projects and Technology Group. In these appointments, Mr Lui was involved in railway engineering as well as bidding for overseas projects.

Mr Lui has Second Class Honours (Upper Division) in Mechanical Engineering, and a Master in Mechanics and Processing of Materials from the Nanyang Technological University. He was awarded the Defence Technology Undergraduate Scholarship by Singapore Aerospace Ltd.

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**NG TEK POO****Vice President, Maintenance**

Ng Tek Poo, 49, is Vice President, Maintenance, responsible for the operational maintenance and running of the North-South, East-West and Circle Lines, and the Bukit Panjang Light Rail Transit. In his current appointment, he oversees the following functional areas: rolling stock and track, signalling and communication, traction power, fare system and building services.

Mr Ng joined SMRT in November 2000 as a maintenance manager in building services. In January 2005, he was responsible for the East-West Line's station operations. In May 2006, he was transferred to the Safety Services Department, and subsequently promoted to Deputy Director and Head of Safety Services in July 2008. As Head of Safety Services, he led SMRT in several initiatives to enhance our safety culture and key processes, and help achieved ISO 14001 and OHSAS 18001 certifications.

Prior to joining SMRT, Mr Ng was a senior engineer with Keppel FELS, responsible for the design and installation of electrical systems on Mobile Offshore Production Units and Floating Production Storage and Offloading Units.

Mr Ng has First Class Honours in Electrical Engineering from the National University of Singapore, and an MBA from the National University of Singapore Business School.

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**KANG HUEY LING****Vice President, Buses**

Kang Huey Ling, 40, is Vice President, Buses. She is the Chairperson of My S<sup>3</sup> (Smile, Serve, Shine) Committee. Ms Kang's career began in 1994 at Trans-Island Bus Services where she was a Traffic Officer (Planning) in the bus planning and development team. She assisted senior management in planning and coordination during the North-East Line tender in 1999, and led the marketing team for the Circle Line tender in 2001. In 2004, Ms Kang was appointed Deputy Director, Station Operations, responsible for all 64 MRT and LRT stations operated by SMRT. She was subsequently promoted to Director, Station Operations in 2006.

Ms Kang has an Honours degree in Economics from the National University of Singapore, and an MBA from the National University of Singapore Business School.

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## **JAMES NG**

### **Vice President, Automotive Services & Taxis**

James Ng, 39, is Vice President, Automotive Services and Taxis. He joined SMRT in 2008 as Deputy Director of Automotive Services. Prior to that, Mr Ng held several positions in the Ministry of Defence and transport companies.

Mr Ng has an Honours degree in Mechanical Engineering, and a Master of Science in Industrial and System Engineering from the National University of Singapore. He also has an MBA from Imperial College London, United Kingdom.

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## **DAWN LOW**

### **Vice President, Commercial**

Dawn Low, 38, is Vice President, Commercial. She joined SMRT in 2004, where she built the SMRT brand and businesses through strategic marketing, media and corporate social responsibility initiatives. In 2007, she took the lead in our environmental sustainability strategies and efforts. Since then, SMRT has garnered several local and international awards and recognition such as the FTSE4Gd Index and the Land Transport Authority's Most Eco-Friendly Transport Provider award. In 2008, Ms Low took on the expanded portfolio of Director, Marketing, SMRT Taxis, to drive growth for the business.

Before joining SMRT, Ms Low was with the Ministry of Defence and City Developments Ltd, responsible for diverse areas such as branding, marketing and partnerships, corporate social responsibility, local and international media relations, as well as public and corporate communications.

She is an Accredited Member of the Institute of Public Relations of Singapore, and holds a Bachelor in Social Sciences (Honours) from the National University of Singapore, and a Master in Mass Communications from Nanyang Technological University.

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## **PHAN YOKE FEI**

### **Vice President, Human Resource**

Phan Yoke Fei, 40, joined SMRT as Director, Human Resource in April 2010, and was promoted to his present position in March 2011. He is responsible for the Human Resource & Administration Division, including SMRT Institute.

Prior to joining SMRT, he was Director of Human Resource, Legal and Corporate Services in several public listed companies in Singapore, Malaysia and Hong Kong from a diverse range of industries, including investment holdings, shipping, leisure and hospitality, information technology and business process outsourcing.

Mr Phan has an LLB degree with Honours from the University of Malaya, Kuala Lumpur, and post-graduate qualifications in International Taxation and Human Resources Management. He is also an Advocate and Solicitor of the High Court of Malaya in Kuala Lumpur, Malaysia, and holds a Company Secretariat licence in Malaysia.

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## **CELINA ENG**

### **Vice President, Internal Audit**

Celina Eng, 36, is Vice President, Internal Audit and Whistleblowing Investigation Officer of SMRT Corporation Ltd. She joined SMRT as Deputy Director (Audit) in 2008 to oversee the Control Self Assessment (CSA) project. Prior to this, Ms Eng was Associate Director at KPMG where she worked on several regional internal audit outsourcing projects, Enterprise Risk Management and CSA projects, and performed external quality assurance reviews on internal audit functions.

Ms Eng has a Bachelor degree in Accountancy from the Nanyang Technological University. She is a Member of the Institute of Internal Auditors (Singapore), and a Non-Practising Member of the Institute of Certified Public Accountants of Singapore.

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## **LIM MEI NAI**

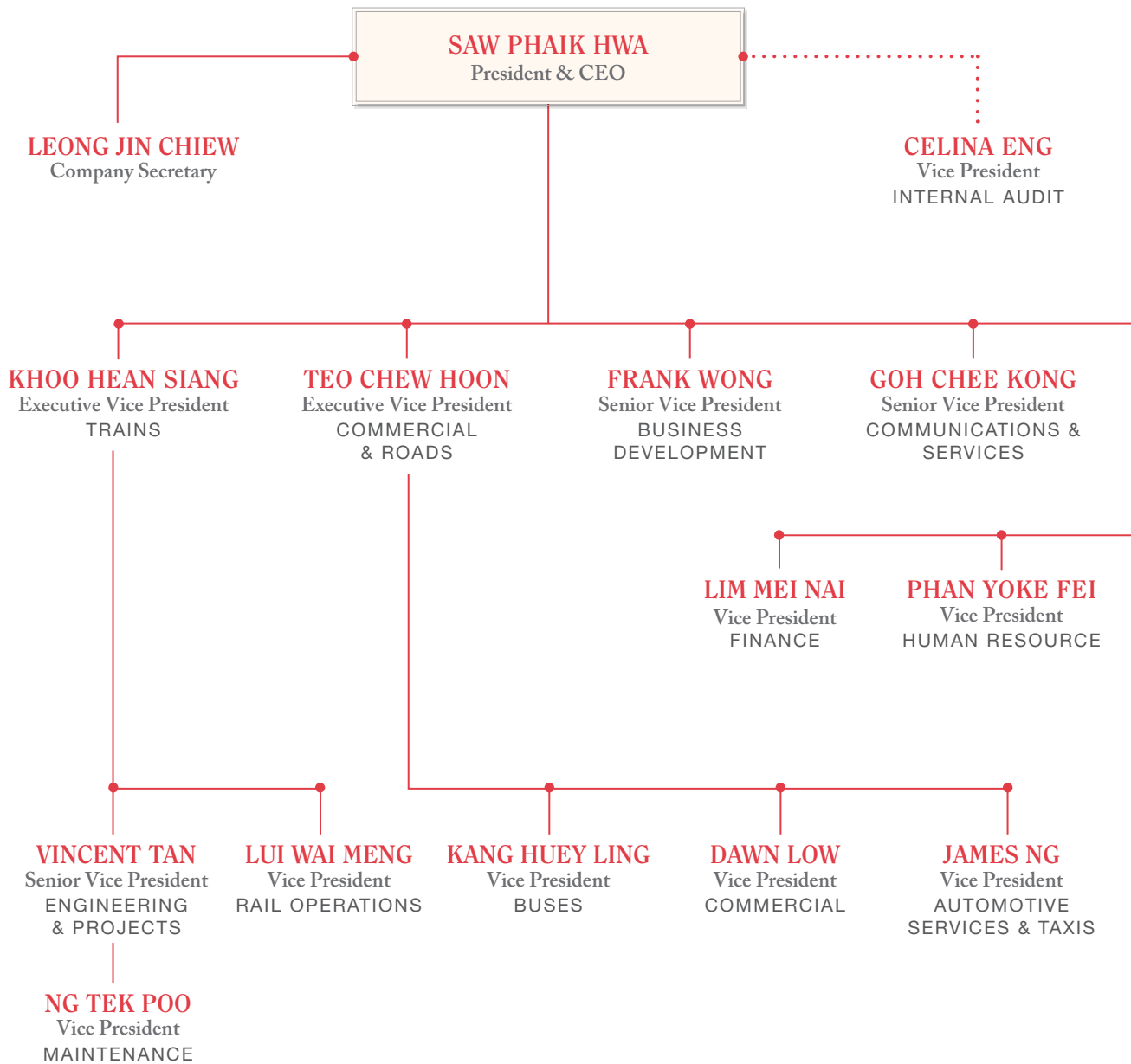
### **Vice President, Finance**

Lim Mei Nai, 40, is Vice President, Finance. In her concurrent role as Acting Head, Finance, she is responsible for the Group's financial strategy and management, corporate planning, tax, treasury and investor relations.

Prior to joining SMRT in October 2006, Ms Lim was with SembCorp Industries Ltd. In her last appointment as Assistant Vice President, Finance, she was responsible for group consolidation and management reporting.

Ms Lim graduated from Nanyang Technological University with a Bachelor of Accountancy, and is a Non-Practising Member of the Institute of Certified Public Accountants of Singapore.

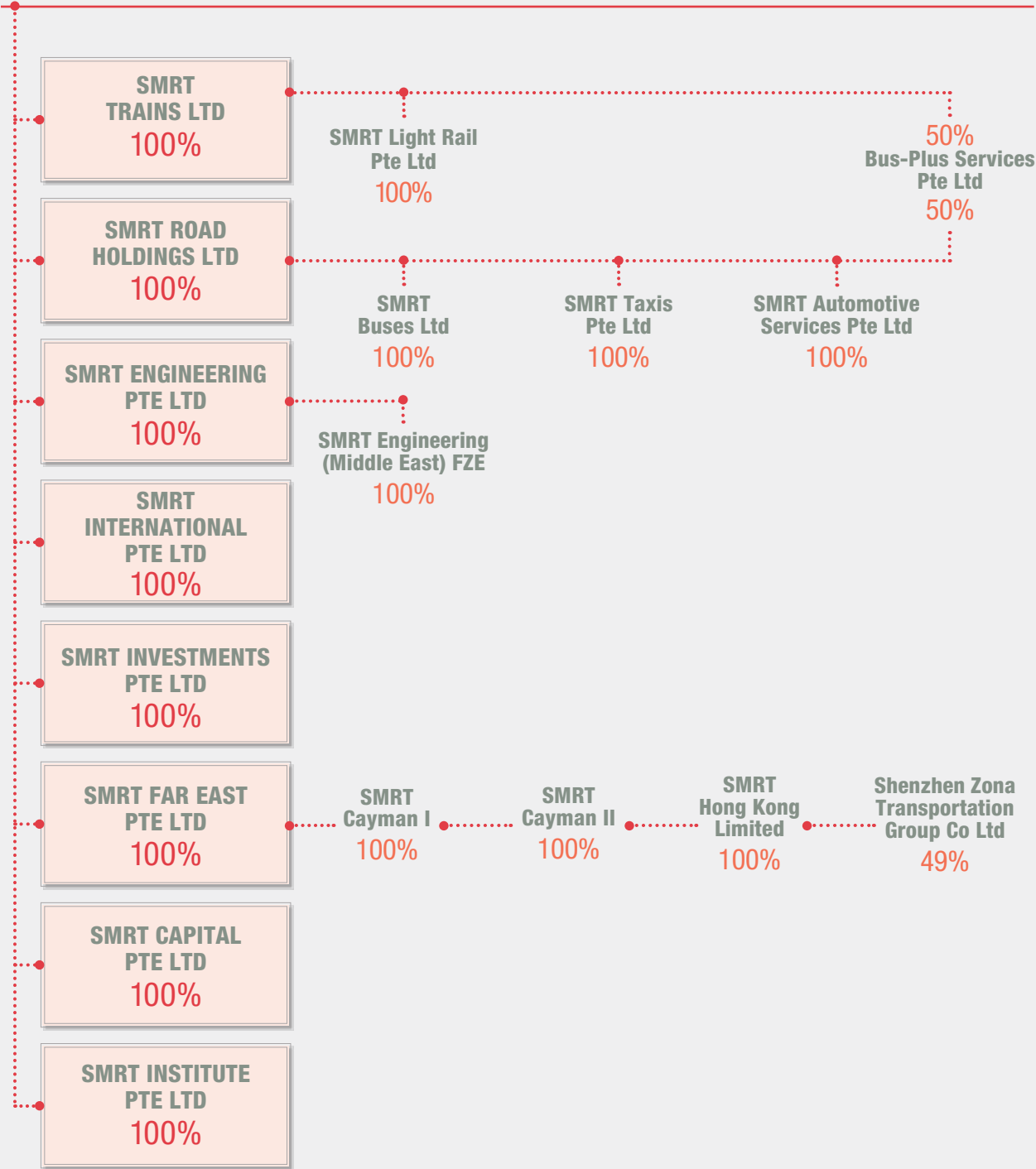
# ORGANISATIONAL STRUCTURE



# GROUP STRUCTURE



## SMRT CORPORATION LTD



# CORPORATE INFORMATION

## REGISTERED OFFICE

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

## PLACE OF INCORPORATION

Singapore

## COMPANY REGISTRATION NUMBER

200001855H

## DATE OF INCORPORATION

6 March 2000

## BOARD OF DIRECTORS

**Koh Yong Guan**, Chairman  
**Saw Phaik Hwa**, President & CEO  
**Halimah Yacob**  
*(Resigned on 21 May 2011)*  
**Ho Kim Wai**  
**Lee Seow Hiang**  
*(Appointed on 19 January 2011)*  
**Paul Ma Kah Woh**  
**Ong Ye Kung**  
**Bob Tan Beng Hai**  
**Tan Ek Kia**  
**Peter Tan Boon Heng**  
**Yeo Wee Kiong**  
*(Appointed on 1 September 2010)*

## COMPANY SECRETARY

**Leong Jin Chiew**  
*(Appointed on 10 February 2011)*

## AUDIT COMMITTEE

**Paul Ma Kah Woh**, Chairman  
**Ho Kim Wai**  
**Bob Tan Beng Hai**  
**Peter Tan Boon Heng**  
*(Appointed on 26 July 2010)*  
**Yeo Wee Kiong**  
*(Appointed on 10 November 2010)*

## REMUNERATION COMMITTEE

**Koh Yong Guan**, Chairman  
**Halimah Yacob**  
*(Resigned on 21 May 2011)*  
**Tan Ek Kia**  
**Yeo Wee Kiong**  
*(Appointed on 9 February 2011)*

## NOMINATING COMMITTEE

**Ong Ye Kung**, Chairman  
**Koh Yong Guan**  
**Paul Ma Kah Woh**  
**Lee Seow Hiang**  
*(Appointed on 9 February 2011)*

## BOARD RISK COMMITTEE

**Bob Tan Beng Hai**, Chairman  
**Ho Kim Wai**  
**Tan Ek Kia**  
**Peter Tan Boon Heng**  
*(Appointed on 26 July 2010)*

## EXECUTIVE COMMITTEE

*(Constituted on 28 January 2011)*  
**Koh Yong Guan**, Chairman  
**Paul Ma Kah Woh**  
**Ong Ye Kung**  
**Bob Tan Beng Hai**  
**Tan Ek Kia**  
**Saw Phaik Hwa**

## AUDITORS

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

## AUDIT PARTNER-IN-CHARGE:

**Choo Eng Beng**  
*(Appointed in FY2011)*

## PRINCIPAL BANKERS

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

## SHARE REGISTRAR

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

## INVESTOR RELATIONS

**Aw Jess Sie**  
Telephone : (65) 6331 1204  
Facsimile : (65) 6334 1407  
Email : investors\_r@smrt.com.sg

# CORPORATE GOVERNANCE

The Board and Management of SMRT believe in and are firmly committed to ensuring high standards of corporate governance which are essential to sustaining the Company's business and performance. The Group's corporate governance principles and practices are continually reviewed both to reinforce our corporate governance framework and maintain its relevance. As a result of our commitment to strong corporate governance, we are pleased to report that we have won several corporate awards, namely:-

- Best Investor Relations Award (Silver) in the Singapore Corporate Awards 2010
- Best Annual Report Award (Bronze) in the Singapore Corporate Awards 2010
- Merit Award in Corporate Governance in the 2010 Securities Investors Association (Singapore) ("SIAS") Investors Choice Awards
- Runner-up in the Most Transparent Company Award (Transport/Storage/Communications Category) in the 2010 SIAS Investors Choice Awards

SMRT was also ranked second in the 2010 Business Times Governance and Transparency Index.

We have always adhered to the principles and guidelines of the Code of Corporate Governance 2005 ("Code") and our corporate governance policies and practices vis-à-vis the Code are set out in the following pages:-

## THE BOARD'S CONDUCT OF ITS AFFAIRS (Principle 1)

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

- Provides entrepreneurial leadership within a framework of prudent and effective controls which enable risks to be adequately assessed and managed
- Provides oversight in the proper conduct of the Group's business
- Oversees the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance
- Sets, challenges and contributes to the Group's strategic objectives and ensures that the necessary financial and human resources are in place for the Group to meet its objectives
- Reviews the performance of members of Senior Management and determines the appropriate levels of remuneration for Executive Directors and Senior Management and oversees succession planning

- Sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met

SMRT has adopted internal guidelines setting forth matters that require Board approval. The Group has a framework of financial procedures which is set out in the Financial Procedures Manual ("FPM"). The FPM provides the Group with defined policies and procedures on all financial matters and ensures that all financial transactions are governed by authority limits as set out therein. The Board is the highest authority level in the FPM and any project which involves equity investment, is high-risk or non-core in nature requires the Board's approval regardless of the amount of investment involved. The FPM is reviewed and updated regularly to cope with the changing needs within the Group.

Directors are expected to make decisions independently, objectively and in the best interest of the Group. Independence is an important performance criterion when Directors evaluate the Board's performance. For example, one of the questions in the Board Evaluation Questionnaire is whether each Director on the Board is a supportive team player without sacrificing his independent position. The Chairman assesses each Director's decisiveness and preparedness to take a firm stand on difficult issues when he evaluates the performance of each Director.

Board meetings are scheduled quarterly for the purpose of, inter alia, approving the release of the Group's financial results. A Board meeting is also scheduled at the end of each financial year for Directors to consider the Group's annual budget for the following year. To give Directors the opportunity of having in-depth discussions with Management on the Group's strategies, an off-site Board Strategy Retreat is held annually. In FY2011, a one-day Board Retreat was held at the Fullerton Hotel in October 2010. In addition to these scheduled meetings, ad hoc Board meetings are also held whenever the Board's guidance or approval is warranted. The number of Board and Board Committee meetings as well as Board members' attendance thereat is set out on the following page.

# CORPORATE GOVERNANCE

## BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE

From 1 April 2010 To 31 March 2011

	BOARD		BOARD COMMITTEES							
	Meetings held while a member	Meetings attended	AUDIT		BOARD RISK		REMUNERATION		NOMINATING	
Board Of Directors	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Koh Yong Guan (Chairman)	7	7					5	5	1	1
Saw Phaik Hwa (President & CEO)	7	7								
Dilhan Pillay Sandrasegara <sup>(a)</sup>	3	3	3	2					0	0
Halimah Yacob <sup>(b)</sup>	7	5					5	3		
Ho Kim Wai	7	7	5	5	5	5				
Lee Seow Hiang <sup>(c)</sup>	2	2							0	0
Paul Ma Kah Woh	7	7	5	5					1	1
Ong Ye Kung	7	5							1	1
Bob Tan Beng Hai	7	7	5	5	5	5				
Tan Ek Kia	7	7			5	5	5	5		
Peter Tan Boon Heng	7	6	4	4	3	3				
Yeo Wee Kiong <sup>(d)</sup>	4	4	1	1			1	1		

(a) Resigned as Board, AC and NC Member on 31 August 2010

(b) Resigned as Board and RC Member on 21 May 2011

(c) Appointed as Board Member on 19 January 2011 and NC Member on 9 February 2011

(d) Appointed as Board Member on 1 September 2010, AC Member on 10 November 2010 and RC Member on 9 February 2011

The dates of Board, Board Committee and Annual General meetings are scheduled one year in advance. To assist Directors in planning their attendance at these meetings, the Company Secretary consults every Director before fixing the dates of these meetings. As the Company's Articles of Association allow Board meetings to be conducted via telephone conference, video conference or other means of similar communication, Directors who are unable to attend any scheduled or ad hoc Board meetings which are convened on short notice can still participate in the meeting via such means. Directors also make special effort to participate in Board meetings via teleconference when they are away overseas.

Upon appointment as a Director, the Board Chairman sends the Director a formal letter of appointment which explains his role, duties and responsibilities as a Director. When a Director is appointed onto a Board Committee he is provided with a copy of the charter of that Board Committee.

As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and press releases relevant to the Group's business to keep Directors updated on current industry trends and issues. News releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST")

and the Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to Directors are also circulated to the Board. The Company Secretary informs Directors of upcoming conferences and seminars relevant to their roles as Directors. Some of the seminars attended by Directors in FY2011 included the Local Company Director Certification Programme and the Growing Enterprise Management Certification Programme organised by the Singapore Institute of Directors. Expert speakers are also invited to share relevant new laws and continuing listing obligations with the Board. Annually, our external auditors update the Audit Committee and the Board on new or revised financial reporting standards.

Management conducts a comprehensive one-day orientation programme for newly appointed Directors. This programme includes briefings on the Group's business activities, the financial performance of the Group and its subsidiaries, the Group's governance policies and practices, and meetings with the Group's Senior Management team. Site visits to the Group's bus depots, MRT stations and MRT tunnels are also conducted. First-time Directors are also provided training on roles, duties and obligations of Directors.



## **BOARD AND MANAGEMENT COMMITTEES**

The Board is supported by Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. Every Board Committee has its own charter which sets out, inter alia, the Committee's terms of reference, composition and responsibilities. Each Board Committee reviews its Charter, at least annually, to ensure that the terms of reference remain relevant and are in line with best practices. Minutes of Board Committee meetings are circulated to the Board to keep Directors updated on the activities of each Committee.

### ***Audit Committee***

The Audit Committee ("AC") is chaired by Paul Ma Kah Woh. Other members of the AC are Ho Kim Wai, Bob Tan Beng Hai, Peter Tan Boon Heng and Yeo Wee Kiong. All members of the AC are non-executive and independent Directors. The activities of the AC are described under Principle 11 in the subsequent paragraphs.

### ***Board Risk Committee***

The Board Risk Committee ("BRC") comprises Bob Tan Beng Hai as Chairman with Ho Kim Wai, Tan Ek Kia and Peter Tan Boon Heng as members. All members of the BRC are independent and non-executive Directors. The primary function of the BRC is to assist the Board in fulfilling its oversight responsibility pertaining to the Group's risk profile and policies and the effectiveness of the Group's risk management system. The activities of the BRC are explained in detail in the section under Risk Management of this Corporate Governance Report. The BRC held five meetings during FY2011.

### ***Nominating Committee***

The Nominating Committee ("NC") comprises four members: Ong Ye Kung (Chairman), Koh Yong Guan, Lee Seow Hiang and Paul Ma Kah Woh. All members of the NC are independent and non-executive Directors. The NC Chairman is not directly associated with the Company's substantial shareholder, Temasek Holdings (Private) Limited.

The primary function of the NC is to ensure a formal and transparent process for the appointment of new Directors. The NC also ensures that there is a formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the Board. The functions of the NC are clearly spelt out in its Charter, and it assists the Board in fulfilling its duties under the Code.

The activities of the NC are explained in detail in the sections under Principles 2, 3, 4 and 5 in the subsequent paragraphs. The NC held one scheduled meeting and conducted several ad hoc meetings during FY2011 to identify and interview suitable candidates for appointment to the Board.

### ***Remuneration Committee***

The members of the Remuneration Committee ("RC") are Koh Yong Guan (Chairman), Tan Ek Kia and Yeo Wee Kiong. Halimah Yacob resigned as RC Member on 21 May 2011. All members of the RC are independent and non-executive Directors. As stipulated in its Charter, the primary function of the RC is to assist the Board in fulfilling its duties in developing formal and transparent policies on remuneration matters in the Company and to formulate and review the Group's succession plans with the aim of building talent and renewing strong and sound leadership.

The functions of the RC are explained in detail in the sections under Principles 7, 8 and 9 in the following paragraphs.

### ***Executive Committee***

The Executive Committee ("EXCO"), set up on 28 January 2011, comprises Koh Yong Guan as Chairman with Paul Ma Kah Woh, Ong Ye Kung, Bob Tan Beng Hai, Tan Ek Kia and Saw Phaik Hwa as members. All members of the EXCO are independent and non-executive Directors, except for Saw Phaik Hwa, who being the President & Chief Executive Officer, is an executive Director and hence non-independent. The primary function of the EXCO is to assist the Board in:-

- Approving transactions within a designated financial limit in accordance to the Financial Procedures Manual
- Urgent situations, when it is not feasible to convene a meeting of the entire Board
- Carrying out such other functions as may be delegated to it by the Board

Although the EXCO did not hold any meetings in FY2011, the Committee deliberated and approved several matters via circular resolutions.

### ***Management Committee***

The Management Committee ("MC") is not a Board Committee. Chaired by the President & Chief Executive Officer ("CEO"), Saw Phaik Hwa, the MC comprises members of Senior Management and meets fortnightly to

# CORPORATE GOVERNANCE

## COMPOSITION OF BOARD & BOARD COMMITTEES

Name of Director	BOARD APPOINTMENTS • Executive or Non-Executive Director • Independent or Non-Independent Director	BOARD COMMITTEES AS CHAIRMAN OR MEMBER				
		Audit	Board Risk	Remuneration	Nominating	EXCO
Koh Yong Guan (Chairman)	Non-Executive/ Independent			Chairman	Member	Chairman
Saw Phaik Hwa (President & CEO)	Executive/ Non-Independent					Member
Halimah Yacob <sup>(a)</sup>	Non-Executive/ Independent			Member		
Ho Kim Wai	Non-Executive/ Independent	Member	Member			
Lee Seow Hiang	Non-Executive/ Independent				Member	
Paul Ma Kah Woh	Non-Executive/ Independent	Chairman			Member	Member
Ong Ye Kung	Non-Executive/ Independent				Chairman	Member
Bob Tan Beng Hai	Non-Executive/ Independent	Member	Chairman			Member
Tan Ek Kia	Non-Executive/ Independent		Member	Member		Member
Peter Tan Boon Heng	Non-Executive/ Independent	Member	Member			
Yeo Wee Kiong	Non-Executive/ Independent	Member		Member		

(a) Resigned on 21 May 2011

facilitate the communication of the Board's decisions to the respective departments in the organisation. The MC reviews and deliberates on the Group's strategic objectives, key policies and operational issues, such as the status of current projects.

### Risk Management Committee

The Risk Management Committee ("RMC"), which is also not a Board Committee, leads the Group's efforts in developing and strengthening its risk management processes and framework. Reporting to the BRC, the RMC is chaired by the President & CEO and comprises the heads of all the Group's business and corporate functions. The RMC's activities and the risk management structure are set out in the Risk Management section of this Corporate Governance Report.

## BOARD COMPOSITION AND GUIDANCE (Principle 2)

The Directors believe in having a strong and independent element on the Board that can exercise judgement independently. Hence, of the 11 Directors on the Board in FY2011, all are independent and non-executive, except for the President & CEO, Saw Phaik Hwa. The composition of SMRT's Board is shown above.

The Board consists of Directors with core competencies in areas such as accounting, finance, audit, law, management and engineering. In addition, the Directors' work experience spans the areas of risk management, strategic planning

and business development. The Directors' academic and professional qualifications are shown on pages 44 to 49. The Board believes that the present Board size and composition are appropriate for the requirements of the Group's business.

The task of assessing the independence of Directors is delegated to the NC. Annually, each Director is required to complete a Director's Independence Checklist to confirm his independence. The Checklist is based on the guidelines provided in the Code. Each Director must also confirm in the Checklist whether he considers himself independent despite not having any of the relationships identified in the Code. The NC reviews the Checklist completed by each Director to determine whether a Director is independent. Newly-appointed Directors are also requested to complete the Checklist to confirm their independence. For FY2011, with the exception of the President & CEO, who is an executive Director, the NC determined that all the other 10 Directors, who are non-executive, are independent.

The NC is also responsible for examining the size and composition of the Board to ensure that the total number of Directors is appropriate for effective decision making and that the Directors as a group provide core competencies in relevant areas. The NC also takes into account factors such as the scope and nature of the Group's operations, balance of skills and experience of Directors, and balance of executive and non-executive Directors. Annually, the NC reviews the Directors who are due to retire in accordance with the Company's Articles of Association and, based on

factors such as a Director's contribution, his performance as well as his length of service on the Board, makes the relevant recommendation on their re-election.

At Board meetings, Directors and Management openly discuss and debate issues. Board meetings are held in a candid and constructive environment, and Directors make decisions using their collective wisdom whilst at all times acting in the best interest of the Group. Non-executive Directors also meet regularly without Management's presence to discuss matters such as the Board's effectiveness and Management's performance. For FY2011, the non-executive Directors held three meetings without Management's presence. At the annual Board Strategy Retreat held in October 2010, Directors reviewed and deliberated with Management on the Group's business culture, plans and long-term strategies.

Directors receive monthly operational and financial reports on the performance of each business unit and key corporate departments. These monthly reports provide the Board with status updates on significant projects, thus giving Directors a better perception of each project's actual performance in comparison with the case put up to the Board. These monthly reports also furnish the Board with the Group's key performance indicators, which include financial and productivity indicators as well as debtors' ageing and turnover analyses. Management keeps the Board apprised on any significant developments via these monthly reports and additional information papers, where necessary. Directors are also informed of critical safety and security issues via SMS.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Principle 3)**

The roles of the Chairman and the President & CEO are kept distinct through a clear division of responsibilities in order to maintain effective oversight and for independent decision making. Since FY2007, the Board has provided the Chairman and the CEO each with a Role Statement for greater transparency.

In the Role Statement for Chairman it is clearly set out that the Chairman is responsible for:-

- Providing leadership and upholding the highest standards of integrity and probity
- Constructively determining and approving the Group's strategies, together with the Board
- Ensuring that Board matters are effectively organised to enable Directors to receive timely and clear information in order to make sound decisions

- Promoting constructive relations amongst Directors and within Board Committees as well as between Directors and Senior Management
- Promoting high standards of corporate governance
- Establishing a relationship of trust with the CEO
- Ensuring effective communication with shareholders

The CEO is the highest-ranking executive officer of the Group and her primary role is to effectively manage and supervise the day-to-day business operations of the Group in accordance with the strategies and policies, budgets and business plans as agreed with the Board. The Role Statement for the CEO describes the CEO's principal responsibilities as follows:-

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

The Chairman, who is independent and non-executive, does not have any relationship with the executive management of the Group.

### **BOARD MEMBERSHIP (Principle 4) BOARD PERFORMANCE (Principle 5)**

The Group has a formal and transparent process for the appointment and re-appointment of Directors.

Pursuant to the Company's Articles of Association, one-third of the Board of Directors, including the President & CEO who also sits on the Board, are required to retire and are subject to re-election at every Annual General Meeting ("AGM") of the Company. All Directors are required to retire from office at least once every three years. A newly appointed Director must also subject himself for retirement and re-election at the AGM immediately following his appointment. Thereafter he is subject to the one-third retirement rule. Although the Company does not have a fixed term of office for its Directors, the total tenure for a Director is usually about six years.

# CORPORATE GOVERNANCE

## PROCESS FOR SELECTION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Every year, the NC reviews the size and composition of the Board to take stock of the expertise within the Board, and identify the Board's current and future needs, taking into consideration the evolving business requirements of the Group. The NC considers, inter alia, the range of skills, knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors, each Director's contribution, performance and commitment (such as attendance, preparedness, participation and candour) and whether new competencies are required to improve the Board's effectiveness. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's bench strength, the NC will shortlist and meet potential candidates. The criteria and guidelines for appointment of Directors are as follows:-

### *Background*

- Potential candidates should have good reputation as persons of integrity

### *Experience*

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

### *Directorships*

- Potential candidates' other directorships. This is to assist the NC in determining whether he is able to commit time and effort to carry out his duties and responsibilities effectively and whether there are any conflicts, or potential conflicts of interest

### *Independence*

- Potential candidates must think independently, with objectivity, impartiality, fairness and flexibility
- Potential candidates must have the courage to voice their opinions without fear that they will incur the wrath or ridicule of other Directors or Management

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

Key information on Directors such as academic and professional qualifications and directorships are set out on pages 44 to 49.

## EVALUATION OF BOARD PERFORMANCE

The NC sets objective performance criteria for evaluating the Board's performance annually. These performance criteria are reviewed regularly to ensure they remain relevant. Since FY2010, an independent external consultant conducts the Board evaluation process as described in sub-paragraph (a) below. The use of an independent external consultant not only encourages Directors to be more candid in their evaluation of the Board's performance but also enhances the objective and transparent assessment of the evaluation process.

### *(a) Evaluation of the Board*

This process begins with an annual meeting between the NC Chairman and the consultant to, inter alia, fine tune the evaluation framework so that areas of particular interest and key issues are focused on. Thereafter, the consultant sends out a customised Board Evaluation Questionnaire to each Director for completion. The Questionnaire typically covers Board roles and processes, including comments on the style and content of Directors' contributions. Questions are categorised into several areas: Board Structure, Board Dynamics and Relationships, Board Processes, Board Committees, People Processes, Company Strategy and Performance, Progress and Benchmarking. The Questionnaire also addresses Directors' self and peer evaluation by incorporating ratings on performance of individual Directors, such as each Director's commitment, whether he is well prepared for meetings and whether he plays a constructive role in Board decisions.

Directors return the completed Questionnaire to the NC Chairman who then forwards the Questionnaire to the consultant. The consultant evaluates the Questionnaire before presenting its report to the NC and thereafter to the Board. The Board Chairman then holds a discussion with all Directors to agree on future action plans.

**(b) Evaluation of Directors by the Board Chairman**

At the end of each financial year, the Board Chairman evaluates the performance of each Director. The criteria taken into consideration include the degree of preparedness, value of contribution to the development of strategy and risk management and the Director's knowledge and experience.

In addition to the abovementioned, the NC sets objective performance criteria for the Board to evaluate the President & CEO. Every year, the Directors evaluate the President & CEO and provide feedback on her performance. Clear key performance indicators set out at the beginning of each year are measured and assessed during her performance evaluation. The Chairman compiles the results of the evaluation and conducts an open assessment with the President & CEO.

The NC assesses the independence of Directors as mentioned under Principle 2 above.

The NC also reviews whether each Director has given sufficient time and attention to the affairs of the Group. Internal guidelines drawn up address the issue of competing time commitments faced when Directors serve on multiple boards. As the number of directorships a Director holds is only one measure of his time commitment to the Company, the NC also considers a Director's level of participation in the Company, such as his attendance and level of participation at meetings or company events, his level of engagement when discussing issues at meetings or over e-mails, and whether he has given sufficient time and attention in addressing matters or issues raised to the Board.

For FY2011, the NC is of the view that although some Directors hold several directorships in other companies, all Directors have contributed sufficient time to meet the expectations of their role as Directors, as can be seen from their attendance record set out on page 30. Attendance rates at Board and Board Committee Meetings are commendable as shown below:-

Attendance Rates At Board And Board Committee Meetings				
Board	Audit Committee	Board Risk Committee	Remuneration Committee	Nominating Committee
93%	95%	100%	88%	100%

The NC also determined that the Directors allocated adequate time to fulfil their duties as Board and Board Committee members.

**ACCESS TO INFORMATION (Principle 6)**

Management provides the Board with timely operational and financial reports of the Group's performance and prospects on a monthly basis. To give Directors sufficient time to prepare for Board and Board Committee meetings, the Agenda and papers for these meetings are sent to Directors several days in advance. Directors have unrestricted access to the President & CEO, the Company's Senior Management, Company Secretary and Internal and External Auditors via telephone, e-mail and face-to-face meetings. When major incidents occur, Directors are immediately informed via SMS and provided with a report within 24 hours.

The role of the Company Secretary is clearly defined. He administers, attends and prepares minutes of the Board and the Board Committees in which he acts as Secretary. The Agenda for Board and Board Committee meetings are prepared in consultation with the Chairman of the meeting and the President & CEO. The Company Secretary also assists the Chairman and the Chairman of each Board Committee in scheduling Board and Board Committee meetings respectively. The incumbent Company Secretary was appointed by the Board in February 2011.

Every month, the Company Secretary circulates the Group's financial and operational progress reports to all Directors, thus keeping the Board updated on the Group's affairs on a timely and on-going basis. Management highlights to Directors any significant developments or events relating to the Group in these reports. Any Director may in the furtherance of his duties take independent professional advice at the Company's expense.

**PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (Principle 7)**

The RC's primary function is to assist the Board in fulfilling its duties in developing competitive and transparent policies on remuneration in the Company. The RC identifies and reviews all nominations, appointments and promotions of Senior Management. The RC also gives guidance to Senior Management on the development of talents in the organisation with the aim of building and reinforcing leadership succession for key positions in the Company.

# CORPORATE GOVERNANCE

## LEVEL AND MIX OF REMUNERATION (Principle 8) DISCLOSURE ON REMUNERATION (Principle 9)

Non-executive Directors are paid Directors' fees which comprise a basic fee and additional fees for appointments on Board Committees. As an executive Director, the

President & CEO does not receive Directors' fees but is remunerated as a member of Management. The RC has access to professional advice from appropriate consultants to determine the level and mix of remuneration for Directors as well as Management. The annual remuneration of Directors for the financial year ended 31 March 2011 is proposed as follows:-

### REMUNERATION OF DIRECTORS

Remuneration Band & Name of Director	Directors' Fees	Basic Salary (Including Employer's CPF)	Variable or Performance Related Income/ Bonuses (Including Employer's CPF)	Benefits	SMRT ESOP, SMRT RSP & SMRT PSP <sup>8</sup>	Total	EVA BONUS BANK BALANCE
			Paid <sup>6</sup>				Deferred & at risk <sup>7</sup>
	\$	\$	\$	\$	\$	\$	\$
<b>\$500,000 and above</b>							
Saw Phaik Hwa	–	666,303	842,308	60,000	279,000	1,847,611	1,233,955
<b>Below \$250,000</b>							
Koh Yong Guan	120,142	–	–	–	–	120,142	
Dilhnan Pillay Sandrasegara <sup>1</sup>	33,115	–	–	–	–	33,115	
Halimah Yacob <sup>2</sup>	56,000	–	–	–	–	56,000	
Ho Kim Wai	81,000	–	–	–	–	81,000	
Lee Seow Hiang <sup>3</sup>	10,135	–	–	–	–	10,135	
Paul Ma Kah Woh	91,071	–	–	–	–	91,071	
Ong Ye Kung	65,071	–	–	–	–	65,071	
Bob Tan Beng Hai	94,071	–	–	–	–	94,071	
Tan Ek Kia	69,071	–	–	–	–	69,071	
Peter Tan <sup>4</sup>	69,559	–	–	–	–	69,559	
Yeo Wee Kiong <sup>5</sup>	37,400	–	–	–	–	37,400	

#### NOTES:

The above fees have been pro-rated accordingly for services rendered in the financial year ended 31 March 2010

- Resigned as Board, AC and NC Member on 31 August 2010
- Resigned as Board and RC Member on 21 May 2011
- Appointed as Board Member on 19 January 2011 and NC Member on 9 February 2011
- Appointed as AC and BRC Member on 26 July 2010
- Appointed as Board, AC and RC Member respectively on 1 September 2010, 10 November 2010 and 9 February 2011
- The quantum consists of annual performance incentive payment and EVA-based incentive payment received during the financial year for the preceding financial year's performance. For the EVA-based incentive payment, only one-third of the current year's EVA bonus (plus any accrued preceding year EVA Bank balance) is paid, with the balance two-thirds being deferred and credited to the executive's EVA Bank for future payments, subject to the Company's continual performance. For the FY2011 EVA bonus, the amount paid is for the executive's performance for FY2010 and the amount deferred is the EVA Bank balance as at 31 March 2010. EVA bonus paid and EVA Bank balance for FY2011 performance will only be determined and finalised in FY2012 when the Company's FY2011 EVA performance and the executive's FY2011 performance rating are final.
- EVA Bank: The EVA Bank concept is used to defer the executive's incentive to future years so as to encourage the executive to adopt strategies that will encourage long term growth of the Company and sustained profitability. For Deputy Directors and above, the EVA Bank account is apportioned individually based on a pre-set percentage depending on the executive's contributions to the EVA performance of the Company. Each year, a portion of the executive's annual performance-related bonus is tied to the Company's EVA performance and only one-third of the current year's EVA bonus is paid with the balance two-thirds being deferred and credited to the executive's EVA Bank for future payments. In addition, the executive receives one-third payout from the accrued EVA Bank balance of preceding years, provided the EVA balance is positive. Monies credited in the EVA Bank remained at risk since the balance can decrease if the Company's EVA performance is adversely affected in the future years.
- Based on the fair values of PSP and RSP shares granted on 23 August 2010 using Monte Carlo simulation model.

The number of Directors of the Company receiving remuneration from the Group during the year are as follows:

Remuneration Band	2011	2010
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	11	10
Total	12	11

The total remuneration paid to the five top-earning key executives are shown below:-

## REMUNERATION OF KEY EXECUTIVES

Remuneration & Name of Five Top-Earning Key Executives (in alphabetical order)	Basic Salary (Including Employer's CPF)	Variable or Performance Related Income/ Bonuses (Including Employer's CPF)	Benefits	SMRT ESOP, SMRT RSP & SMRT PSP <sup>3</sup>	Total	EVA Bonuses Bank Balance
		Paid <sup>1</sup>				Deferred & at risk <sup>2</sup>
	\$	\$	\$	\$	\$	\$
Khoo Hean Siang	236,524	230,655	38,038	–	505,217	333,680
Lim Cheng Cheng <sup>4</sup>	319,485	367,736	36,700	167,400	891,321	481,644
Tan Peng Hock, Vincent	195,187	205,812	13,500	45,120	459,619	278,540
Teo Chew Hoon	230,989	237,995	55,681	118,488	643,153	297,674
Yeo Meng Hin <sup>5</sup>	397,353	433,397	14,466	197,480	1,042,695	597,639

### NOTES:

- The quantum consists of annual performance incentive payment and EVA-based incentive payment received during the financial year for the preceding financial year's performance. For the EVA-based incentive payment, only one-third of the current year's EVA bonus (plus any accrued preceding year EVA Bank balance) is paid, with the balance two-thirds being deferred and credited to the executive's EVA Bank for future payments, subject to the Company's continual performance. For the FY2011 EVA bonus, the amount paid is for the executive's performance for FY2010 and the amount deferred is the EVA Bank balance as at 31 March 2010. EVA bonus paid, and EVA Bank balance for FY2011 performance will only be determined and finalised in FY2012 when the Company's FY2011 EVA performance and the executive's FY2011 performance rating are final.
- EVA Bank: The EVA Bank concept is used to defer the executive's incentive to future years so as to encourage the executive to adopt strategies that will encourage long term growth of the Company and sustained profitability. For Deputy Directors and above, the EVA Bank account is apportioned individually based on a pre-set percentage depending on the executive's contributions to the EVA performance of the Company. Each year, a portion of the executive's annual performance-related bonus is tied to the Company's EVA performance and only one-third of the current year's EVA bonus is paid with the balance two-thirds being deferred and credited to the executive's EVA Bank for future payments. In addition, the executive receives one-third payout from the accrued EVA Bank balance of preceding years, provided the EVA balance is positive. Monies credited in the EVA Bank remained at risk since the balance can decrease if the Company's EVA performance is adversely affected in the future years.
- Based on the fair values of PSP and RSP shares granted on 23 August 2010 using Monte Carlo simulation model.
- Lim Cheng Cheng left the Company on 30 April 2011
- Yeo Meng Hin left the Company on 20 April 2011

No key executive is an immediate family member of any Director or the President & CEO.

In view of the improving economy and increased competition for talent, the Group requires highly engaged employees with the calibre to propel its business strategies forward and maintain a high performance organisation that constantly creates value for shareholders. In its effort to attract and retain key talent, the RC emphasises that the Group's compensation strategies are market competitive. To align with the prevailing economic environment, the compensation strategies adopted must also be flexible and adaptable.

In substitution of the SMRT Employee Share Option Plan ("SMRT ESOP") which ceased the granting of options since FY2005, long term incentives like the SMRT Restricted Share Plan ("SMRT RSP") and the SMRT Performance Share Plan ("SMRT PSP") now constitute a portion of the total compensation structure for Senior Management. SMRT RSP and SMRT PSP focus on performance that creates value for shareholders. Details of SMRT RSP and SMRT PSP are set out on pages 116 to 121.

The RC also ensures that there is a strong correlation between the payouts and business units' achievement

# CORPORATE GOVERNANCE

and individual performance in the compensation policy, balancing teamwork with individual accountability.

## ACCOUNTABILITY (Principle 10)

The Board presents a balanced assessment of the Group's performance, position and prospects to the public via the release of its quarterly and full year financial results. The Board reviews and approves the results before its release. As recommended in the Guidebook for Audit Committees in Singapore, the Board also reviews and approves any media release of its financial results. Since the SGX-ST's introduction of the requirement for Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, a process has been introduced to support Management's representations to the Board on the integrity of the Group's financial statements and internal control systems before the Negative Assurance Statement is given by the Board.

## AUDIT COMMITTEE (Principle 11)

The AC comprises members who are non-executive, independent and appropriately qualified to discharge their responsibilities. The Chairman has accounting, auditing and risk management expertise and experience. The other members provide expertise in accounting, legal and business issues.

The AC met five times during the year under review. The President & CEO, CFO, Vice President (Audit Division), Company Secretary and external auditors are usually invited to these meetings. During the financial year, the AC had two meetings with external auditors and one meeting with internal auditors, without the presence of Management. These meetings enable the auditors to raise issues encountered in the course of their work directly to the AC.

The AC Charter provides guidance for the effective operation of the AC by setting out, amongst other things, the AC's terms of reference, authority, composition, conduct of meetings and responsibilities. Annually, the AC reviews its Charter to ensure that it remains relevant and is in line with best practices.

During the year under review, the AC:-

- Reviewed and recommended to the Board the release of the quarterly and full year financial statements
- Considered and approved the Audit Plan prepared by the external auditors and the Internal Audit Plan prepared by the Internal Audit Division

- Reviewed the scope and results of both internal and external audits, and the adequacy of the internal audit functions within the Group
- Reviewed the independence and objectivity of the external auditors, and the nature and extent of non-audit services provided by them

Prior to the re-appointment of the external auditors, the AC conducts an annual review of their independence. The AC has reviewed and is satisfied with the standard of the external auditors' work. After reviewing the volume of non-audit services provided to the Group by the external auditors and its affiliates, and satisfied that the nature and extent of such services will not prejudice their independence and objectivity, the AC recommends their re-appointment.

The AC oversees the Group's Whistleblowing Programme. The Whistleblowing Programme is described in greater detail under Internal Controls.

## INTERNAL CONTROLS (Principle 12)

The Board considers that the Group's framework and system of internal controls and procedures maintained by the Company's Management, and set in place throughout the financial year up to the date of this report, is adequate to meet the needs of the Group in the current business environment. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group manage the risk of failure to achieve business objectives, rather than eliminate it.

On an annual basis, the Internal Audit Division prepares a risk-based audit plan to review the adequacy and effectiveness of the Group's system of internal controls. In conducting reviews, the Internal Audit Division is alert to indicators of fraud and opportunities that could allow fraud, such as control weaknesses. In doing so, the Internal Audit Division obtains reasonable assurance that business objectives for the process under review are achieved and material control deficiencies (whether through simple error or intentional effort) are detected.

Upon completion of each review, a formal report detailing the audit findings and appropriate recommendations is issued to the Chairman of the Board, the Audit Committee, the President & CEO, the CFO and the external auditors for their information. A copy of the report is also issued to the heads of business units for their follow-up. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.



In addition to the planned audits, the Internal Audit Division is also involved in conducting system or process reviews that may be requested by Management on specific areas of concerns during the course of the year. By having such flexibility in the audit work plan, the Internal Audit Division is able to help Management understand the risks and internal control issues associated with the changes taking place in the business and provide timely input on new or emerging issues during the year.

As good practice, the Internal Audit Division has benchmarked its existing fraud risk management practices against internationally recognised frameworks. To promote a culture of risk awareness, Internal Audit Division has set up a dedicated website to raise awareness of fraud, identifying fraud indicators and the preventive measures to be taken.

Our external auditors from PricewaterhouseCoopers (PwC) provide an independent perspective on the internal financial control system and their findings are reported to the AC annually.

The Audit Committee reviews the effectiveness of the Group's internal controls (including financial, operational and compliance controls) and consults the external auditors on their views on these matters. The processes used by the AC to review the effectiveness of the system of internal controls include:

- Review of internal audit and external audit plans
- Review of significant issues arising from internal and external audits
- Review of implementation status of action plans developed by Management to address control gaps/weaknesses

The key elements of the Group's system of controls are as follows:-

### OPERATING STRUCTURE

The Group has a clearly defined operating structure with lines of responsibility and delegated authority, as well as adequate reporting mechanisms to Senior Management and the Board.

### POLICIES, PROCEDURES AND PRACTICES

Controls are detailed in formal procedures, instructions and manuals. The Company's internal auditors and ISO Internal Quality Management System auditors verify compliance with these controls.

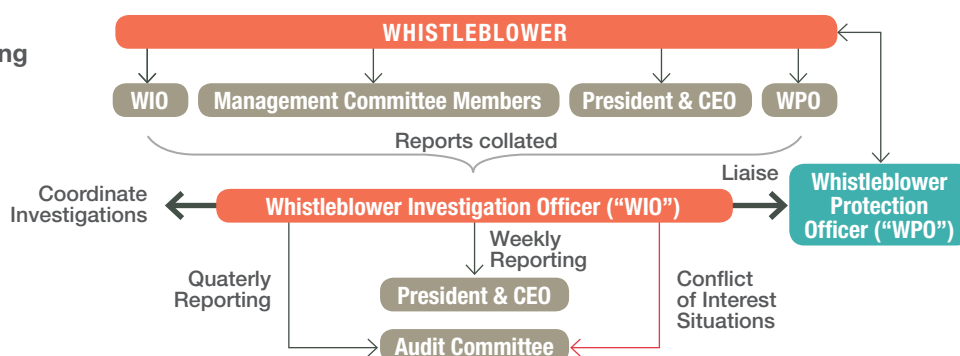
Since March 2005, the Group has adopted a structured ethics programme to provide legal and ethical guidance in situations where ethical decisions have to be made. Values which Directors and employees of the Group are expected to adhere to (namely Integrity, Honesty, Care, Accountability, Timeliness and Fairness) are provided in the Group's Code of Business Ethics and Conduct (Ethics Code) which was updated in 2010. New employees go through compulsory on-boarding sessions to appreciate, understand and apply the Ethics Code.

### WHISTLEBLOWING

To reinforce a culture of good business ethics and governance, a Whistleblowing Programme is in place to encourage the reporting in good faith of any suspected improper conduct whilst protecting the whistleblowers from reprisals within the limits of the law.

The policy is communicated via the website and through a number of other channels. The secured and protected disclosure channels that include an independent e-mail address and a direct phone hotline which are manned by the Vice President (Audit Division) allow whistleblowers to disclose their concerns in strict confidence. In addition,

**The Group's whistleblowing structure**



# CORPORATE GOVERNANCE

a whistleblower is able to disclose directly to the AC Chairman via a dedicated and secured e-mail channel if he is of the view that the case has not been handled satisfactorily or if there is an apparent conflict of interest.

All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistleblowing matters are reviewed monthly by the President & CEO and quarterly by the AC. For disclosure requiring immediate or urgent attention, such matters are reported immediately to the AC Chairman and the President & CEO. They provide guidance to the Whistleblowing Investigation Officer to help ensure that disclosures are managed in accordance with the Whistleblowing Policy and that prompt action is taken.

## FINANCIAL REPORTING

The Board is regularly updated on the Group's financial performance via monthly reports. These reports provide explanations for significant variances of financial performance and revised full year forecast, in comparison with budgets and financial performance of corresponding periods in the preceding year. These financial reports are also regularly reviewed and supplemented with additional information to highlight key operational and financial performance indicators. In addition, business units also provide the Board with monthly updates on key operational activities.

Declaration checklists by heads of business units confirming that financial processes and controls are in place, and a financial watch list reporting status of significant financial issues of the Group, are presented to the Board quarterly. Compliance checklists which are required for submission to the SGX-ST are reviewed and confirmed jointly by the CFO and the Company Secretary.

The Group's financial results are reported to shareholders quarterly in accordance with the requirements of the SGX-ST. For the first three quarters, the financial results are released within one month of the close of each quarter. For the fourth quarter, the financial results of that quarter together with the full year financial results are released within one month of the year ending 31 March. These results provide analysis for significant variances of financial performance. In addition, guidance on the outlook of the Group in the next reporting period and 12 months is provided.

Detailed disclosure and analysis for the full year performance of the Group are in the annual report. This is inclusive of financial indicators such as Economic Value Added and Value Added statements.

## FINANCIAL MANAGEMENT

Management reviews the performance of each business unit including significant associate and corporate functions on a monthly basis to instill financial and operational discipline at all levels of the organisation.

Having a centralised treasury function helps to achieve greater efficiency and synergy in the management of the Group's financial resources. Furthermore, tax compliance has been strengthened across the Group with the centralisation of the tax compliance function at the Finance Department.

## AUDIT

Internal Audit performs periodic audits to ensure compliance with Group policies, internal controls and procedures designed to manage risks and safeguard the business and assets of the Group.

Internal Audit reports its findings to the Audit Committee, the Chairman of the Board, and the President & CEO.

Our external auditors from PwC provide an independent perspective on certain aspects of the internal financial controls system arising from their work and annually report their findings to the AC.

## RISK MANAGEMENT

Risk management is recognised as an important business driver and forms an integral part of the Group's proactive measure to protect and create value for its stakeholders. It is fundamental in SMRT's business strategy to ensure that risk awareness is embedded within its daily operations with a balanced risk-taking approach that is within our risk appetite.

Effective risk management provides forward-looking insights and greater clarity of the risks the Group faces and gives reasonable assurance to the Group's Board, Management and stakeholders that the necessary actions are undertaken to achieve business objectives through identification and management of associated risks, thus delivering enhanced business decisions. Benefits of risk management also arises when the Group is able to continuously reposition itself to capitalise on opportunities in realising long term strategic objectives.

The Risk Management process, which involves identifying, assessing, treating, monitoring and reporting risks, is a continuous process that is built into SMRT's planning, decision making and core operations.

The Board Risk Committee ("BRC"), formed in August 2009, oversees the Group's risk management process.

Comprising members with operational management, accounting and financial management expertise, the BRC reviews the adequacy and effectiveness of the risk management policies and methodologies and risk mitigation strategies with regard to the major risks faced by the Group. It also has oversight of key risk exposures and will in turn report to the Board on material findings and recommendations in respect of significant risk matters.

The AC provides oversight of the financial reporting risks, accounting policies and the adequacy and effectiveness of the Group's internal controls and compliance systems.

The BRC sets out its terms of reference through an annually reviewed Charter in line with best practices.

The Management engages the BRC on the discussion of key risks faced by the Group and the adequacy of the mitigation plans in place.

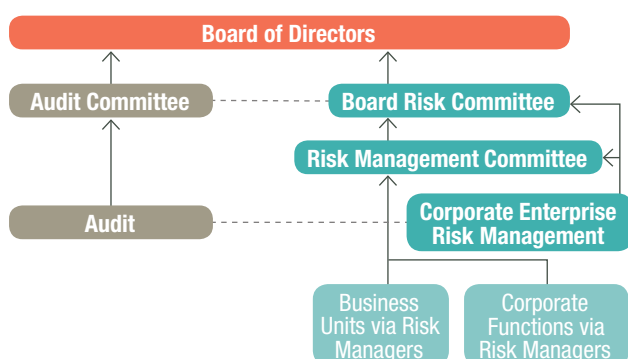
The Risk Management Committee ("RMC"), headed by the President & CEO and comprising heads of all the Group's business and corporate functions, works closely with the BRC on the oversight of risk management and is responsible for identifying and managing the risks.

The Group Corporate Enterprise Risk Management ("CERM") department, a unit that is independent from business lines, supports the RMC with an ERM framework that covers the following:-

- Drive initiatives to strengthen the risk management processes, policies and ERM framework
- Review the Group's risk profile and key risks
- Monitor the implementation of risk mitigation plans and action
- Promote risk awareness

To monitor the risks, methodologies and processes, RMC reports to the BRC on a quarterly basis. The Internal Audit Division plays an independent role in evaluating the effectiveness of the Group's ERM process.

The risk management structure of the Group is illustrated below:-



Details on our risk management methodology and the top Group risks along with the mitigating actions are set out in the Key Dynamics & Risk Management section of the Operating and Financial Review.

## CONTROL SELF ASSESSMENT PROGRAMME (CSA PROGRAMME)

The objectives of the CSA Programme are to:

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

A process of annual self-assessment provides for a documented and auditable trail of accountability from line management and staff to Senior Management and the Board.

Under the CSA Programme, line management and staff conducted self-assessments on the effectiveness of their control processes during the year. Thereafter, the Internal Audit Division performed independent and random reviews to validate the results of these self assessments. A number of areas for improvement were identified and taken to address these areas and to build on existing strengths. Results of the self-assessments were reported to the President & CEO, the Audit Committee, the Chairman of the Board and the external auditors. A copy of the report is also issued to the heads of business units for their follow-up.

The CSA Programme has been successfully rolled out to various business units in SMRT. Notable changes include increased awareness of key process controls among line management and staff. This has in turn enabled them to focus on ensuring there is no process breakdown.

## INTERNAL AUDIT (Principle 13)

The Internal Audit Division is an independent function that reports directly to the Chairman of the AC, functionally to the Chairman of the BRC, and administratively to the President & CEO. Headed by the Vice President (Audit Division), the Division comprises 16 staff members from Financial Compliance Operations, Control Self Assessment and Information Systems teams. The Internal Audit Division's

# CORPORATE GOVERNANCE

mission statement and charter empower it to provide independent and objective assessments and consulting services which are designed to evaluate the adequacy and effectiveness of the Group's system of internal controls. A risk-based approach is used to develop the annual audit plan to ensure that all high risk areas are monitored for proper coverage and audit frequency. The audit plans are reviewed and approved by the AC and the BRC. During the year, a number of ad hoc projects were initiated by Management requiring Internal Audit's involvement to provide assurance in specific areas of concern. The Audit Committee meets with the Vice President (Audit Division) at least once a year without the presence of Management.

The Internal Audit Division is a corporate member of the Singapore branch of the Institute of Internal Auditors (IIA), an international professional association for internal auditors. The Division is committed to performing its work in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards) pronounced by the IIA. An ongoing quality assurance programme comprising internal and external assessments is in place to ensure that all audits are performed in accordance with the Standards.

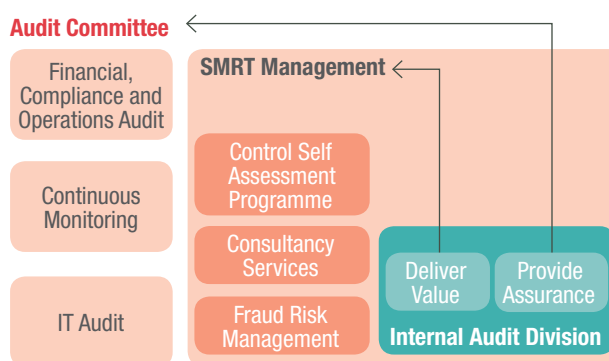
On an annual basis, the Internal Audit Division completes a self-assessment on the adequacy of its internal audit activities against its charter as well as both AC's and Management's expectations. To align SMRT's audit practices with those from leading practitioners, the assessment criteria used is based on the IIA Standards and best practices as recommended by reputable and professional organisations and associations.

The Division was reviewed by external Quality Assurance Reviewers in 2010 and met the IIA Standards in most key aspects.

The Division employs suitably qualified and experienced personnel with at least three years of audit experience to provide audit and consulting services. They either possess a recognised degree in Accountancy or an equivalent professional qualification and a post graduate Masters degree, and have working experience in a "Big Four" public accounting firm. In addition, they are Certified Internal Auditors ("CIA"), Certified Fraud Examiners ("CFE"), Certified Information Systems Auditors ("CISA"), Certified Information Security Managers ("CISM"), Certified in Risk and Information Systems Control ("CRISC"), Certified Public Accountants ("CPA") or hold the Certification in Control Self Assessment ("CCSA"). The certification bodies that

govern these professional accreditations require their members to maintain a programme of continuing education. A structured and customised training and development roadmap is also in place to ensure that the Internal Audit team is equipped with technical knowledge and skills set that are current, relevant and appropriate to their seniority. In addition to in-house training, the Internal Audit team also attends training and seminars conducted by the "Big Four" public accounting firms, professional service providers and professional associations such as IIA, Institute of Certified Public Accountants ("ICPAS"), Information Systems Audit and Control Association ("ISACA") and Association of Certified Fraud Examiners ("ACFE").

The Internal Audit's role in SMRT is illustrated below:-



## COMMUNICATION WITH SHAREHOLDERS (Principle 14 and Principle 15)

The Group is committed to maintaining high standards of corporate transparency and disclosure and believes that it should provide regular, effective and fair communication with members of the investment community and investing public. A comprehensive investor relations ("IR") programme to provide clear, timely and fair disclosure of information about the Group's business developments and performance is in place.

All material information including quarterly results announcements is disclosed regularly and on a timely basis via SGXNET and the Company's website. In addition, combined analyst and media briefings/conference calls are held quarterly to announce the financial results and as and when necessary.

The IR team regularly communicates with investors through face-to-face meetings, e-mail communication and teleconferences to update them on the latest corporate developments and at the same time, address their queries.

Depending on the nature of the query, it can be forwarded to the CFO or the Company Secretary for corporate governance matters, or brought to the attention of the President & CEO, if necessary. Management and the Board are also kept informed on comments and views received via monthly reports.

In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

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

## **ENCOURAGE GREATER SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS**

The Group fully supports active shareholder participation at AGMs and Extraordinary General Meetings and views such General Meetings as principal dialogue sessions with shareholders. At least 21 days before the AGM, the Summary Report and the Notice of AGM are dispatched to shareholders. The Notice of AGM includes explanatory notes or a circular on items of special business. The full Annual Report is also available to all shareholders on the corporate website or upon request. Notice of General Meetings is also published in The Business Times.

To encourage greater shareholder participation at AGMs, SMRT holds its AGMs at centrally located venues that are easily accessible by public transport. The Chairman, President & CEO, Chairman of each Board Committee, Board Members, the CFO, the Company Secretary and members of Senior Management are in attendance at AGMs to take questions and feedback from shareholders. Shareholders present are given the opportunity to clarify or pose questions on issues pertaining to the proposed resolutions before they are voted on. The external auditors are also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditors' report.

Under the Company's Articles of Association, a registered shareholder may appoint one or two proxies to attend General Meetings to speak and vote in place of the shareholder. Voting in absentia by mail, facsimile or e-mail has yet to be introduced because such voting methods need to be carefully reviewed for feasibility to ensure there is no compromise on either the integrity of

the information or the proper authentication of the identity of the shareholders.

The Group notes that there should be separate resolutions at General Meetings on each substantially separate issue and supports the Code's principle with regards to the "bundling" of resolutions. The Group treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of Directors and approval of Directors' fees, as distinct subjects and submits them to the General Meetings as separate resolutions.

The minutes of General Meetings prepared by the Company Secretary include substantial comments or queries from shareholders and responses from the Chairman, Board Members and Management. These minutes are available to shareholders upon their request.

## **DEALINGS IN SECURITIES**

Since 2003, the Group has in place an internal code of conduct for Directors and employees on securities transactions when they are in possession of unpublished price-sensitive information on the Company's securities.

The Group's "black-out" policy is more stringent than that prescribed by the SGX-ST's Listing Rule 1207(18) in that Directors and employees are advised not to deal in the Company's securities during the period commencing one month before the announcement of each of the Group's financial results (i.e. the quarterly and full year results) and ending on the date of the announcement of the relevant results.

Directors and employees are also advised not to deal in the Company's securities on short-term considerations. They are also advised to be mindful of the law on insider trading and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

# CORPORATE GOVERNANCE

## PARTICULARS OF DIRECTORS

### Koh Yong Guan age 65 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li><b>Bachelor of Applied Science, Mechanical Engineering</b> (1<sup>st</sup> Class Hons), University of Toronto, Canada</li> <li><b>Master of Applied Science, Mechanical &amp; Biomedical Engineering</b>, University of Toronto, Canada</li> <li><b>Master of Business Administration</b>, Catholic University of Leuven, Belgium</li> </ul>		<b>Date first appointed</b> 02.04.2007  <b>Date last re-elected</b> 16.07.2010
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd SMRT Light Rail Pte Ltd	<b>Others</b> Central Provident Fund Board (Chairman) Governing Board of the Cancer Science Institute of Singapore (Chairman) Monetary Authority of Singapore (Board Member)	Singapore Turf Club (Chairman)

### Saw Phaik Hwa age 56 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li><b>Bachelor of Science (Biochemistry) Hons</b>, University of Singapore</li> </ul>		<b>Date first appointed</b> 20.03.2003  <b>Date last re-elected</b> 23.07.2009
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd (President & CEO) SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd SMRT Automotive Services Pte Ltd SMRT Capital Pte Ltd SMRT Engineering Pte Ltd SMRT Far East Pte Ltd SMRT Hong Kong Limited SMRT International Pte Ltd SMRT Institute Pte Ltd SMRT Investments Pte Ltd SMRT Light Rail Pte Ltd SMRT Taxis Pte Ltd Shenzhen Zona Transportation Group Co Ltd	<b>Others</b> The Esplanade Co Ltd Health Promotion Board (Board Member) International Wu Style Tai Chi Chuan Federation (Vice President of Executive Committee) National Environment Agency (Board Member) Singapore-Guangdong Collaboration Council (Council Member) Singapore Jian Chuan Tai Chi Chuan Physical Culture Association (President) Singapore Management University (Board of Trustees) Singapore Wushu Dragon & Lion Dance Federation (Third Vice-Chairman) Tan Tock Seng Hospital Community Charity Fund (Board of Trustees) Wu's Tai Chi Chuan Academy (Governor – Singapore & Malaysia) Youth Business Singapore (Board of Trustees)	Singapore Shuttle Bus (Pte) Ltd (Liquidated) Government Parliamentary Committee on Transport (Member of Resource Panel) Singapore Totalisator Board (Member of Sports Sub-Committee)

## Halimah Yacob age 56 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>LLB (Hons), University of Singapore</li> <li>Master of Laws, National University of Singapore</li> </ul>		<b>Date first appointed</b> 08.10.2007 <b>Date last re-elected</b> 16.07.2010 <b>Date resigned</b> 21.05.2011
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	<b>Others</b> National University of Singapore (Board of Trustees) MENDAKI Holdings Pte Ltd (Board Member) Temasek Cares CGL Limited (Board Member)	Economic Development Board (Board Member) Housing & Development Board (Board Member)

## Ho Kim Wai age 56 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>Bachelor of Science (Mechanical Engineering), 1st Class Hons, Imperial College London</li> <li>Master of Finance, RMIT University, Australia</li> <li>Doctor of Philosophy in Finance, Nanyang Technological University, Singapore</li> <li>Fellow of the Institute of Chartered Accountants in England and Wales</li> <li>Fellow of the Institute of Certified Public Accountants of Singapore</li> </ul>		<b>Date first appointed</b> 23.07.2008 <b>Date last re-elected</b> 23.07.2009
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd		Nil

## Lee Seow Hiang age 41 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>Bachelor of Arts (Hons), University of Cambridge, UK</li> <li>Master of Business Administration, Massachusetts Institute of Technology, USA</li> </ul>		<b>Date first appointed</b> 19.01.2011
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Buses Ltd SMRT Road Holdings Ltd	<b>Others</b> Agency for Integrated Care Pte Ltd Changi Airports International Pte Ltd (Deputy Chairman)	Civil Service College (Member) Singapore Changi Airport Enterprise Pte Ltd (Deputy Chairman) Singapore Technologies Aerospace Ltd (Alternate Director)

# CORPORATE GOVERNANCE

## PARTICULARS OF DIRECTORS

### Paul Ma Kah Woh age 63 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>Fellow of the Institute of Chartered Accountants in England and Wales</li> <li>Member of the Institute of Certified Public Accountants of Singapore</li> </ul>		<b>Date first appointed</b> 15.07.2005 <b>Date last re-elected</b> 16.07.2010
Present directorships <small>(As at 31 March 2011)</small>		Past directorships over the preceding three years <small>(from 31 March 2008 to 31 March 2011)</small>
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	<b>Others</b> CapitaLand China Development Fund Pte Ltd CapitaLand China Development Fund II Limited Hwa Hong Corporation Limited Keppel Infrastructure Fund Management Pte Ltd Mapletree Investments Pte Ltd Mapletree Logistics Trust Management Ltd National University of Singapore <i>(Board of Trustees)</i> Nucleus Connect Pte Ltd	Ascott Residence Trust Management Limited Bata Emerging Markets Limited Tenet Insurance Company Ltd

### Ong Ye Kung age 41 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li><b>Bachelor of Science (Economics)</b> 1st Class Hons, University of London, London School of Economics and Political Science</li> <li><b>Master of Business Administration,</b> Institute of Management Development, Lausanne, Switzerland</li> </ul>		<b>Date first appointed</b> 01.08.2006 <b>Date last re-elected</b> 23.07.2009
Present directorships <small>(As at 31 March 2011)</small>		Past directorships over the preceding three years <small>(from 31 March 2008 to 31 March 2011)</small>
<b>SMRT Group</b> SMRT Corporation Ltd	<b>Others</b> Chinese Development Assistance Council (CDAC) <i>(Member)</i> Employment and Employability Institute Pte Ltd (e2i) <i>(Chairman)</i> JTC Corporation <i>(Member)</i> National Transport Workers' Union (NTWU) <i>(Council Member)</i> Ngee Ann Polytechnic Council <i>(Member)</i> Northlight School <i>(Member of Board of Governors)</i> NTUC Investment Co-operative Ltd <i>(Member)</i> NTUC LearningHub Pte Ltd <i>(Member)</i> Singapore LSE Trust <i>(Trustee)</i> Singapore Manual & Mercantile Workers' Union (SMMWU) <i>(Council Member)</i> Workers' Upgrading & Employment Committee of Chinese Development Assistance Council (CDAC) <i>(Chairman)</i>	Ascendas Pte Ltd Institute of Management Consultants Singapore <i>(Member of Panel of Advisors)</i> Institute of Systems Science <i>(Board Member)</i> Quality Service Advisory Council <i>(Member)</i> Singapore Workforce Development Agency <i>(Board Member/Chief Executive)</i> SPRING Singapore <i>(Member)</i> UniSIM <i>(Board of Trustees)</i>



## Bob Tan Beng Hai age 59 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>Fellow of the Institute of Chartered Accountants in England and Wales</li> </ul>		<b>Date first appointed</b> 01.08.2006 <b>Date last re-elected</b> 23.07.2009
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	<b>Others</b> Asia Pacific Breweries Limited Institute of Technical Education (Chairman) Jurong Engineering Limited (Chairman) NTUC Club Management Council (Council Member) Ong Teng Cheong Labour Leadership Institute (Board Member) SBF Holdings Pte Ltd Singapore Business Federation (Honorary Treasurer) SINGEX Exhibitions Pte Ltd (Chairman) SINGEX Exhibition Ventures Pte Ltd (Chairman) SINGEX Venues Pte Ltd (Chairman) Singapore Golf Association (President) Singapore LNG Corporation Pte Ltd (Chairman) Singapore National Employers Federation (Vice President)	ITE Holding Pte Ltd (Chairman) PowerSeraya Limited Toppan Leefung Pte Ltd

## Tan Ek Kia age 63 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>Bachelor of Science, Mechanical Engineering, 1st Class Hons, Nottingham University, United Kingdom</li> <li>Fellow of Institute of Engineers, Malaysia</li> <li>Chartered Engineer, United Kingdom Engineering Council</li> </ul>		<b>Date first appointed</b> 24.07.2009 <b>Date last re-elected</b> 16.07.2010
<b>Present directorships</b> (As at 31 March 2011)		<b>Past directorships over the preceding three years</b> (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	<b>Others</b> City Gas Pte Ltd (Chairman) City Spring Infrastructure Management Pte Ltd Dialog Systems (Asia) Pte Ltd Keppel Corporation Limited Keppel Offshore & Marine Ltd PT Chandra Asli Petrochemical Tbk (VP Commissioner)	InterGlobal Offshore Pte Ltd Orchard Energy Pte Ltd PowerSeraya Limited

# CORPORATE GOVERNANCE

## PARTICULARS OF DIRECTORS

### Peter Tan Boon Heng age 62 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li><b>Master of Business Administration,</b> Golden Gate University, San Francisco, USA</li> <li><b>Diploma in Management Studies (Distinction),</b> University of Chicago</li> </ul>		<b>Date first appointed</b> 12.02.2010  <b>Date last re-elected</b> 16.07.2010
<b>Present directorships</b> <i>(As at 31 March 2011)</i>		<b>Past directorships over the preceding three years</b> <i>(from 31 March 2008 to 31 March 2011)</i>
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	<b>Others</b> Dialog Semiconductor PLC GISIL Devices Pte Ltd Innotek Limited JP Asia Capital Pte Ltd JP Asia Capital Partners Pte Ltd MIR Investment Management Ltd <i>(Advisor)</i> National Research Foundation – Competitive Research Program <i>(International Evaluation Panel Member)</i> National University of Singapore – B. Tech Program <i>(Advisor)</i> Petitecellar Dot Com (Private) Limited PolyTechnos European Growth Fund 1 <i>(Advisor)</i> SolarEdge Technologies, Inc (Israel) <i>(Advisor)</i> Vacuumschmelze (VAC) Luxembourg S.a.r.l. Varioptic SA Zhenghua Secondary School <i>(School Advisory Committee Member)</i>	Flextronics Aichi K.K. Flextronics China Holding (Singapore) Pte Ltd Flextronics Distribution Centre (Singapore) Pte Ltd Flextronics Holding (Singapore) Pte Ltd Flextronics Industrial (Malaysia) Sdn Bhd Flextronics International Marketing (L) Ltd Flextronics International Singapore Pte Ltd Flextronics Investments (Singapore) Pte Ltd Flextronics Manufacturing (M) Sdn Bhd Flextronics Sales & Marketing North Asia (L) Ltd Flextronics Technology (Singapore) Pte Ltd Palo Alto Sales Group (L) Ltd Republic Polytechnic (Singapore) <i>(Board of Governors)</i>

**Yeo Wee Kiong** age 55 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> <li>• <b>Degree in Mechanical Engineering</b> (1st Class Hons), University of Singapore</li> <li>• <b>Master of Business Management</b>, National University of Singapore</li> <li>• <b>LLB (Hons) (external degree)</b>, University of London</li> </ul>		<b>Date first appointed</b> 01.09.2010
Present directorships (As at 31 March 2011)		Past directorships over the preceding three years (from 31 March 2008 to 31 March 2011)
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	<b>Others</b> Bonvests Holdings Limited Drew & Napier LLC Esmart Holdings Limited Ezyhealth Holdings Pte Ltd Integrated Health Plans Pte Ltd Kian Ho Bearings Ltd Phillip Ventures Enterprise Fund 2 Ltd Raffles Fund 1 Limited Raffles Venture (Direct) Pte Limited Singapore Institute of Directors <i>(Council Member)</i> Yeo Wee Kiong Law Corporation <i>(in dissolution)</i>	Keppel Corporation Limited <i>(Board Member)</i> Ascendas Pte Ltd <i>(Board Member)</i>

# SMRT AND OUR SHAREHOLDERS

In FY2011, SMRT remained committed to improving profitability and growing shareholder value and returns to our investors. As such, in our communications with our shareholders, analysts, fund managers, media and rest of investment community, we adopt a proactive approach by providing clear, regular and timely communication. At the same time, we strive to foster long-term relationships with the investment community while upholding high corporate transparency standards.

## COMMITMENT TO ENHANCING SHAREHOLDER VALUE SHARE PRICE PERFORMANCE

SMRT continued to improve our shareholder returns in the year. As at 31 March 2011, the market capitalisation of SMRT was approximately \$3 billion, based on the closing share price of \$1.89. The highest closing price in the year was \$2.33 on 6 July 2010, the average closing price was \$2.08 while the lowest closing price in the year was \$1.87 on 15 March 2011.

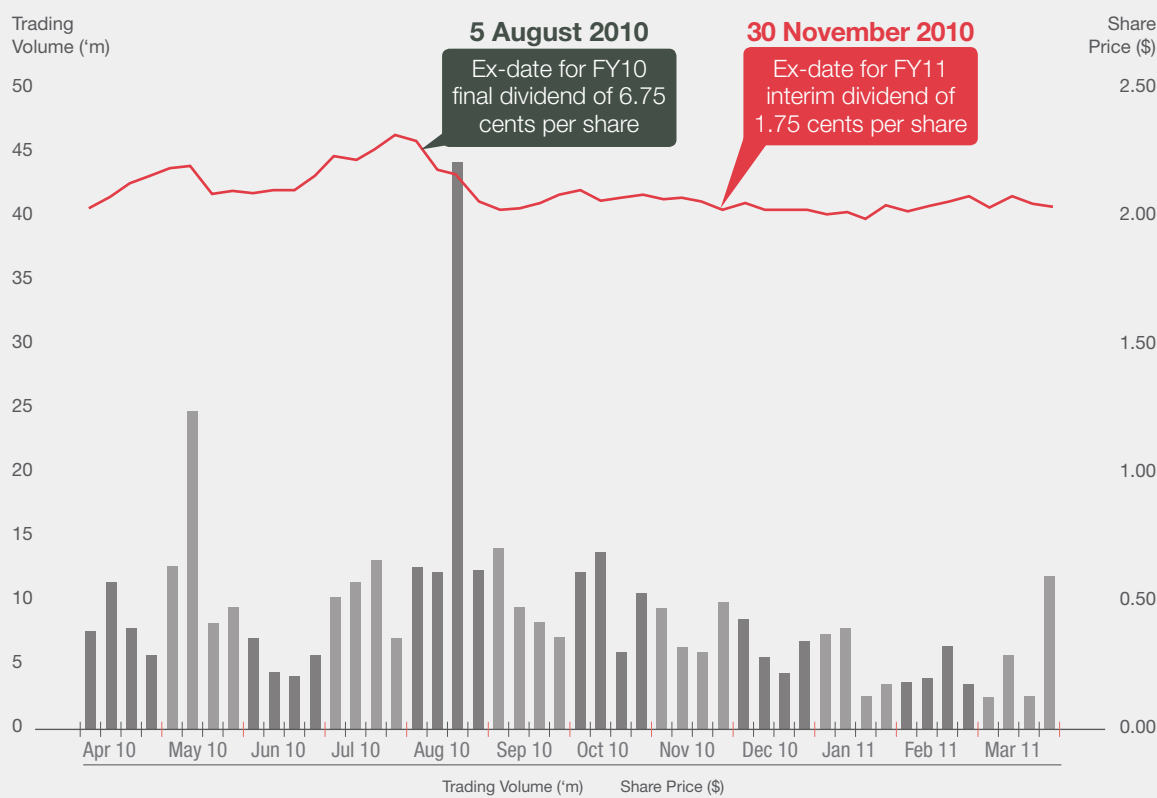
The graph shows SMRT's average weekly closing price and trading volume in FY2011.

### SMRT'S DIVIDEND POLICY

We will endeavour to maintain or increase dividend payout each year in terms of cents per share, targeting a minimum payout ratio of 60% of PATMI per year for the interim and final ordinary dividend. In any particular year, we may also propose a special dividend to provide investors with greater returns and yield.

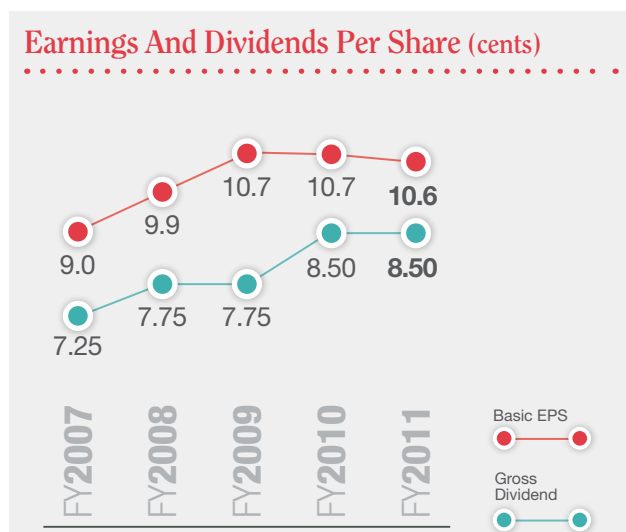
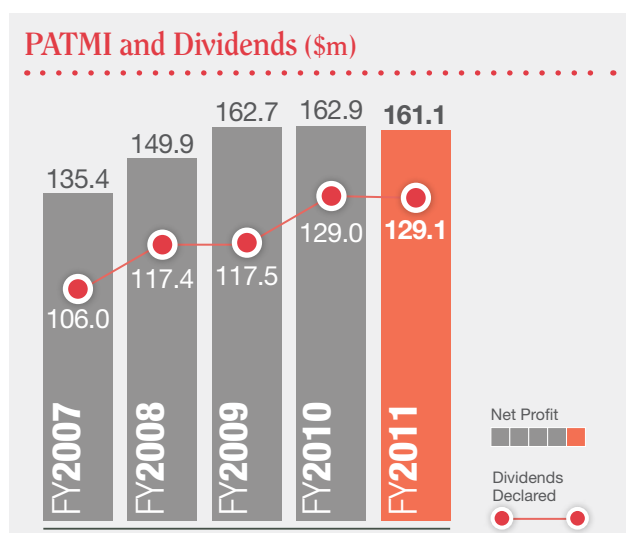
The dividend policy takes into account our long term objective of maximising shareholder value, the availability of cash and retained earnings, our expected financial performance and projected capital expenditure and other investment plans.

### SMRT's Average Weekly Closing Price and Trading Volume in FY2011



## CONSISTENT AND INCREASING DIVIDEND PAYOUTS

In line with SMRT's dividend policy, we continued to reward our shareholders with good dividends. In FY2011, the group proposed a final dividend of 6.75 cents per share, tax exempt one-tier. If approved at the 12th Annual General Meeting (AGM) on 8 July 2011, this will bring the total dividend for FY2011 to 8.5 cents per share, equal to a dividend payout of 80.1% of PATMI. Since FY2007, SMRT's dividend payouts have been at least 60% of total PATMI. The two charts below explain how steady increases in earnings led to corresponding increases in the dividends over the past five years.



## ACHIEVING TOTAL RETURNS

For FY2011, the total shareholder return declined to a negative 3.3% from a positive 38.2% last year. Though 4.1% dividend yield was achieved, capital gains declined 7.35%. Over a five-year period, SMRT's compounded annual return was 16.2%.

## DIVERSE SHAREHOLDER BASE

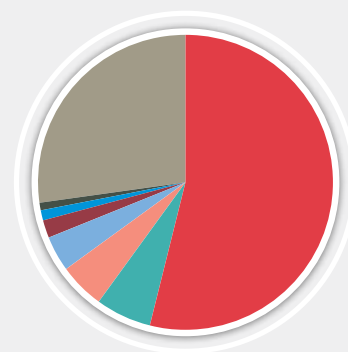
As set forth in the Shareholding Statistics section in this annual report, there are 52,084 registered shareholders in SMRT's shareholding as at 16 May 2011. The actual number of investors is likely to be greater due to shares being held through nominees, investment funds and other share schemes.

To better understand our shareholders' profile, SMRT commissioned an analysis of our share register in FY2011 and the report identified about 200 institutional investors from major global financial markets.

Based on the share analysis, Temasek Holdings was the largest shareholder with a 54.3% ownership interest as at 15 December 2010. Out of the Group's free float of 45%, about 15% of our shareholding was held by institutional investors. The top three geographic regions where our investors are based are: Singapore, UK and North America. The diversification in our shareholdings improves liquidity and helps ensure our shares are valued fairly by reference to market conditions and our operating performance.

## Shareholders By Region

- 54% Temasek Holdings
- 6% UK
- 5% North America
- 4% Singapore excluding Temasek Holdings
- 2% Asia
- 1% Australia
- 1% Europe excluding UK
- 27% Unanalysed



Approximate figures based on share register analysis as at 15 December 2010.

# SMRT AND OUR SHAREHOLDERS

## PROACTIVE COMMUNICATIONS WITH SHAREHOLDERS

The Group's Investor Relations (IR) team, led by the Executive Vice President & Chief Financial Officer with the active involvement from the President & CEO, continued to proactively engage the investment community throughout the year.

In the year, we continue to see strong interest from the investors on the updates and outlook of SMRT. The team conducted over 55 meetings to give investors a clearer insight to our business units, the growth drivers, and our strategies in leveraging opportunities and overcoming challenges. We also participated in three investor conferences, organized by various brokerage institutions in Singapore to reach out to more institutional investors.

SMRT is well covered by 18 sell-side analysts. We believe it is important to allow analysts to not only have access to transparent financial information but also gain insights into the operations.

It is important to reach out to our large retail investor base. Our AGM has always been held at a central location and at our last AGM, it was also well attended by more than 400 shareholders. This was also the sixth year in which we sponsored the Securities Investors Association (Singapore) (SIAS) investor outreach programmes. We collaborated with SIAS to extend a one-year SIAS associate membership to SMRT shareholders and this programme has been running for four years due to its overwhelming response.

During the year, we continued to communicate with shareholders in a timely manner and provide comprehensive information disclosure. Since 2005, we have been reporting quarterly results announcements within one month of the quarter close and audited full-year results within one month of year-end. Live webcasts of second quarter and full-year results briefings, and teleconferences for first and third quarters were also organized so as to reach out to more investors. In all these forums, analysts and media were both invited so that all information can be disseminated on an equal basis. We also leveraged on mediums such as websites, emails and annual reports to disseminate information on a regular basis to all our shareholders.

Apart from quarterly financial results announcements, Senior Management and our IR team also provided regular business updates.

## ACHIEVEMENTS AND ACCOLADES

SMRT was again recognised for our proactive investor relations and high corporate transparency standards in FY2011. We have been ranked number two in the three issues of the Governance and Transparency Index, co-published by the Business Times, and NUS Corporate Governance and Financial Reporting Centre. This index focuses on the transparency of financial information, governance, ethics and rigor in financial reporting.

At the Investors' Choice Award presentation organised by SIAS in 2010, SMRT was presented with the merit award in the Singapore Corporate Governance Award.

## INVESTOR RELATIONS AND FINANCIAL CALENDAR FOR FY2011

### Q1 2011

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<b>April 30</b>	Webcast of Analyst and Media Briefing on FY2010 results
<b>May 10</b>	Participation in Deutsche Bank Access Asia Conference
<b>May 13</b>	Participation in CLSA Corporate Access Forum
<b>June 22</b>	Release of Annual Report FY2010

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### Q2 2011

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<b>July 16</b>	Eleventh Annual General Meeting
<b>July 26 – 27</b>	Books Closure Dates for FY2010 Final Dividend
<b>July 30</b>	Teleconference on 1Q FY2011 Results
<b>August 5</b>	Payment of FY2010 Final Dividend

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### Q3 2011

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<b>October 29</b>	Webcast on 2Q FY2011 Results
<b>November 18 – 19</b>	Books Closure Dates for FY2011 Interim Dividend
<b>November 30</b>	Payment of FY2011 Interim Dividend

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### Q4 2011

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<b>January 28</b>	Teleconference on 3Q FY2011 Results
<b>February 10</b>	Annual New Year Lunch with Analysts
<b>March 10</b>	Participation in Citibank ASEAN Mini Conference

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For updates to the IR calendar, please refer to the IR website at <http://www.smrt.com.sg/investors/investors.asp>.

# CORPORATE SOCIAL RESPONSIBILITY

## WORLD-CLASS WORKFORCE

At SMRT, our corporate social responsibility (CSR) starts with our people, who are our most valuable asset. Each year, we invest about 6.5% of employee payroll in technical and non-technical, management and soft skill learning and development (L&D) activities. On average, each employee is provided with five learning places and undergoes 74 learning hours annually, which is above the industry average of four learning places and 40 learning hours. This clearly reflects the crucial importance of learning at SMRT.

Our human resource efforts have been recognised. In FY2011, at the Human Resource Management Awards 2010, SMRT emerged as one of the two top winners with three major awards for Best HR Team, Best HR Manager and Outstanding Contribution to HR. At the Singapore HR Awards 2010, we won the Leading HR Practices Award in the Learning and Human Capital Development, and E-Human Resource Management categories. We also received special mention in the Corporate Social Responsibility category.

Our people have also done us proud, with an ever-increasing number winning the National Excellent Service Award (EXSA) supported by SPRING Singapore. In 2010, 1,046 SMRT staff received the award. Of these, 35 were Star Award winners.

## BUILDING A SKILLED TALENT PIPELINE

Beyond developing our own people, SMRT is playing an instrumental role in grooming the next generation of talent for the industry through our collaborations with the Institute of Technical Education (ITE) and the Workforce Development Agency (WDA). These partnerships were formalised at the launch of SMRT Institute in November 2009.

Our ITE collaboration saw the development of the National ITE Certificate (Nitec) in Rapid Transit Technology (RTT). As Southeast Asia's first certified training programme jointly developed by a public transport company and an educational institution, the course will professionalise the rapidly growing rail industry by providing students with a robust foundation in rail engineering, and placing them at the forefront of RTT.

The strategic intent of the programme is to start building a continuous training and education pathway for post-secondary entrants and incumbent employees. In future, this pathway will extend to diploma and degree programmes as well.

The response to the Nitec RTT was overwhelming. When applications opened, 1,246 people applied for it, almost 15 times more than the number of vacancies available. The better-than-expected interest in the inaugural course underscores the strong demand for such knowledge. The first batch of 80 Nitec RTT students was enrolled in December 2010. The two-year course began in January 2011 at the newly opened ITE College West in Choa Chu Kang.

Meanwhile, SMRT is working with WDA to develop the Workforce Skills Qualifications (WSQ) Rapid Transit System and Bus Framework. Once developed, it will be used to upgrade the skills of the existing railway and bus workforce as well as attract new entrants, ultimately leading to a more competitive and productive workforce.

To facilitate our WSQ journey, SMRT Institute was accredited as an In-House Approved Training Provider in December 2010. It has aligned and accredited its Train-The-Trainer programme to the WSQ Advanced Certificate in Training and Assessment.

For our own people, under the Training Resource Alignment and capabilities enhancement (T.R.A.I.N.) plan, our technical programmes have been aligned to ITE's Nitec programme and the WDA's WSQ standards. T.R.A.I.N. ensures that our people are equipped with the necessary skills and meet these stringent national standards.

## ENSURING COMPETENCY

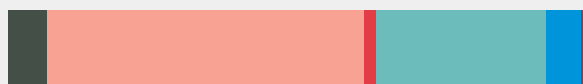
Annually, SMRT conducts a strategic learning needs analysis (LNA). This process ensures a more strategic alignment of learning programmes to the needs of our business and the developmental needs of each staff member.



Yusof Bin Ibrahim, Assistant Engineer, one of three Learning through Educational Advancement (L.E.A.P.) FY2011 recipients was awarded sponsorship for his Bachelor of Technology (Industrial & Management Engineering) degree course at the National University of Singapore.

# CORPORATE SOCIAL RESPONSIBILITY

## Headcount by Business Unit



6% Corporate Services    30% Buses  
 55% Trains    6% Automotive Services  
 2% Taxis    0% Others

## Staff Profile by Completed Years of Service



11% < 1 year    10% 5 - 9.99 years  
 18% 1 - 2.99 years    17% 10 - 14.99 years  
 6% 3 - 4.99 years    37% > 15 years

## Staff Profile by Age Group



16% ≤ 30 years    36% 41 - 50 years  
 22% 31 - 40 years    27% ≥ 51 years

## Staff Profile by Qualification



9% Professional/Degree & above    14% GCE  
 16% Diploma    62% Others

Since operational reliability is a critical aspect of SMRT's continued success, our technical specialists are also well trained. This specialist track aims to provide our technical staff with career progression options, allowing them a choice between broadening their management skills and deepening their technical expertise.

In addition, the Learning through Educational Advancement Programme (L.E.A.P.) provides deserving employees with opportunities to upgrade their educational qualifications by sponsoring various certification programmes. Since its launch in July 2009, 13 employees from across SMRT have received the LEAP award following a thorough evaluation process.

### HARNESSING TECHNOLOGY

SMRT is harnessing e-learning technologies to enhance the effectiveness of training and assessment delivery. One key initiative that has benefitted from the use of learning technologies is our revamped orientation programme, O2 (Orientation and Onboarding). O2's systematic and engaging approach seeks to accelerate the new hire's journey to competency and productivity.

Beyond equipping our people with technical and work skills, we employ various simulator systems to educate and assess our people, and refresh their skills in dealing quickly, safely and effectively with various emergencies.

In April 2011, we invested in the \$2 million Railway Task Trainer, a cutting-edge virtual reality training system, which is the first of its kind for Singapore's rail industry. Offering the latest in graphic design, trainees will benefit from the experience of realistic, simulated scenarios, which will significantly enhance their learning experience.

### STRENGTHENING LEARNING CULTURE

In line with our commitment to lifelong learning, SMRT held its annual Learning Festival on 2 and 3 September 2010 in various locations. The two-day event focused on innovation and included workshops, with speakers presenting on topics like problem solving, creative thinking and service innovation.

### DEVELOPING LEADERS

SMRT adopts a proactive and deliberate approach to attract, develop and retain people with the right aptitude and abilities to meet current and future organisational needs. SMRT's Leadership and Talent Management Framework is aligned to SMRT's current and future business goals to build leadership strength and bring out the best in our people.

High performing employees undergo a customised talent and leadership development programme, collectively referred to as SMRT's DNA - Devel@p, Nurture and A.C.E (Acumen, Competence, (Cutting) Edge).



Devel@p is our Management Trainee programme, launched in June 2008. In FY2011, the third batch of 14 management trainees was recruited through various tertiary institutions' career fairs and other networking sessions, and in partnership with Contact Singapore. In July 2010, the trainees commenced with a week-long customised induction programme, followed by an intensive 18-month accelerated programme which prepares them for management executive positions.

Our Nurture programmes continue to prepare members of SMRT's Young Talent Pool and Executive Development Pool for higher leadership positions. Besides developmental training programmes to enhance their financial and communication skills, selected members participated in leadership developmental programmes such as Young Leaders!2010, Leaders!2010 and Global Leaders!2010, as well as team building programmes.

For senior management, Executive Coaching was put in place for corporate management as part of their leadership development programme. The Business Coaching Programme, under the A.C.E or Executive Development part of our training and development approach, was launched in August 2009. Designed to prepare future Vice-Presidents of business units for their roles, it provides a platform for the President to share her insights and knowledge with those being groomed for leadership roles.

## BUILDING BRIDGES

SMRT continued to participate in career fairs at Singapore's tertiary institutions and various partner agencies. Our goal is to source for candidates of suitable experience and qualifications. These collaborations form

an essential part of our resourcing strategies and are central in ensuring the Group's success.

We also strengthened our working relationships with the National Transport Workers' Union and the SMRT Union Branches through our Partnership-Alignment-Capability Development-Engagement (PACE) labour-management framework. Our Shared Labour Management Relations Vision and Practice (SLMRVP) with the union provide us with a code of conduct for industrial relations. Both the PACE framework and SLMRVP have been effective since FY2008.

We continued to actively engage and promote mutual understanding between management and staff through various platforms. We organised special events and activities such as Lunar New Year Walkabout and My SMRT Fit & Fun. At My SMRT Party held on 14 December 2010, some 790 employees were presented with long service awards.

## THE NEXT STEP

SMRT is building on our robust L&D foundation to become Asia's definitive centre of training excellence for the rail industry. This guarantees a ready pool of technical professionals for both our organisation and Singapore. For SMRT, this means that we will have the people needed to continue delivering on our promise of a safe, reliable and friendly travel experience for all who live, work and play in the Lion City. For Singapore, it takes our nation one step closer to becoming Asia's education and learning hub.



In planning Learning Festival 2010, the 2010 Management Trainees had the opportunity to hone their organisational and interpersonal skills.



The lion dance troupe brought festive cheer to staff at SMRT Headquarters during the 2011 Lunar New Year walkabout and strengthened bonds between staff and senior management.

# CORPORATE SOCIAL RESPONSIBILITY

## TECHNOLOGICAL LEVERAGE

SMRT leverages cutting-edge technology to formulate innovative solutions that save costs, boost productivity, improve customer service and satisfaction, and generate revenue. We use a variety of technological tools, including the internet, data warehousing, radio frequency identification (RFID), to pave the way for operational and service excellence.

In FY2011, our innovations garnered us awards and accolades. In July 2010, SMRT was presented with the E-Human Resource Management Award from the Singapore Human Resources Institute. Also in July, SMRT was a 2010 MIS Asia Best Bottom Line IT Excellence Award Finalist for our innovative use of RFID technology in warehouse management. We were one of the top six finalists out of 100 companies.

## ONLINE AVENUE

During the Great Singapore Sale (GSS), our Commercial and Taxi business units jointly launched a promotional campaign where customers who booked SMRT Taxis or shopped at SMRT Xchanges stood to win prizes through various lucky draws.

To facilitate the promotion, our IT Department (ITD) created a campaign website ([www.gsswithsmrt.com](http://www.gsswithsmrt.com)) and the information system that powered the various draws. For the first time, the GSS website included an online scratch-and-win functionality. The information gathered from the website was captured in a central database, which is now used for a host of purposes such as profile analysis and trend studies.

When we launched the third "Go Green with SMRT"

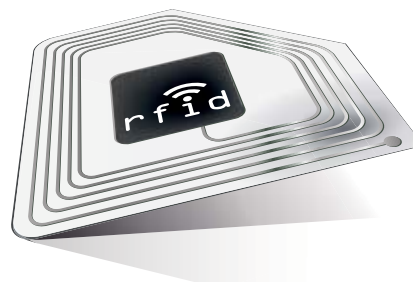


ITD created a website for the Great Singapore Sale joint campaign between Commercial and Taxis.

## MIS Asia Best Bottom Line IT Excellence Award

AMONG TOP 6

award finalists out of 100 companies for innovative use of RFID technology in warehouse management.



public transport education campaign on 5 June 2010, the GoGreenWithSMRT.com website was revamped and refreshed.

At the start of the campaign, the public could download a special "I'm Going Green with SMRT" badge from the website, print and wear it. In July, we launched our first in-house created online game, SMRT SmogBuster, to attract the young and internet savvy. Commuters who played the game increased their chances of winning prizes in the campaign's lucky draws.

Beyond the campaign period, the website allows commuters to pledge to add public transport into their travel mix, and tell their friends about it. As with the GSS, the data gathered from the campaign website is used to carry out profile analysis and trend studies.

SMRT is leveraging cutting-edge technology to provide better service to our mall tenants. Prospective tenants can bid for available shop spaces by browsing through the Shop Space Leasing site on the SMRT corporate website. In FY2011, this website was enhanced and prospective tenants can now check out the shop spaces available for lease online as well as download a copy of the tender document for free from the website. The download option supports SMRT's green policy since it eliminates the need to print tender documents. Previously, tender documents for shop leases printed each year amounted to nearly 72,000 pieces of A4 paper. The download option also frees our staff, who used to spend an average of 16.67 man-hours each month or 199.2 man-hours each year handling the sales of the documents.

## PROVIDING ACCESS

In FY2011, ITD continued to integrate the Office Automation (OA) network services with the rail operations of the Circle Line (CCL). CCL Stage 1 and 2 began revenue

operations on 17 April 2010, following the 2009 opening of CCL Stage 3. The OA Network Services is seamlessly integrated to rail operations so that our planning and maintenance staff can work on providing reliable and timely journeys for our commuters.

To provide CCL staff in Kim Chuan Depot (KCD) with access to the OA automation systems, ITD successfully and expeditiously built a data communication network for CCL1 and 2, linking it to the existing network despite a tight timeline. Like all SMRT staff, CCL staff at KCD now have access to all the standard corporate and business applications and services.

Since the OA network for CCL1/CCL2 stations is built on an existing in-house system rather than that of a public communications service, SMRT saves about \$20,000 each month in recurring costs.

## **BUSINESS INTELLIGENCE**

Another major IT initiative was the launch of the Data Warehouse (DW) in August 2010. SMRT set up DW because the number of Symphony for ePayment (SeP) transaction records handled daily had skyrocketed to between two and four million. The strong growth stemmed from Singapore's growing population and the increasing popularity of public transportation. In addition, constraints on the operational database storage limited the amount of reporting and detailed analysis possible.

DW has significantly improved the time taken to perform business intelligence analytics, including ad-hoc queries and analysis, as well as produce static and complex reports. For instance, management now receives their reports by up to 80% faster, or 15 minutes per analysis versus two hours previously. This translates to an annual productivity savings of 10,788 hours for transport planning.

DW also provides a 360° view of ridership, giving a clear, consistent and timely analysis of ridership. Using DW, we can dive down to the details to understand ridership trends and behaviour.

At present, DW is used mainly for transport planning. Given its extensive functionality, DW will serve as a launch pad for an Enterprise Data Warehouse. Other business units will then benefit from its use.

## **STORE VALUE**

After the successful implementation of the RFID-based Warehouse Management System (WMS) at the

Changi Store in December 2009, we extended the system to the Ulu Pandan Store in August 2010.

SMRT is the first public transport company in Singapore to use such technology for inventory management. Being an integrated system, the WMS allows us to track and manage more than 4,000 line items, 24 hours a day. It ensures that parts are always available for the smooth running of our multimodal business.

Operational efficiency is enhanced since store requests can be made on a just-in-time basis, and the request does not need to be filled by a store officer. The WMS has reduced the time needed for stock-taking, whittling it from months to just days. In all, the RFID WMS generated an annual productivity savings of \$35,467.

The system will be extended to Kim Chuan Depot Store in FY2012. Ultimately, the WMS will be extended to nine warehouses, and track up to 80,000 line items. It will generate \$1.3 million savings in labour cost and productivity improvement.

## **KNOWLEDGE MANAGEMENT**

In November 2009, ITD launched a web-based platform that allows business units to store and manage their documents electronically in a safe, secure and organised manner. The solution, which runs on the Microsoft Sharepoint platform, allows relevant information to be located quickly. In July 2010, we replicated this initial success for a second and final batch of users from Rail, Taxis, Finance, Legal, Safety, Security and Emergency Planning, Internal Audit, Corporate Marketing and Communications and Central Supplies.

By migrating from the Hummingbird Electronic Document Management System to Microsoft Sharepoint, we will save nearly \$2.4 million in licence fees over a period of six years.

## **DIGITAL REVOLUTION**

FY2011 saw SMRT exploring the digital media platform, with the July 2010 launch of an ambient media wall in Orchard Road. The 18m by 1.8m wall is located between Orchard station and ION Orchard. Then in November, digital multimedia screens were installed at seven MRT stations – Orchard, Somerset, Dhoby Ghaut, City Hall, Raffles Place, Tanjong Pagar and Bugis. A total of 41 screens have been deployed so far. Another 200 will be installed in FY2012.

These walls offer myriad opportunities for SMRT's advertising partners. For SMRT, leveraging digital media

# CORPORATE SOCIAL RESPONSIBILITY

creates a new revenue stream and reinforces our forward-looking and innovative ethos. This new digital platform is expected to rake in up to \$20.8 million in incremental gross revenue over a five-year period, or \$4.16 million annually.

## GOING PAPERLESS

In FY2011, SMRT added more functional options to our website. Previously, prospective vendors could participate in our open tenders via our Tenders site. However, they still had to get a hard copy of the tender document from the Central Supplies Department in Bishan. Now that the website is enhanced, vendors can browse for available tenders as well as view and download tender documents for free.

Besides facilitating our business processes and delivering greater convenience to our prospective suppliers, the enhanced website is eco-friendly. Previously, some 360,000 pieces of A4 paper were used to print the open tender documents. Productivity too has improved since staff used to spend an average of six man-days a month or three man-months a year handling the sales of the tender documents manually.

## IMPROVING BUS OPERATIONS

The Public Transport Council (PTC) sets the Bus Quality of Standards (QoS) to gauge the level of service provided by bus operators. To ensure our bus operations continue to meet and even surpass these QoS, we keep a sharp eye on our standards. This is done using real-time operational data and an e-mail notification system. Through these, our Bus Operations Team receives real-time QoS performance status updates, and responds promptly to rectify any shortfall.

In March 2011, SMRT completed the redesign and upgrade of the Bus Despatch System (BDS) network, which has been in operation since 2000. The new network infrastructure design provides the required bandwidth at the different connection points. The upgraded BDS network itself provides more efficient and stable connectivity at the various bus depots. The overall running costs have been reduced, while the network performance on the existing leased line has doubled. Over the next six years, the new system will save a total of \$274,000.

Another enhancement is the bus safety audit and enforcement programme, initiated in March 2009, to reduce accident rates and improve bus Service Leaders' (SL) driving behaviour. The programme has since been extended, and the number of audits has tripled to 300 a month.

When the programme first began, audit results were manually entered into a pre-defined Microsoft Excel spreadsheet stored in a shared network folder. Access to the spreadsheet was limited to one user at a time. This impeded the team's ability to analyse the audit results quickly, and take prompt action against errant SLs.

FY2011 saw the creation of a Web-based Safety Information and Audit System. Audit results can now be entered directly into the system. The new decentralised system has paved the way for prompt action against errant SLs, and improved customer service and safety. In all, it saves \$17,410 a year.

## FUTURE WAVE

In FY2012, SMRT will be rolling out a slew of IT initiatives to enhance customer service and operational efficiency. We will introduce mobile applications to commuters so that they can keep abreast of our services and offerings. A new IT system will also be implemented for our bus chartering business, so as to provide safety, security, and relevant transport and journey planning information to our customers.

We will leverage the telematics technology platform to improve fuel and safety driving efficiency and productivity. For instance, we will implement eco driving initiatives to reduce fuel consumption and maintenance costs as well as improve the driving skills of the SLs.

FY2012 will also see various systems being upgraded and consolidated to mitigate the risk of loss of support and do away with unused or obsolete programmes.

Meanwhile, our Accounting Consolidation and Financial Performance Management will be automated to effectively consolidate information for timely company performance monitoring and faster decision-making. We will be introducing the Bus Information Warehouse for more timely and strategic business decision-making.



The Media Hub Wall @ Orchard delights the senses by making use of motion, light changes and sounds.

## SECURING THE SYSTEM

At SMRT, safety, security and business continuity are always foremost in our mind. Our management, supported by a dedicated and experienced safety and security team, has instilled a strong safety and security culture across the entire organisation.

## GLOBAL STANDARDS

SMRT has developed a world-class safety management system, the System Safety Programme Plan (SSPP), which fulfills the criteria of two international standards – OHSAS 18001 and ISO14001. This dual certification underscores our commitment to delivering excellence in safety management. In FY2011, to ensure our safety standards remain aligned with global best practices, we underwent various OHSAS 18001 internal audits and external surveillance audits.

Our commitment to safety excellence has won us accolades at home. On 30 July 2010, SMRT won one individual and two corporate awards at the annual Workplace Safety and Health (WSH) 2010 Awards. These awards recognise companies and individuals that have achieved safety excellence or implemented good safety practices.

## DEVELOPING SAFETY AWARENESS

Under Safety and Health In Everyday Living and Devotion (SHIELD), our annual safety awareness programme inaugurated in 2008, a series of educational events are held across different business units to reinforce safe behaviour in our employees. Beginning with improving our internal Work Safety Manual course, we seek to build greater competency in our staff. Talks by industry specialists on topics ranging from noise monitoring to working at heights



The SHIELD Knight, Saw Phaik Hwa, SMRT President & CEO and Teo Wee Kiat, SMRT Safety Services Deputy Director, extinguish a fire at the launch of SHIELD 2011.

will help employees gain deeper insight into issues, taking them beyond pure compliance to appreciating safety guidelines. In addition, these sessions enable cross-cultural learning and sharing of best practices.

In FY2012, we will be enhancing SHIELD to ensure that the SMRT safety culture remains entrenched throughout the organisation, permeating all the way to our frontline staff. While we have been benchmarking ourselves against global best practices, our next step is to be the benchmark for safety standards in transportation.

In addition, we will introduce safety wardens, safety captains and safety observers. This organisation-wide initiative will ensure that our frontline staff actively maintains and promotes safety in their daily activities.

We are currently in the final stages of implementing the Contractor Safety Management System (CSMS). This holistic approach enables contractors to understand our expectations and ensure they share our attitude and approach to safety. A component of our CSMS, the contractor safety course, has also been enhanced. The Circle Line and Bukit Panjang Light Rail Transit (BPLRT) Contractor Safety Courses were reviewed and have been redesigned to cover more safety aspects of working with driverless systems.

## STAYING PREPARED

Our emergency response procedures and systems are constantly and rigorously tested, both internally and in collaboration with external agencies and partners.

On 29 November 2010, we carried out a Bus Incident Management Plan (BIMP) Table-Top Exercise (TTX). The scenario involved a bombing incident at the Choa Chu Kang Bus Interchange during the evening peak hours. The exercise, which involved 40 staff members, aimed to improve the operational readiness of the BIMP crisis management team, and identify the operational gaps in managing the consequences of a terrorist attack. From the lessons learnt, the BIMP Emergency Response Plan and standard operating procedures were revised and updated.

## EXTENDING THE PERIMETER

Across the organisation, we have implemented a comprehensive range of security initiatives that extend our security perimeter and safeguard our network as well as the people who work and use it.

Among them is Red Teaming (RT), which is a simulation exercise that highlights the gaps and weaknesses in our

# CORPORATE SOCIAL RESPONSIBILITY

system. It is used to audit the performance of both frontline staff and security guards. Lessons learnt are then shared with all security staff and incorporated to reinforce our anti-terror efforts. In FY2011, 20 RT exercises involving 40 staff as aggressors were carried out.

Our staff also undergo the Threat Mitigation Training (TMT) programme, which highlights the nature of terrorist threats, as well as notable terrorist incidents and the inherently vulnerable nature of the public transportation system. The principle, "All suspicion must be refuted, else they remain a threat to the system", is drilled into their minds. Other topics include Situational Assessment and Aggressor's Method of Operation, Security Questioning, Principle and Techniques to Lie Detection, and Fraudulent Document Check. FY2011 saw Security & Emergency Planning (SEP) conducting TMT for new CCL staff as well as bus operations staff. Eighty staff underwent TMT in the year in review.

Counter Surveillance Training (CST) is another programme that our employees undergo. Staff are trained to thwart terrorists' surveillance and targeting attempts. In June 2010, 50 new CCL staff underwent CST.

In FY2012, frontline staff will gain a better understanding and greater awareness of chemical, biological, radiological and explosive threats through a series of training and learning initiatives.

SMRT keeps close tabs on the performance of our security officers. Our Transit Security Officers are audited in-house by SEP as well as externally by the Land Transport Authority. Based on these audits, their performance continued to improve in FY2011, and the number of compliments also rose. We also conduct weekly checks on our security officers at our premises.

In addition, we are beefing up security in and around our depots. Following the train graffiti incident in Changi Depot in May 2010, SMRT's Board approved a \$6 million budget to shore up security at our train and bus depots, and bus interchanges.

Under the Security Improvement Plan (SIP), the fences are being upgraded to BRC welded-mesh type (BRC is a leading steel reinforcement solutions provider), while additional security solar-powered lighting, Fence Intrusion Detection Systems (FIDS) and CCTV surveillance systems are being installed. The tenders for the project have been awarded. Work began in April 2011 and will be completed in the second half of 2011. The SIP will then undergo an external audit to test its validity and effectiveness.

.....  
**Counter Surveillance Training (CST) was introduced.**

**50**

**NEW CCL staff underwent CST to thwart terrorists' surveillance and targeting attempts.**

.....



The Access Control Management System (ACMS) project, which began in July 2008, will reinforce the security of our network. Phases 1 and 2 were completed in March 2009 and January 2010 respectively. Phase 3 will begin operations once the SIP and the audit are completed.

Meanwhile, our SEP Department is working to inculcate a strong security culture amongst staff at all SMRT train maintenance depots. At the inaugural meeting in August 2010, Branch Managers and Safety Services Department (SSD) representatives were briefed on the Changi Depot security incident and the importance of security at each depot.

## CLOSE COLLABORATION

SMRT is fully committed to close cooperation and collaboration with the relevant agencies and authorities. In line with this, we continue to fully support and participate in anti-terrorism exercises organised by the Singapore Armed Forces and the Singapore Police Force. These exercises take place throughout the year, mostly at our train depots. In FY2011, three exercises were carried out.

We also believe in helping the community gear up for emergencies. Through the SMRT Community Engagement Programme (SCEP), greater security awareness and vigilance is promoted among members of the public. Since 2006 when the programme was launched, 14,000 participants have undergone SCEP training. In FY2012, SMRT will extend the SCEP outreach to include schools and Nanyang Polytechnic.

The Citizens on Train Patrol (COTP) programme is another community engagement initiative. Organised in collaboration with the South West Community Development Council, COTP seeks to raise public vigilance of infrastructure within the neighbourhood, and promote greater awareness

of safety and security on MRT trains and in the stations. In FY2011, junior college and secondary school students participated in the programme.

### **ENSURING BUSINESS CONTINUITY**

As a public transport operator, SMRT recognises the crucial role our system plays in supporting and sustaining Singapore's economy. We have installed a robust and rigorous Business Continuity Management (BCM) system, which ensures we remain resilient and are well prepared for any incident or emergency. Our BCM strategy establishes processes that enable us to respond, recover and resume critical business functions.

Between November 2009 and May 2010, we underwent and completed an intensive programme to obtain BCM certification in both the British (BS25999) and Singapore (SS540) standards. We reinforced the resilience of our operational processes against potential threats, while developing and sustaining a proactive business continuity culture among our staff through training. To create a ready and qualified pool of in-house practitioners, 22 staff were sent for BCM courses at the Business Continuity Management Institute.

Between 4 and 6 May 2010, SMRT's BCM process underwent a gruelling and rigorous audit by BSI Group. Following the audit, we became the first public transport operator in the world to have dual BCM certification.

In future, we will give preference to suppliers and vendors with BCM strategies over those who do not when evaluating commercial tenders. This is in line with the government's call for private businesses to engage in BCM activities.

### **ECO CHAMPION**

We take our responsibility as a corporate eco champion seriously. We actively look out for greener alternatives in everything we do, and offer our public transportation network as a greener option for commuters.

Our eco efforts have won us various accolades. On 7 May 2010, SMRT was certified as a Friend of Water by PUB for our success in reducing water usage, whilst raising water conservation awareness among our staff. Our three gardens at Bishan Depot also received the Gold Award at the Community in Bloom Awards 2010 on 16 July 2010. The biennial Awards organised by NParks aims to improve the quality of gardens in Singapore.

### **SMRT ECO HEROES**

Our green efforts start with our people. We continue to organise fun eco activities for our staff and their families to encourage them to go green. Infoshapes, featuring tips such as do-it-yourself gardening and reminders to recycle paper, are regularly sent to staff.

A major initiative is the SMRT Eco Hero competition. The first two resulted in cost savings totalling \$155,000 and the recycling of more than 74 tonnes of paper. The Eco Hero Competition 2 culminated in an awards ceremony, held during the annual SMRT staff party in December 2010, which gave due recognition to our own Eco Heroes. By rewarding them, SMRT seeks to reinforce the green culture amongst staff and encourage each one to keep up the good work.

Following the success of the first two competitions, SMRT Eco Hero Competition 3 was launched on 3 January 2011. This time, we brought the green message to our staff's homes and families. In the SMRT Eco Hero 15% Off Family Challenge, staff stand to win cash vouchers of up to \$5,000 if their home electricity and water usage showed the biggest drop by the end of the 10-month competition period.

To encourage staff to take up this eco-challenge with their families, more than 200 bilingual competition posters were displayed prominently at all SMRT offices, depots and crew points in MRT stations and bus interchanges. Eco-stickers with messages such as "Cut 15%, Save Water" and "Cut 15%, Save Electricity", will be given to staff to take home.

We also held the first-ever "SMRT Live Green Bazaars" in September and October 2010 at our Headquarters and four depots, selling various eco-friendly consumer products for purchase.

# CORPORATE SOCIAL RESPONSIBILITY

To drive home the eco messages, a visit to the NEWater Visitor Centre was organised on 25 June 2010. Sixty employees and their families visited the centre, and learnt about water management in Singapore.

A visit was also organised to Pulau Semakau, the unique site where a landfill co-exists with a vibrant marine ecosystem. Held on 12 November 2010 in conjunction with National Environment Agency's (NEA) Clean and Green 2011, 50 staff visited the island.

We screened the science-fiction movie, *2012*, on 9 and 16 April 2010 at our Headquarters and Bishan Depot, respectively. Ninety staff watched the movie, and learnt about environmental issues.

## SUSTAINABLE FLEET

Our pro-environment efforts benefit commuters and enhance their overall comfort and convenience.

In March 2010, we started the one-year trial of Southeast Asia's first full low-floor Euro V-compliant Mercedes-Benz Citaro O530 bus. Following the successful trial, we bought 10 of these buses, which started operating on Singapore roads in March 2011. The Citaro bus is a greener alternative as it is one tonne lighter than SMRT's current fleet of Euro V buses and 7% more fuel efficient. In addition to being eco-friendly, the bus is better insulated to prevent unnecessary outflow of cool air. Its fully-integrated lightweight body is more rigid, vibrates less, and is thus quieter, providing passengers with a more comfortable ride.

Another green vehicle introduced recently is the low-floor MAN A22 bus, which started its one-year trial on 29 December 2010. The bus does not require chemical additives to be Euro-V compliant. Without the additive, the weight of the bus is reduced. We also save on the cost of the additives and maintaining the additive system.

On 19 January 2011, SMRT started the six-month trial of a diesel-electric hybrid bus. Since the bus runs on both diesel and electricity, it consumes up to 30% less fuel and emits up to 30% less greenhouse gases. It is quieter, offering a more pleasant journey for both passengers and road users.

We are also actively reducing the carbon footprint of our taxi fleet, by continuing to bring in Euro-IV compliant vehicles.

In October 2010, SMRT launched the Eco-Safe Driving Training for Service Leaders (SLs) to equip them with driving techniques that improve the fuel efficiency of

our buses. The training is also aimed at enhancing the safety and reliability of our service to commuters. As at end May 2011, nearly 60% of our SLs have undergone training. By end December 2011, all our SLs would have completed the training.

## GREEN OPERATIONS

Our green efforts extend to our various offices, depots and facilities.

In April 2010, SMRT started exploring the possibility of using energy-efficient light-emitting diode (LED) lights to replace fluorescent lights. We applied for the NEA's Grant for Efficient Energy Technologies (GREET) in May 2010 to run LED light trials in Bishan and Kim Chuan depots. Our application was approved in October 2010. In March 2011, LED lights were installed at the underground walkway at Kim Chuan Depot and at the Electrical Mechanical Fire branch office in Bishan Depot. The trial will be carried out over one year.

Elsewhere, the air-conditioning plant equipment at the SMRT Headquarters was replaced, enhancing its cooling efficiency by about 30%. The air conditioning systems in the Communication Equipment Rooms for another 16 MRT stations were replaced with more energy-efficient inverter units. In addition, the refrigerant gas used is the eco-friendly R-410A.

Over at Bishan Depot, which houses the main engineering office of the North-South and East-West lines, six water-cooled Packaged Air Conditioning (PAC) units and a condenser water system were replaced with new ones under Phase 1 of the replacement plan. In Phase 2, another eight are scheduled to be replaced in FY2012. The new PACs will enhance the performance of the air-conditioning system.

With the opening of another 11 Circle Line stations in April 2010, we implemented a host of energy-saving practices, including switching off selected escalators during off-peak hours. We introduced short working trips between Bishan and Paya Lebar interchange stations during peak periods to match the higher travel demand between them, instead of operating high-frequency end-to-end line trips from Dhoby Ghaut to Marymount, where the demand is lower. This initiative saves energy and shortens our commuters' travelling time.



## GREEN INNOVATIONS

Our eco innovations are evident in the various advertising platforms we offer at our stations. In November 2010, we launched iViewSMRT, a digital multimedia advertising platform, which uses LED and backlighting technology. It emits little radiation and heat, is more durable, and consumes less power than Plasma and LCD TVs. iViewSMRT was rolled out in seven of our busiest stations. By end 2011, a total of 200 screens will be installed in our stations islandwide.

In addition, we have been replacing our office supplies such as letterheads, name cards and copier paper with eco-friendly ones since 2008. We took our eco efforts one step further in February 2011 when we started using eco-friendly paper for all our corporate envelopes. All SMRT Business Units are also required to use eco-friendly paper for marketing and corporate collaterals. Our corporate website was also enhanced to allow tender documents to be viewed and downloaded for free, doing away with physical copies.

## GO GREEN WITH SMRT

Beyond our own staff and operations, we also deliver the green message to the communities we serve.

For the third year running, we held the annual “Go Green with SMRT” public transport education campaign. The four-month campaign, launched on 5 June 2010 to coincide with World Environment Day, ended on 30 September 2010. Through the campaign, we continued promoting public transport as a green mode of travel and rewarded commuters with free travel on SMRT trains, LRT and buses.

The campaign focused on the energy- and fuel-efficiency of our trains and buses. Travelling on our Euro V-compliant buses cuts a person’s carbon footprint to

71g per passenger-km, while riding on our train network reduces it to just 12.8g per passenger-km.

During the month-long launch, we gave away 300 free travel passes to commuters who were spotted wearing the “I’m Going Green with SMRT” badge. We sought to reach out to a wide audience range. We ran radio advertisements to reach out to car owners. We also reached out to youths and the internet savvy through our first online game, SMRT Smogbuster. We collaborated with influential bloggers who ran quizzes about “Go Green with SMRT”. Winners received exclusive SMRT eco-friendly bags recycled from old SMRT campaign banners.

The campaign was a success. More than 19,000 people pledged to “Go Green with SMRT”. We held eight road shows and nine community events which reached more than 35,000 people. In addition, two Community Development Councils (CDCs) – the South West and the North West; one non-governmental organisation (NGO) – the World Wide Fund (WWF) for Nature; and nine schools joined us as Green Partners.

An independent post-campaign survey showed that 67.4% of those polled knew about the campaign. Of those who knew, 31.4% took more public transport, and 78.5% of private car owners included public transport in their travel mix. The campaign website received more than 21,000 unique visits, while its Facebook group saw a 72% increase in members from year 2009.

## GREENING THE COMMUNITY

We pursue a two-pronged approach to achieve maximum outreach – top-down (national) and ground-up (people). In addition to supporting national initiatives, we foster relationships at the grassroots and community levels to empower Singaporeans to do their part for the



At the launch of Go Green with SMRT, Magdalene Boon and her daughter, Suzanne Seah, made a little tree out of the “I’m Going Green” with SMRT leaf badges to show their support for public transport.



SMRT cemented our partnership with the South West community by launching the South West – SMRT Eco (Environment & Community) Fund.

# CORPORATE SOCIAL RESPONSIBILITY

environment. Therefore, we work closely with strategic partners at all levels to identify sound and sustainable community programmes to support.

On the national level, we are working with government agencies such as the NEA to explore opportunities for community outreach collaboration. SMRT continued our annual cash sponsorship for NEA's Clean and Green Singapore (CGS) Campaign. The year-long CGS 2011 was launched at Sengkang Square on 6 November 2010. Our booth featured materials highlighting the eco-friendliness of public transportation, while our mock train housed an exhibition educating people on how public transportation reduces their carbon footprint.

SMRT is a founding supporter of the NEA Semakau Run. In FY2011, we contributed towards this annual event to support environmental and social services NGOs in developing and improving their community environmental outreach programmes. In addition, six SMRT staff participated in the run held on 2 October 2010.

Since 2008, SMRT has worked with various CDCs to support their initiatives to bring the green message to constituents within their districts. In the South West district, we collaborated with WEworkz to recycle used SMRT banners from past campaigns to produce eco-friendly bags.

Together with the South West CDC, we developed the South West-SMRT ECo Fund to encourage environmental and community sustainability in the district. Launched on 23 January at ECo Day 2011 @ South West, the annual event saw SMRT receiving the South West ECo Award (Corporate Organisation) for our contribution towards environmental and community sustainability in the South West district.

Between July and September 2010, we worked with the North West CDC and the NEA North West Regional Office to bring the Green Living Skit @ North West to 15,000 students in 16 primary and secondary schools. SMRT worked with the CDC to drive home the message that green transportation plays a vital role in the fight against climate change.

We also believe in supporting our partners' initiatives and leveraging our resources to help them meet their goals. Central Singapore CDC's Project E.A.R.T.H. (Every Act of Recycling Trash Helps), aims to rally partners to meet the district's goal of achieving 10,000 tonnes of recyclables. On our part, we provided data on paper collected for recycling from our in-house recycling programme in offices within the Central Singapore district. From 1 August 2009 to 31

July 2010, SMRT contributed about 27,000kg of paper.

SMRT's green efforts were among those highlighted in the South East Green Plan, launched by South East CDC during CGS in 2010, where we had a booth promoting green transportation as well as encouraging residents to play their part for the environment.

Apart from sharing our best practices with residents and businesses, SMRT is part of the South East CDC's green network, where community and corporate partners engage and leverage each other's strengths and expertise for the environment. With the CDC, we are exploring ways to develop a sustainable community outreach programme in the district.

SMRT also supports schools and NGOs in spreading the green message. In 2010, our green school partner, Bukit View Primary School, participated in MediaCorp's Chinese-language DV Campus and English-language Roving DV competitions, with environmental sustainability being the theme. Students from the school visited SMRT to learn how taking public transport is good for the environment. Their reports for both programmes featured findings from the visit. Bukit View emerged as first runner-up for Roving DV on Channel 5.

Among the NGOs that SMRT has worked with is the Singapore Environment Council (SEC) through Singapore G1. At the G1 event held on 19 September 2010, SMRT's booth showed how public transport is operationally green and better for the environment.

SMRT regularly supports WWF's Earth Hour global initiative, which looks at environmental issues that affect humanity. For Earth Hour 2011, we contributed media space towards promoting Earth Hour to Singaporeans.



SMRT staff and their families have fun as they learn about NEWater and its uses at the NEWater Visitor Centre.

WWF also leveraged SMRT's media network for its public education campaign on marine conservation. SMRT contributed media space towards this effort.

SMRT also supported the Environmental Challenge Organisation (ECO) Singapore with the Eco Ad Mash Up. The initiative had members of the public and students create an advertising campaign promoting the business benefits of going green. The winning entry was featured in our network.

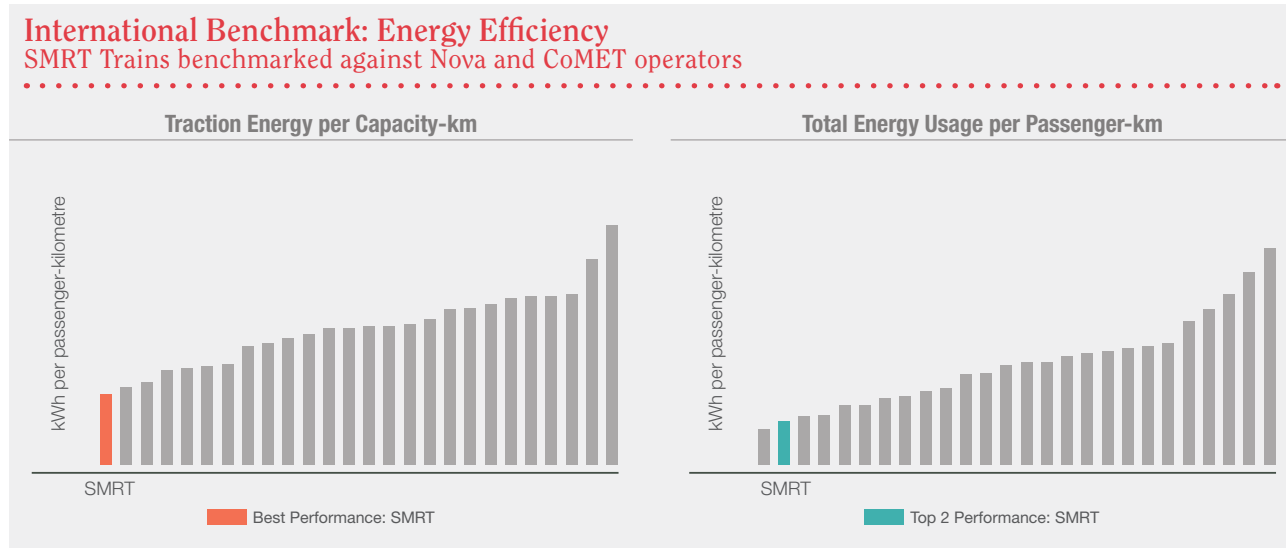
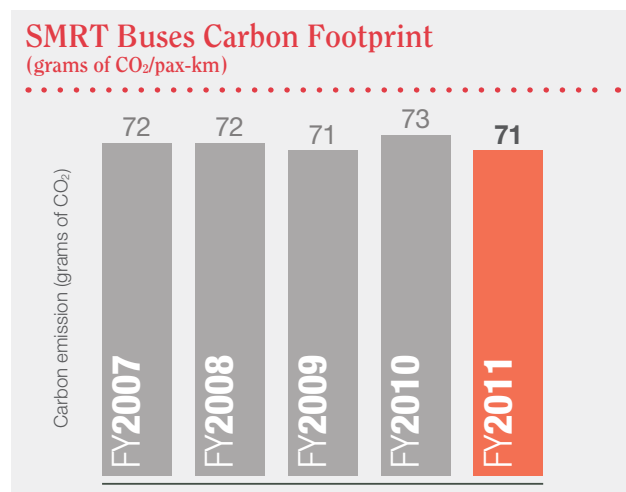
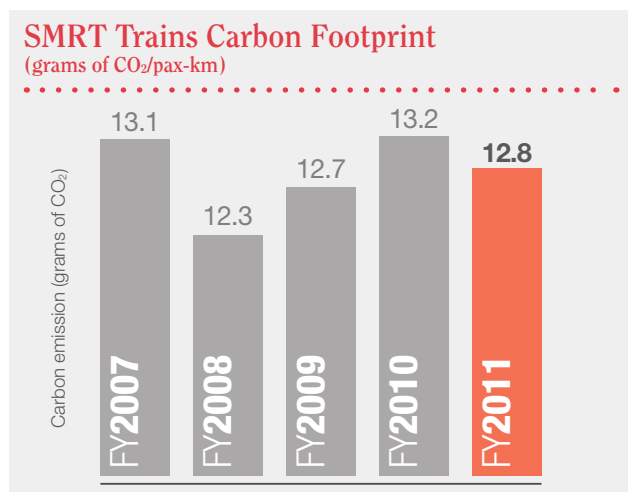
Since 1993, SMRT has been supporting wildlife conservation and education efforts by the Wildlife Reserves Singapore. We adopted the Cotton-Top Tamarin Exhibit at the Singapore Zoo and the Great Pied Hornbill Exhibit at the Jurong Bird Park. Through these adoptions, SMRT hopes to bring the message on the importance of wildlife conservation to the public.

## ECO FOOTPRINT

SMRT has successfully reduced our train carbon footprint by 3%, from 13.2g in FY2010 to 12.8g in FY2011.

We have also reduced our bus carbon footprint to 71g in FY2011 from 73g in FY2010.

In the latest railway benchmarking exercise conducted by Nova and Community of Metros (CoMET), comprising leading global metros, SMRT is again the most efficient metro in terms of traction energy per capacity-km and rated second most efficient metro in terms of traction energy usage per passenger journey.



# CORPORATE SOCIAL RESPONSIBILITY

## A Green Tenant Guide

will be produced to encourage our tenants to use sustainable products and adopt green practices.



### TOWARDS A SUSTAINABLE FUTURE

Over the years, SMRT has implemented various in-house eco-friendly policies. In January 2010, we replaced all paper cups with biodegradable cornware cups. In FY2012, we will be replacing the use of disposable cornware cups with glasses and mugs. We will encourage staff to bring their own mugs to meetings.

In FY2012, SMRT Properties will produce a Green Tenant Guide to encourage tenants to use sustainable products and adopt green practices, whenever possible. On our part, we will adopt greener systems and materials in building and fitting our retail areas.

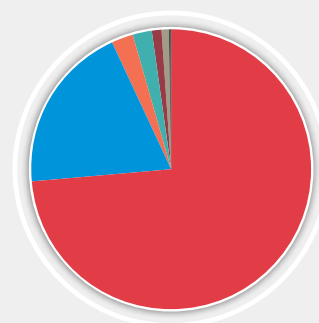
### HELPING HAND

SMRT has implemented a host of CSR programmes and initiatives aimed at helping those in need. In the past year, we donated more than \$17 million in cash and kind, either directly or through our partners to support various causes such as social services, environment and the Arts. Our donations have benefitted the elderly, persons with disabilities as well as disadvantaged children, youths and families.

In November 2010, SMRT won the prestigious President's Social Service Award (Corporate Category) for voluntary contributions to the social service sector.

#### Corporate Giving FY2011

73.74%	Corporate Social Services
19.44%	National Events
2.45%	Environment & Wildlife Conservation
2.31%	Arts
1.04%	Grassroots
0.78%	Education
0.12%	Healthcare
0.07%	Sports



### CHAMPIONING NEEDY ELDERLY & THE LESS MOBILE

SMRT's biggest CSR initiative is the SMRT Silver Tribute Fund (STF), launched in 2006. The Fund is a holistic corporate philanthropy and outreach effort focusing on beneficiary organisations working with neglected, lonely and needy elderly and their caregivers.

In FY2010/2011, STF helped over 8,000 needy elderly and their caregivers.

We donated \$90,000 to the North West-SMRT Care & Repair programme. The three-year programme, launched on 23 November 2010, improves the physical living conditions of 500 needy elderly staying in the North West district. Eight volunteers from SMRT, together with students from ITE College Central (Balestier), took part in the launch. As part of the programme, SMRT volunteers will help paint the homes of the beneficiaries.

In April 2011, we raised funds for STF through an inaugural charity golf tournament. The fundraising continued with our first-ever charity television show on Channel 8 on 5 June 2011.

In another CSR initiative, Gift of Mobility Financial Assistance Scheme, we extended our reach to 12 partner organisations including five Community Development Councils. At a ceremony held on 9 December 2010 at Tan Tock Seng Hospital, we donated \$309,000 to these organisations, who will administer the fund, identify and help financially needy and less mobile individuals so that they may continue with medical treatment or interim employment.

### REACHING OUT TO THE COMMUNITY

Besides giving money, SMRT encourages our people, through our corporate volunteer programme to reach out to the less fortunate. Since 2008, SMRT volunteers have been providing monthly Sunday dinners for Geylang East Home for the Aged (GEHA) residents. Over 12 Sundays, more than 120 volunteers prepared and served meals to the residents. On 5 December, in partnership with the Esplanade, our volunteers treated the residents to a fun-filled Bollywood dance class. For Lunar New Year, red packets and oranges were distributed to 37 residents and 27 other befriendedees.

SMRT continued our support for low-income families, children and elderly in the community through the adoption of the Ang Mo Kio Family Service Centres (AMKFSC).

Apart from providing a monthly allowance to low-income families, the SMRT Family Service Volunteer Committee helps needy children get to school through the SMRT Children's Transport Fund. We also provide assessment books to supplement their education needs.

In addition, we continued the annual SMRT – AMKFSC Year End Party for the Elderly at SMRT Bishan Clubhouse on 17 December 2010. A total of 155 elderly attended the event and Seng Han Thong, former Member-of-Parliament for Yio Chu Kang, was the Guest-of-Honour.

SMRT is committed to facilitating the Red Cross Blood Donor Recruitment Drives. In the year in review, four Mobile Drives were held at Raffles Place station. One hundred and forty volunteers and 57 donors from SMRT took part in the programme. Thanks to their efforts, a total of 893 units of blood were collected. Adding impetus to the drive is our partnership with Public Transport Security Command (TransCom). As a result of this partnership, established in December 2010, this Singapore Police Force specialist unit has sent 10 volunteers and 35 donors for the blood donation drives. TransCom also lent its security expertise during organisation of these drives.

SMRT conducted the first Circle Line station tour for 20 residents from the Mountbatten Citizens Consultative Committee on 3 December at Esplanade station and Xchange. Participants got a glimpse of how an MRT station is run, learned appropriate travel etiquette, and the correct use of emergency equipment and facilities at the station. This tour is offered to schools and community groups.

### ARTISTIC LICENCE

We believe in bringing the Arts closer to the public and cultivating an appreciation of the Arts among Singaporeans. Amongst our initiatives is a partnership with Life Art Society. We collaborated with the Society in the annual Spring Celebrations event, held at Esplanade Xchange on 21 January. During the marathon seven-hour event, more than 1,800 paintings and Chinese calligraphy works were given away free.

Two new highlights were introduced at the event. The Hwa Chong Institution Chinese Orchestra and NUS Chinese Orchestra treated audiences to a musical feast. An interactive corner enabled children and their parents to learn and practise basic Chinese calligraphy. The corner was an instant hit, pulling in over 280 students from eight schools and our adopted charity, AMKFSC. Besides learning calligraphy, the students toured Esplanade station and Xchange. We also gave away trivia cards to educate participants on interesting Chinese New Year customs and traditions. We also worked with them on a Chinese Painting and Calligraphy Exhibition from 24 to 27 June 2010.

In November, SMRT supported another major arts event, which promoted an active lifestyle amongst Singapore's seniors. A Date with Friends, an annual programme held in conjunction with Active Ageing



Staff volunteer Mary Tan, chatting with the elderly at a party held at SMRT Bishan Clubhouse.

# CORPORATE SOCIAL RESPONSIBILITY

Week, honours the contributions of senior citizens to the community. Held from 5 to 13 November 2010 at the Esplanade, the fun-filled event featured performances that took the audience on a walk down memory lane with golden oldies and evergreen tunes.

SMRT also supports the promotion of literary arts amongst the very young through Tales on SMRT Trains. The programme, now in its sixth year, was held on 7 and 8 September on the Circle Line under the theme "We Bring You Life". About 300 children, ranging from three to 12 years old, boarded chartered trains and were transported to a world of fantasy, excitement and adventure for one hour, as storytellers captivated them with fairy tales.

## LEARNING EXPERIENCE

SMRT recognises the value of education, and is continually looking for ways to help students gain knowledge and enhance their learning experience.

In FY2011, we supported various educational institutions such as the Singapore Management University's Kwa Geok Choo Law Library, the Institute of Technical Education (ITE), Singapore Polytechnic and Temasek Polytechnic.

Through our Learning Journeys programme, we educate students on our Bishan Depot operations and the importance of courtesy and safety in our network. In FY2011, 812 students from seven schools took part in this programme.

In addition, we conducted two special educational tours for Rainbow Centre and Pathlight School, which cater to special needs students. The tours help students better understand the system so that they can be independent and enjoy a safe travel experience. This forms part of our overarching goal to build an inclusive society where mobility is accessible to everyone. Thirty students from each school took part in the tours.

## PROMOTING COURTESY

We continued to work actively towards nurturing courtesy and safety among students. For instance, we supported the Courtesy and Safety Roadshow at ITE Central (Bishan Campus) held in January 2011, with collaterals and videos, which were displayed on campus. About 110 ITE students took part.

In spreading the courtesy and safety message to the general public, we created "Adventures with SMRT", a series of three half-hour variety shows broadcast over

**"Adventures with SMRT"**  
– variety show series  
to promote courtesy  
and safety among  
the public

**67%**  
**increase**  
in number of  
viewers compared  
to previous year.



MediaCorp's Channel 8 on 10, 17 and 24 December 2010. The programme was a viewer favourite, reaching out to 1.3 million people – 67% more than the previous year's show.

## FLY OUR FLAG

SMRT, together with the National Day Parade (NDP) committee, launched the Fly the Flag campaign on 12 July 2010 at the Padang to celebrate our nation's 45<sup>th</sup> birthday.

SMRT flew 4,500 flags at about 100 locations islandwide at all our offices, train stations, bus interchanges, as well as on SMRT taxis and buses and staff's private vehicles.

From 6 – 8 August, SMRT invited the public to pen their birthday wishes for Singapore at Esplanade Xchange, and Bishan and Paya Lebar Circle Line stations. Limited edition NDP collar pins were also distributed.

The guest-of-honour, now Senior Parliamentary Secretary, Ministry of Information, Communications and the Arts and Ministry of Trade and Industry, Sam Tan, joined our tenants and invited guests to rally members



SMRT staff and family of mascots join fellow Singaporeans in One Voice 2010 at Esplanade Xchange on National Day.

of the public to put up the first wishes on a giant 9m by 3m birthday card. More than 100 people attended the launch event.

Thousands responded to the call, and queued up to take their turn and write their hopes and dreams for our nation. Their wishes were displayed on 60 large format posters and installed on lightboxes across our MRT stations.

On National Day itself, over 70 SMRT bus interchanges and train stations celebrated One Voice 2010. We rallied Singaporeans at our premises to stand up as one to recite our pledge and sing our national anthem. Over 300 SMRT staff and close to 500 members of the public took part in this inspirational moment.

## AWARDS & ACCOLADES

### 2011

**59<sup>th</sup> UITP World Congress & Exhibition**  
Asia-Pacific Best Service Portfolio Award

**RFID World Asia Awards 2011**  
Most Innovative RFID Solution Award

**South West Community Development Council**  
South West ECo Awards (Corporate Organisation)

### 2010

**TÜV SÜD PSB Pte Ltd**  
ISO 9001 : 2008  
ISO 14001 : 2004

**BSI Management Systems**  
Business Continuity Management Certification BS 25999 & SS 540

**FTSE The Index Company**  
FTSE4Good Index

**President's Office**  
President's Social Service Award 2010

**Community Chest, National Council of Social Services**  
Partner Platinum Award 2010  
Special Events Platinum Award 2010

**Patron of the Arts Award 2010, National Arts Council**  
Distinguished Patron of the Arts

**11<sup>th</sup> Investors' Choice Awards, Securities Investors Association (Singapore)**  
Singapore Corporate Governance Award (Merit)  
Most Transparent Company Award (Runner-Up),  
Transport / Storage / Communications Category

**Singapore Corporate Awards 2010**  
Best Investor Relations (Silver)  
Best Annual Report (Bronze)

**Land Transport Excellence Awards 2010**  
Most Eco-Friendly Transport Partner  
Most Creative Promotion/Campaign (Land Transport)

**The Metro Awards 2010**  
Best Metro Asia-Pacific  
Most Energy Efficient Metro  
Most Innovative Use of Technology

**Human Resource Management Awards 2010**  
Best HR Team

# SIGNIFICANT EVENTS

## 2010

### APRIL

- SMRT opened 11 new Circle Line stations and celebrated with commuters with entertainment by popular Taiwanese pop group S.H.E., and local celebrity Aunty Lucy.
- SMRT was ranked second in the Governance and Transparency Index by *The Business Times* and NUS Corporate Governance and Financial Reporting Centre.

### MAY

- SMRT was honoured with the National Trades Union Congress May Day Cheaper-Better-Faster Model Partnership Awards 2010 – Institutional Category.
- SMRT received the Best Investor Relations (Silver) and the Best Annual Report (Bronze) awards at the 2010 Singapore Corporate Awards.

### JUNE

- SMRT was named Champion Blood Donor for the sixth consecutive year at the World Blood Donor Day celebrations, organised by the World Health Assembly.
- SMRT launched the third “Go Green with SMRT” campaign to encourage commuters to reduce their carbon footprint by taking public transport, with a new online game “SMRT SmogBuster” and a grand prize of one-year free travel for four.
- SMRT became the first public transport operator in the world to achieve BS 25999 (British Standards) and SS 540 (Singapore Standards) dual certification in Business Continuity Management.

### JULY

- SMRT won the Learning & Human Capital Development Award, E-Human Resource Management Award and Corporate Social Responsibility Award at the Singapore HR Awards 2010.
- SMRT launched Esplanade Xchange, the Circle Line’s first Xchange, bringing an exciting mix of retail and dining experiences to the heart of the city.
- SMRT won in three categories at the 2010 Workplace Safety & Health Awards: Workplace Safety & Health Supervisor, Workplace Safety & Health Performance (Silver) and Workplace Safety & Health Award Recognition for Projects.
- The three gardens at Bishan Depot won the Gold Award (Organisation) at the 2010 Community in Bloom Awards organised by National Parks Singapore.

- SMRT won at the National Community Safety & Security Programme Awards for Citizens On Train Patrol @ South West (Constituency category) and Youth Resilience Camp (School/ Youth category).
- SMRT was awarded ISO 9001: 2008, an internationally recognised standard for quality management systems.

### AUGUST

- SMRT celebrated Singapore’s 45th birthday by flying 4,500 Singapore flags across 100 SMRT locations. SMRT staff and the public also penned birthday greetings at a “Happy Birthday,

Singapore – Love, SMRT” event at Esplanade Xchange, and recited the pledge and sang the national anthem at all SMRT MRT stations and bus interchanges.



- SMRT supported the Singapore 2010 Youth Olympic Games as the Games’ Official Advertising Space Sponsor.
- SMRT Automotive Services was awarded the tender to provide repair and maintenance services for the Ministry of Home Affairs’ vehicles. A workshop was set up at Kian Teck Drive to service the vehicles.

### SEPTEMBER



- SMRT held our sixth annual storytelling session, Tales on SMRT Trains, where 600 children and their parents enjoyed stories told by professional storytellers as they rode the Circle Line.



# 2011

- SMRT Media launched a new ambient digital platform, the Media Hub Wall @ Orchard, in partnership with advertiser Singapore GP Pte Ltd.

## OCTOBER

- SMRT won the Merit Award in Corporate Governance and second place for Most Transparent Company in the Transport/Storage/Communication category at the Securities Investors Association (Singapore) Investors Choice Awards 2010.
- SMRT launched “Dream Cruise with SMRT”, the annual ridership promotion campaign. The Grand prize was a 10D7N fly-cruise for two to the Mediterranean.

## NOVEMBER



- SMRT launched North West – SMRT Care & Repair programme at Marsiling Neighbourhood Link with a donation of \$90,000. Over 850 staff and student volunteers helped with repairs and installations in the homes of needy elderly.
- SMRT launched the 2011 Silver Tribute Fund with the placement of donation tins islandwide in SMRT’s rail and bus networks.
- SMRT was awarded the prestigious 2010 President’s Social Service Award (Corporate Group) by President



S R Nathan, for our outstanding contributions to the social service sector.

- SMRT’s President & CEO, Saw Phaik Hwa, was named Woman Professional of the Year at the 2010 Singapore Advertising Hall of Fame Awards for her contributions to Singapore’s public transport landscape.

## DECEMBER

- SMRT Media launched iView, a digital advertising platform that also brings news and train timings to commuters. Two hundred terminals will eventually be rolled out across the SMRT train network.
- SMRT introduced weekly station tours for commuters to learn how an MRT station is run and the importance of safe and courteous travel in our network.
- SMRT donated \$309,000 under the Gift of Mobility Programme to 12 organisations, including five hospitals, five community development councils and two voluntary welfare organisations.
- SMRT Buses began a one-year trial of the MAN A22, low-floor, eco-friendly bus.

## JANUARY

- SMRT Institute and ITE (Institute of Technical Education) launched the National ITE Certificate (Nitec) in Rapid Transit Technology (RTT) programme, the first certified training course of its kind in Singapore and Southeast Asia.



- SMRT’s annual Spring Celebrations at Esplanade Xchange saw 280 children learning the finer points of Chinese calligraphy. Over 2,000 pieces of calligraphy were given away.
- SMRT Buses introduced the Zhong Tong diesel-electric hybrid bus on a six-month trial.

## MARCH

- SMRT Taxis rolled out the new Chevrolet Epica, which offers passengers a luxurious ride with a comfortable, quieter interior complete with magazines to read.
- SMRT added another 420 train trips per week on the North-South and East-West Lines.

## SERVING AND SUPPORTING THE COMMUNITY



# 12.6%

Total Ridership  
in FY2011



**F**Y2011 was a year of milestones for SMRT. We launched another two phases of the Circle Line (CCL). Stage 1 and 2, comprising 11 stations, started operations in April 2010. This followed the opening of Stage 3 in May 2009. At the same time, we started gearing up and recruiting new staff for Stage 4 and 5, which are scheduled to open by October 2011.

Since operations began, the CCL, a circular urban line which links all the other radial lines, has changed the way Singaporeans travel and significantly cut down travelling time. Ridership has been climbing steadily. However, this increase has not been able to cover the operating cost. In the year, the Circle Line continued to incur losses, although these losses are declining steadily.

When the 33km line is completed, ridership is expected to grow significantly as commuters will then have access to more places and attractions. As a result, we expect the line to generate accretive profits. Because of the essential role our public transport network plays in the daily lives of Singaporeans, we are similarly committed to ensuring we can operate a world-class system under any changing circumstance and condition. In FY2011, we were the first public transport operator in the world to achieve dual certification in Business Continuity Management (BCM) in the British and Singapore standards.

Another major milestone for SMRT is the bidding for the Downtown Line. As the leading mass rapid transit operator in Singapore, SMRT has put in our bid for the Downtown Line. The tender for the 42km line opened in October 2010 and it is the first line called for bidding

under the new framework. Unlike the earlier lines, the Downtown Line contract has a shorter tenure. The Downtown Line operator will no longer need to purchase operating assets, but lease them from the Government.

We are also pleased to report that we have won major awards in corporate governance and transparency. Last year, SMRT was ranked second in the Governance and Transparency Index by *The Business Times* and NUS Corporate Governance and Financial Reporting Centre. We also won two awards for corporate governance and Most Transparent Company at the Securities Investors Association (Singapore) Investors Choice Awards 2010.

FY2011 was also a year of management restructuring and renewal. Several senior positions became vacant, due to retirement and attrition. Over the years, we have built a robust talent development and succession planning programme, which has enabled us to fill these senior positions through promotions from within. We have programmes that develop our middle and senior management for top positions in the organisation, as well as programmes that groom junior managers and executives with leadership potential. We also have a management trainee programme for promising young graduates. This structured approach ensures a solid career progression for our people within our organisation.

Even as we grow our staff, we actively find ways to better serve commuters. A major initiative introduced for their convenience is the increase in service frequency on our various lines. On top of the 1,000 train trips added in FY2009, we introduced 150 more trips in March and

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“Looking further ahead, commuters will enjoy even **shorter waiting times and enhanced service frequencies.** Under a joint project with the Land Transport Authority, our signalling system will be replaced. Headways will be reduced from today’s 120 seconds to less than 100 seconds. This will **effectively increase our current system’s capacity by about 20 per cent.**”

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April 2010. In March 2011, another 420 train trips per week were injected into service on the North-South and East-West lines. More trips were added into the early morning, evening peak and off-peak hours as well as the weekends to minimise commuter waiting time. This significant increase in trips is only possible because of the hard work and dedication of our people.

It also reflects our overarching philosophy: We are here to serve the community. As a result of our service enhancement efforts, our staff have been receiving an increasing number of compliments – from 18.12 per million passengers in April 2010 to 36.22 per million pax in December 2010.

In the year ahead, SMRT will continue to give commuters our very best and introduce new and attractive service options and facilities to excite and engage them. An even wider range of shopping options awaits in the heart of Singapore’s shopping mecca, Orchard Road, at our iconic Orchard Xchange. Launched in November 2010, Orchard Xchange’s anchor tenant is the major fashion retailer, Forever 21. The 2,200 sq m outlet scheduled to open in the second quarter of FY2012, is the label’s biggest store in Singapore. More Xchanges will be launched this year, including the Holland Village Xchange on the Circle Line.

Looking further ahead, commuters will enjoy even shorter waiting times and enhanced service frequencies. Under a joint project with the Land Transport Authority, our signalling system will be replaced. Headways will be reduced from today’s 120 seconds to less than 100

seconds. This will effectively increase our current system’s capacity by about 20 per cent. The project is expected to start in 2012, and will be completed in about eight to 10 years.

SMRT is also looking to grow our business in promising overseas markets. To drive this, we have brought in an experienced hand, Frank Wong, who has a wealth of international business experience, as Senior Vice President of Business Development.

Ultimately, SMRT’s commitment to all who live, work and play in Singapore is unswerving. We will continue to endeavour to improve the travel experience for our customers.

### **SAW PHAIK HWA**

**President & CEO**

# COMPANY OVERVIEW & BACKGROUND

This section outlines a strategic, financial and operational overview of SMRT’s businesses and describes how our activities address the challenges in our operating environment and fulfil our strategies to grow the businesses.

## COMPANY OVERVIEW AND STRUCTURE

SMRT Group is in the public transport business of providing MRT, LRT and bus services as well as rental of taxis. In addition, it leases the commercial spaces and provides advertising buying service within our network. Beyond our network, SMRT also engages in operations and maintenance services, project management and engineering consultancy in Singapore and overseas.

Singapore MRT Ltd was established in 1987 and started operating the North South and East West lines (“NSEWL”) of Singapore’s first Mass Rapid Transit System in the same year. Singapore LRT Pte Ltd was set up in 1997 and two years later, became the first operator for Singapore’s pioneer Light Rapid Transit System in Bukit Panjang (“BPLRT”).

Incorporated on 6 March 2000, SMRT Corporation Ltd (“the Company”) was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 26 July 2000. As a holding company, it wholly owns SMRT Trains Ltd (“SMRT Trains”), formerly known as Singapore MRT Ltd, and SMRT Light Rail Pte Ltd (“SMRT Light Rail”), formerly known as Singapore LRT Pte Ltd.

In December 2001, the Company acquired SMRT Road Holdings Ltd (formerly known as TIBS Holdings Ltd) for \$198.6 million and became Singapore’s first multi-modal land transport operator, providing bus and taxi services in addition to its MRT and LRT services. SMRT Buses Ltd (“SMRT Buses”) and SMRT Taxis Pte Ltd (“SMRT Taxis”) are wholly-owned subsidiaries of SMRT Road Holdings Ltd.

SMRT Properties and SMRT Media are two divisions of SMRT Investments Pte Ltd (“SMRT Investments”), a wholly-owned subsidiary of SMRT Corporation. SMRT Properties is primarily involved in the development, leasing

## BUSINESS OBJECTIVES AND STRATEGIES

Business Objectives	Strategies in Action in FY2011
To be a leading multimodal transport operator differentiated by competitiveness, innovation and creativity	<ul style="list-style-type: none"> <li>Supported LTA to expedite the completion of the Jurong East Modification Project (JEMP) by implementing crowd control measures to minimise inconvenience to the passengers. Bridging bus services were also available to transport passengers between the affected stations.</li> <li>Continued to grow rental revenue through the refurbishment of MRT stations in the network.</li> </ul>
To be a global brand that epitomises excellence in service standards, environmental practices and social responsibilities	<ul style="list-style-type: none"> <li>Met and exceeded stipulated operational performance criteria for Train, LRT and Buses.</li> <li>Continued to serve the community by contributing to various causes, charities and community projects and organising corporate social responsibility initiatives.</li> </ul>
To be a premium organisation which delivers sustainable value to our stakeholders	<ul style="list-style-type: none"> <li>Achieved Group PATMI of \$161.1 million despite challenges.</li> <li>Proposed full year dividend of 8.5 cents per share, tax exempt one-tier.</li> <li>Included in the FTSE4Good Index, which tracks companies that meet globally recognised corporate responsibility standards.</li> </ul>
To be a key player and valued partner in the international transportation scene, recognised for our cutting-edge expertise and experience as a best-in-class organisation	<ul style="list-style-type: none"> <li>Secured the Personal Rapid Transit (PRT) consultancy services in Abu Dhabi through partnership with 2getthere B.V.</li> <li>Our associate company Shenzhen Zona received the Top 10 Taxi company award from the Shenzhen Transportation Bureau.</li> </ul>
To be an employer-of-choice recognised by our inclusive culture of excellence and maximising each individuals’ potential	<ul style="list-style-type: none"> <li>Continued to roll out SMRT’s customised talent and leadership development programme (DNA) to bring out the best in all levels of talent.</li> </ul>

and marketing of commercial spaces at train stations and bus interchanges while SMRT Media is the advertising arm of the Group that promotes advertising across trains, train stations, buses, bus interchanges and taxis.

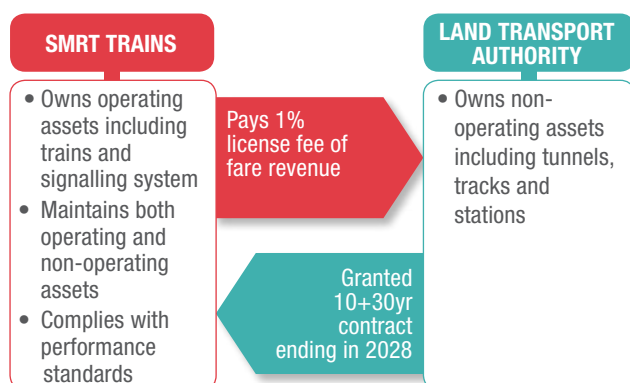
Engineering and other services are undertaken through wholly-owned subsidiaries of SMRT Corporation, namely SMRT Engineering Pte Ltd (“SMRTE”), SMRT Engineering (Middle East) FZE (“SMRTE FZE”), SMRT International Pte Ltd (“SMRT International”), SMRT Automotive Services Pte Ltd (“SMRT Automotive”) and SMRT Institute Pte Ltd (“SMRT Institute”). SMRTE, SMRTE FZE and SMRT International provides engineering consultancy, fibre optic leasing, project management, operation and maintenance services while SMRT Automotive provides fleet maintenance services and retail of diesel to SMRT taxi hirers. SMRT Institute provides training to both internal and external customers.

SMRT Capital was incorporated in 2008 to provide depository and financing services to the SMRT Group companies. SMRT Hong Kong Limited is a Hong Kong incorporated investment holding company set up in 2008. It acquired a 49% equity interest in Shenzhen Zona Transportation Group Co., Ltd (“Shenzhen Zona”), a transport company in Shenzhen, People’s Republic of China, on 30 October 2009.

The Group Structure, which lists all the subsidiaries, is shown in the *Group Structure* section of this Annual Report.

## BACKGROUND – REGULATORY FRAMEWORK

### LICENSING AND OPERATING AGREEMENTS *North-South and East-West lines*



SMRT Trains’ first Licence and Operating Agreement (LOA) to operate NSEWL was granted by Singapore’s Land

Transport Authority (LTA) in August 1987 for a period of 10 years and was later extended to 31 March 1998. The current LOA to operate the NSEWL for a further 30 years came into force on 1 April 1998.

On 1 April 1998, SMRT purchased the NSEWL’s operating assets from LTA for approximately \$1.2 billion. These assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment. To assist SMRT Trains in its purchase of these assets, LTA provided an asset related grant of \$480 million which SMRT Trains amortises by recognising it as deferred income over the life of the relevant assets. SMRT Trains had fully paid for the operating assets in five equal annual installments by April 2002.

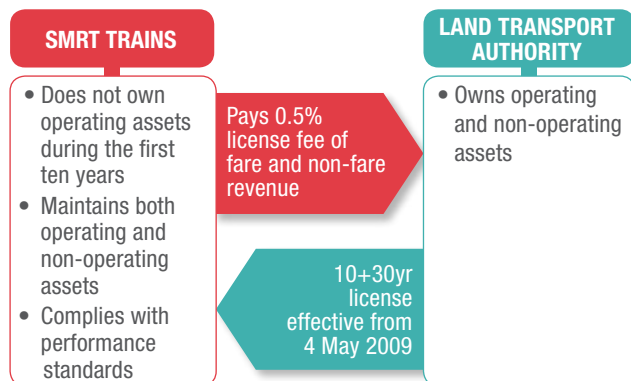
While SMRT Trains owns and maintains the operating assets, the infrastructure of the NSEWL, which includes tunnels, tracks, viaducts and station structures, remains the property of LTA and is leased to SMRT Trains at a nominal annual fee or such other amount which LTA may stipulate in the future on the first working day of each calendar year during the term of the lease. SMRT Trains is required to repair and maintain the infrastructure as stipulated in a separate lease and maintenance agreement. As part of the NSEWL LOA, SMRT Trains also complies with a set of performance standards which relate to service quality, safety assurance and key equipment performance.

For the first five years of the licence, the licence fee was at 0.5% of the aggregate annual passenger revenue. From 1 April 2003 to 31 March 2010, it increased to 1.0%. The licence fee payable after 31 March 2010 will remain at 1.0% of the aggregate annual passenger revenue for the next ten years. At least 12 months prior to the expiry of such licence on 31 March 2028, SMRT Trains may request LTA to extend the NSEWL LOA for a further period of 30 years. This extension is subject to LTA’s discretion and such other terms and conditions as LTA may impose including terms and conditions relating to the extension period if extension is required.

The salient terms and conditions of the NSEWL LOA entered into by SMRT Trains and LTA on 1 April 1998 are stated under the *Licence and Operating Agreements* section in the *Notes to the Financial Statements*.

# COMPANY OVERVIEW & BACKGROUND

## Circle Line



The Licence to operate the Circle Line (“CCL Licence”) is for an initial period of 10 years from 4 May 2009 at an annual licence fee calculated at 0.5% of the gross annual fare revenue and 0.5% of the gross annual non-fare revenue, unless modified by LTA in accordance with the provisions contained in the Rapid Transit Systems Act. At least 12 months prior to the expiry of the CCL Licence, SMRT Trains may request LTA to extend the CCL Licence for a further 30 years, which is subject to LTA’s discretion and such other terms and conditions as LTA may impose.

SMRT Trains is obliged to purchase the operating assets of the CCL on 4 May 2019, based on the net book value recorded in LTA’s audited accounts with depreciation charged on a straight line basis over the useful lifespan of the operating assets. These assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, signalling system, communication system, automatic fare collection system and depot equipment.

The infrastructure of the Circle Line MRT system, which includes tunnels, tracks and station structures, remains the property of LTA and is leased to SMRT Trains at a nominal annual fee. SMRT Trains is required to repair and maintain the infrastructure as stipulated in a separate lease and maintenance agreement. The salient terms and conditions of the CCL Licence are stated under the *Licence and Operating Agreements* section in the *Notes to the Financial Statements*.

Circle Line Stage 3 commenced operations on 28 May 2009 and Circle Line Stage 1 and 2 commenced operations on 17 April 2010. Circle Line Stage 4 and 5 is scheduled to commence operations in October 2011.

The Marina Bay and Bayfront extensions are expected to be opened in 2012.

## SMRT Light Rail

SMRT Light Rail has been granted the BPLRT LOA by LTA commencing 6 November 1999 till 31 March 2028. In general, the framework of the BPLRT LOA is similar to the NSEWL LOA. LTA currently owns all the operating assets and infrastructure required to operate for the BPLRT. The salient terms and conditions of the LOA for the BPLRT are found in the *Licence and Operating Agreements* section in the *Notes to the Financial Statements*.

## SMRT Buses

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

The licence will, among other things, require operators to comply with a set of operating conditions which includes the Quality of Service (“QoS”) standards in respect of Basic Bus Services, provision of service performance and financial information and codes of practices. The QoS standards specify the minimum level of performance operators have to meet in six areas, namely, bus service reliability, loading, safety, availability of bus services, integration with other modes of public transport and provision of information. Hence, SMRT Buses will make constant review to its service network and headways of its bus services to best meet the needs of its passengers.

The activities of the buses business are described in the “SMRT Buses” section. The bus fleet is maintained by SMRT Automotive. A description of the repair and maintenance activities conducted on the buses is found in the section “SMRT Automotive Services”.

## SMRT Taxis

A new licensing framework for taxi operators was introduced by the government in June 2003, allowing greater competition within the taxi industry and to improve taxi services for the benefit of commuters. Under this framework, interested parties who wish to operate a taxi business will have to apply for a Taxi Operator Licence (“TOL”) from the LTA. Applicants will be assessed based on a comprehensive set of criteria which include their

financial resources and the necessary infrastructure to provide quality service to commuters. With the deregulation of the taxi industry in June 2003, taxi operators are free to decide on the size of their fleet to meet market demand and to decide on the taxi fare structure.

The TOL is a term licence valid for a period of 10 years and may be extended, at the discretion of the LTA, for an additional 10 years or such other period as the LTA may determine. The TOL from LTA under which SMRT Taxis is licensed to operate a taxi business in Singapore came into effect on 1 June 2003. The licence fee payable is 0.1% of the gross revenue payable on a yearly basis.

The TOL, among other things includes conditions to comply with a set of Taxi QoS standards, codes of practices and audit directions. The Taxi QoS standards specify the level of performance operators have to meet in three areas, namely, the availability of taxis through radiophone bookings, safety and customer satisfaction.

The activities of the taxi business are described in the “SMRT Taxis” section. The taxi fleet is maintained by SMRT Automotive. A description of the maintenance activities conducted on the taxis is found in the section “SMRT Automotive Services”.

**FARE ADJUSTMENT FORMULA**

Fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses are subject to approval by PTC. The fare formula that was updated in July 2008 and fixed for five years from 2008 to 2012 is as follows:

<b>Maximum Fare Adjustment</b>
<b>0.5CPI + 0.5WI – 1.5%</b>
CPI refers to the change in Consumer Price Index over the preceding year and WI refers to the change in Average Monthly Earnings (Annual National Average) over the preceding year, adjusted to account for any change in the employer’s Central Provident Fund contribution rate. The productivity extraction of 1.5% is half of the public transport operators’ average productivity gains achieved for the period from 2003 to 2007, which was 3.0% per annum.

While the new formula will determine the supportable fare adjustment quantum in a given year, PTC retains the flexibility to vary the adjustment or not approve any fare increase should there be adverse economic conditions or significant deterioration in the overall affordability of public transport fares. To further ensure that passengers’ interests are protected, the Return-On-Total-Assets (ROTA) values of public transport operators will be compared against that of other similar risk industries to serve as a reality check on the fare levels hitherto approved by PTC. If the formula yields a negative value, PTC may consider a downward adjustment, which could be in a form of a fare rebate or reduction.

The process for annual fare review begins with the public transport operators submitting applications for fare adjustments to PTC. PTC will announce its decision after its deliberation. Any fare adjustments will take effect thereafter.

**FARE STRUCTURE**

The fare structure for SMRT Trains, SMRT Light Rail and SMRT Buses are based on the distance travelled by passengers. Concessionary fares are available to students, senior citizens and full-time national servicemen.

Passengers can travel using standard single trip tickets or ez-link/NETS Flashpay cards which are stored value contactless smartcards. In July 2010, the distance-based fares took effect. Commuters travelling the same distance will pay the same fare for the same type of service, regardless of whether they travel direct or make transfers. All commuters are charged a fare according to the total distance travelled, whether on a bus, MRT or LRT.

## GROUP PERFORMANCE

### OVERVIEW

Group revenue in FY2011 increased 8.3% to \$969.7 million due mainly to higher MRT ridership, contribution from Circle Line, higher Bus ridership, higher taxi rental revenue and higher rental and advertising revenue, partially offset by lower average fare for MRT and lower revenue from Palm Jumeirah.

Total operating expenses was \$794.3 million, 7.2% higher as compared to FY2010. Operating profits were lower by \$1.6 million or 0.8% at \$195.6 million in FY2011 due mainly to higher staff and related costs, energy costs, other operating expenses and lower other operating income, partially offset by higher revenue and absence of impairment of goodwill.

Group net profit was lower by \$1.8 million or 1.1% at \$161.1 million in FY2011 as a result of lower operating profits and higher income tax expenses, partially offset by share of better results of associates. Over a five year period from FY2007 to FY2011, PATMI grew at a compounded annual growth rate of 4.4%.

Earnings per share of 10.6 cents in FY2011 were comparable to FY2010. Return on equity was lower at 20.5% as compared to 21.8% in FY2010. Economic Value Added was \$110.8 million, 8.4% lower than FY2010.

Cash and cash equivalents at end of FY2011 increased from \$326.0 million to \$376.2 million mainly as a result of lower net cash outflow from investing activities partially offset by lower cash inflow from operating activities and higher cash outflow from financing activities.

The Board of Directors is proposing a final dividend of 6.75 cents per share. Including the interim dividend, this will bring the gross dividend for FY2011 to 8.5 cents per share or \$129.1 million, about 80.1% of PATMI in FY2011.

### SEGMENTAL PERFORMANCE

Revenue from **fare business** (comprising of revenue from Train, LRT and Bus operations) contributed 77.3% of FY2011 total revenue (FY2010: 77.0%) and 56.3% of FY2011 EBIT (FY2010: 64.6%).

#### FARE BUSINESS

Revenue from **NSEWL and CCL (collectively, Train operations)** increased by 9.6% to \$527.1 million as a result of higher MRT ridership partially offset by lower average fare for MRT due to the implementation of distance fares. The opening of Circle Line Stage 1 and 2 also contributed to the increase in revenue. Operating

profit was \$16.2 million lower at \$113.5 million, due mainly to lower operating income, higher energy costs and staff and related expenses.

Revenue from **LRT operations** was 7.8% higher at \$9.4 million and operating loss was 0.8% higher at \$0.361 million due mainly to higher staff and related costs, partially offset by higher revenue.

**Bus operations** contributed \$213.1 million to the Group's revenue, 6.7% higher as compared to FY2010 due mainly to higher ridership, partially offset by lower average fare. For FY2011, Bus incurred a higher operating loss of \$3.1 million as compared to \$1.9 million in FY2010 due mainly to higher staff and related expenses as a result of lower jobs credit and higher diesel cost, partially offset by the higher revenue.

#### NON-FARE BUSINESS

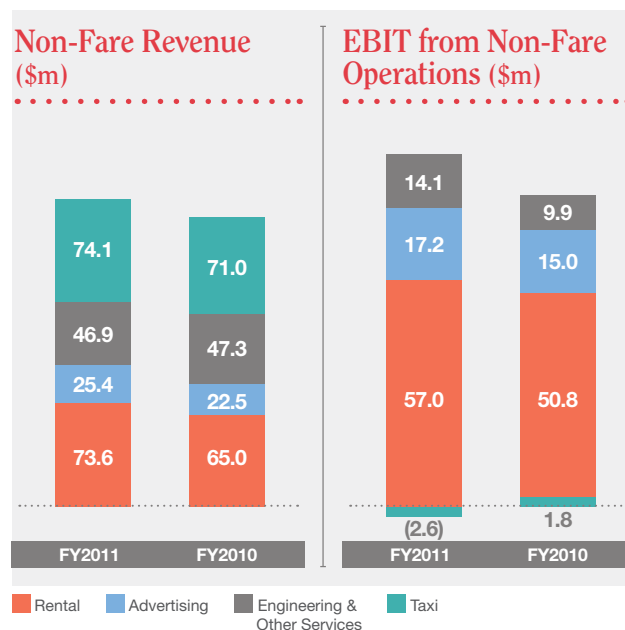
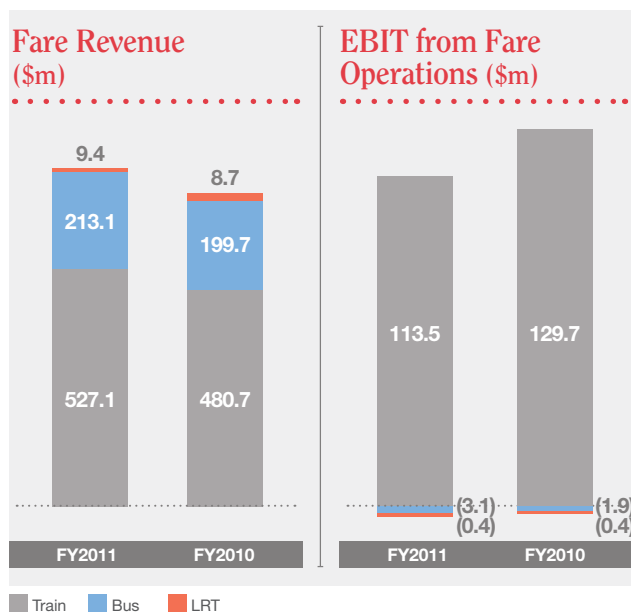
**Taxi operations** in FY2011 posted higher revenue of \$74.1 million. Taxi, however, posted an operating loss of \$2.6 million in FY2011 as compared to an operating profit of \$1.8 million in FY2010. This was a result of higher depreciation, higher insurance cost and the write-off of property, plant and equipment, partially offset by higher revenue.

In FY2011, we achieved our **rental** revenue target of \$6.0 million more over FY2010. On account of an increase in lettable space combined with better rental yield, rental revenue rose 13.1% to \$73.6 million in FY2011. EBIT from rental was up 12.1% to \$57.0 million as compared to FY2010.

**Advertising** revenue rose 12.6% to \$25.4 million due mainly to increased advertising on trains and MRT stations. Operating profit also increased by 14.6% to \$17.2 million when compared to FY2010.

Revenue from **engineering and other services** declined 1.0% to \$46.9 million due mainly to lower revenue from Palm Jumeirah, partially offset by increased consultancy revenue and fleet maintenance revenue. Operating profit for the full year increased 42.0% to \$14.1 million. The increase in profit was due mainly to the write-back of allowance for doubtful trade receivables made for Palm Jumeirah receivables in the current periods as compared to an allowance made in prior periods.





## DISCUSSION AND ANALYSIS ON PROFIT AND LOSS STATEMENT

### OTHER OPERATING INCOME

Other operating income decreased by \$23.0 million or 53.3% to \$20.2 million in FY2011 due mainly to lower other maintenance and related income.

### OPERATING EXPENSES

Total operating expenditure in FY2011 increased by 7.2% or \$53.2 million to \$794.3 million, impacted by increases in staff and related costs and energy costs. The following chart and table provide a breakdown of the operating expenditure in FY2011 as compared to FY2010.

As at the end of FY2011, SMRT's staff strength was 6,565, as compared to 6,651 as at 31 March 2010. The 6.4% increase in staff and related costs to \$313.6 million in FY2011 was due mainly to increased CPF contributions and lower jobs credit by \$14.6 million.

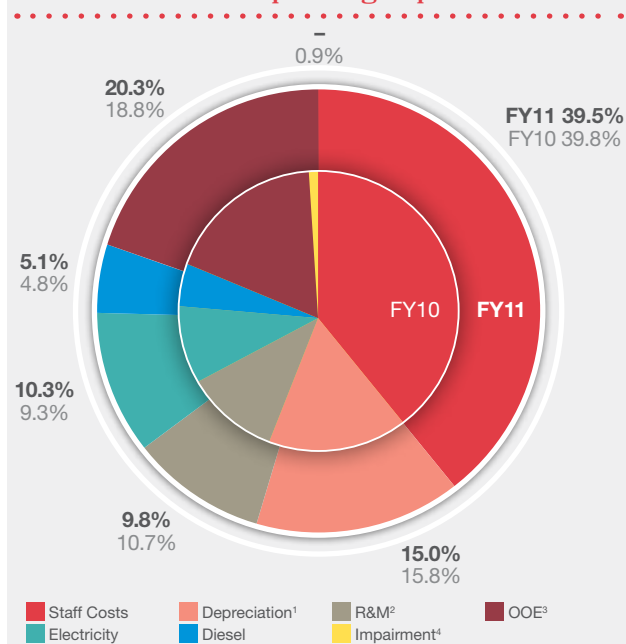
**Depreciation of property, plant and equipment net of amortisation of asset-related grant** was 1.9% or \$2.2 million higher due to higher depreciation costs from buses and taxis.

**Repairs and maintenance costs** decreased by \$1.2 million or 1.5% in FY2011 due mainly to lower scheduled repairs and maintenance costs for Train and Bus operations.

**Electricity and diesel costs** was \$122.4 million, an increase of \$18.2 million or 17.5% from FY2010.

**Electricity cost** for the year was higher by \$13.1 million at \$81.9 million. This was due mainly to higher average tariff and higher electricity consumption as a result of increased train runs and commencement of Circle Line Stage 1 and 2. **Diesel cost** was higher at \$40.4 million

### % Contribution of Operating Expenses



\$m	FY2011	FY2010	% change
Staff Costs	313.6	294.8	6.4
Depreciation <sup>1</sup>	119.3	117.1	1.9
R&M <sup>2</sup>	78.0	79.2	(1.5)
Electricity	81.9	68.8	19.1
Diesel	40.4	35.4	14.4
OOE <sup>3</sup>	161.1	139.2	15.7
Impairment <sup>4</sup>	0.0	6.6	(100.0)
Total	794.3	741.0	7.2

1. Depreciation of property, plant and equipment net amortisation of asset-related grant
2. Repairs & maintenance costs
3. OOE is defined as other operating expense
4. This relates to the impairment of goodwill on bus operations

# GROUP PERFORMANCE

as a result of higher diesel prices as compared to FY2010.

**Impairment of goodwill** in FY2010 related to the goodwill allocated to the Bus operations.

**Other operating expenses** was \$21.9 million higher at \$161.1 million due mainly to higher property tax expenses, higher cost of diesel sold, higher fees for ticket payment services, higher insurance costs and higher expenses associated with the increase in external fleet maintenance revenue. These were partially offset by the write-back of allowance for doubtful trade receivables made for Palm Jumeirah receivables.

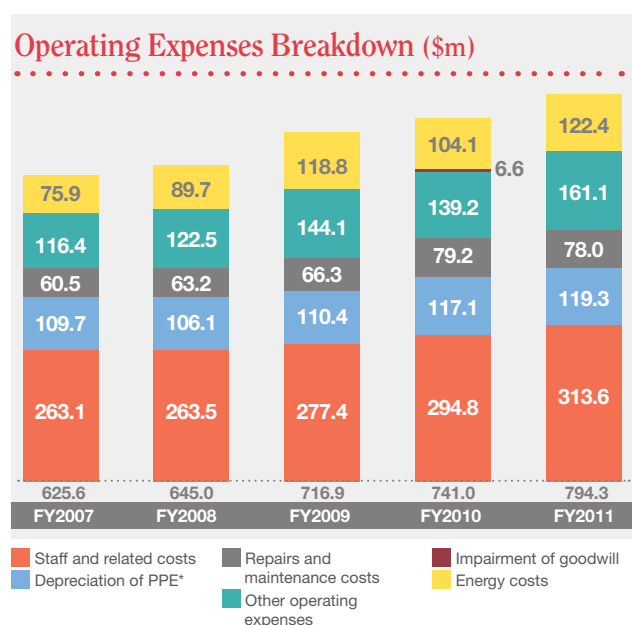
Over a five year period, total operating expenses has grown from \$625.6 million in FY2007 to \$794.3 million in FY2011. The graph below shows the breakdown in total operating expenses over the five-year period.

## OTHER PROFIT AND LOSS STATEMENT ITEMS

**Interest and investment income** was higher in FY2011 due mainly to higher interest earned on the fixed deposits.

**Share of results of associates** in FY2011 related to the 49% share of results of Shenzhen Zona.

The **income tax expense** was higher by \$1.8 million at \$30.7 million in FY2011 due mainly to an adjustment for taxes in respect of prior years.



\* Depreciation and impairment losses of property, plant and equipment net amortisation of asset-related grant

## QUARTERLY RESULTS

As seen in the table on the following page, all the quarters in FY2011 reported higher revenue as compared to their corresponding quarters in FY2010 driven by higher MRT ridership, contribution from Circle Line, higher bus ridership, higher taxi rental revenue and higher rental and advertising revenue, partially offset by lower average fare for MRT and lower revenue from Palm Jumeirah. For the first half of the year, operating profits and net profit after tax were lower due to higher operating expenses and lower other operating income. In the third quarter, operating profit and net profit after tax was higher in FY2011 due to higher revenue and the absence of impairment of goodwill. For the fourth quarter, operating profit was higher due mainly to higher revenue, lower depreciation and lower repairs and maintenance costs. As a result, net profit after tax was higher due to higher operating profits, partially offset by higher income tax expense.

## DISCUSSION AND ANALYSIS ON BALANCE SHEET

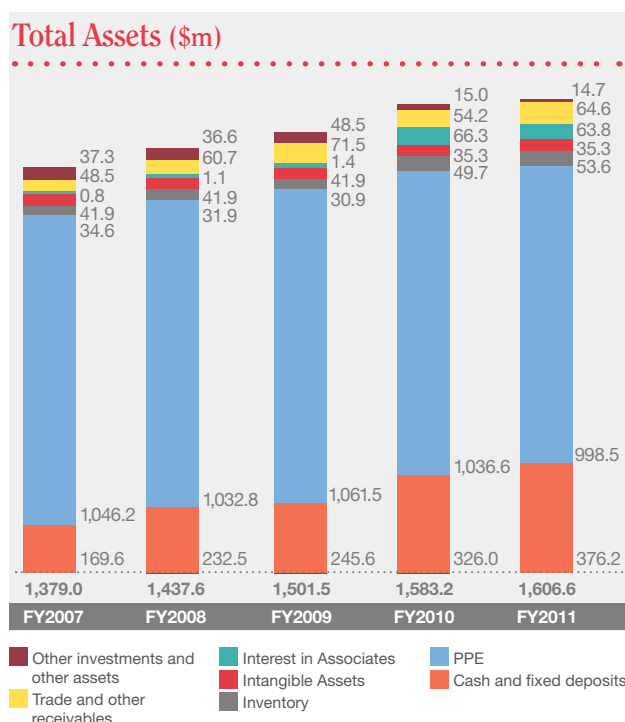
Balance Sheet Highlights (as at 31 March 2011)		
	\$m	Var (\$m)
<b>Total Assets</b>	<b>1,606.6</b>	<b>23.4 ▲</b>
Cash	50.2	▲
Inventory	3.9	▲
Interests in Associates	2.6	▼
PPE	38.1	▼
Trade and other receivables	10.4	▲
<b>Total Liabilities</b>	<b>807.5</b>	<b>5.6 ▼</b>
<b>Total Equity</b>	<b>799.1</b>	<b>29.1 ▲</b>

Total assets increased by \$23.4 million or 1.5% due mainly to higher trade and other receivables of \$10.4 million, higher inventories for Train operations of \$3.9 million and higher cash and cash equivalents of \$50.2 million. These were partially offset by lower property, plant and equipment of \$38.1 million and lower interests in associates of \$2.6 million.

The decrease in property, plant and equipment was due mainly to depreciation charges. The decrease in interests in associate was due mainly to currency translation loss relating to the financial statement of a foreign associate as at balance sheet date.

Total liabilities decreased by \$5.6 million or 0.7% due mainly to lower deferred grant of \$15.6 million, partially offset by higher trade and other payables of \$7.9 million and higher provision of \$2.5 million as a result of higher insurance for Taxi.

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total (year)
	\$m	% of FY11	\$m	% of FY11	\$m	% of FY11	\$m	% of FY11	\$m
<b>Revenue</b>									
2011	235.3	24.3	246.0	25.4	243.9	25.2	244.5	25.2	969.7
2010	215.8	24.1	229.4	25.6	224.7	25.1	225.1	25.1	895.1
<b>Operating Profit</b>									
2011	46.1	23.6	56.0	28.6	52.1	26.6	41.3	21.1	195.6
2010	57.8	29.3	63.2	32.1	49.2	24.9	27.0	13.7	197.2
<b>Net Profit after Tax</b>									
2011	38.2	23.7	45.8	28.4	43.0	26.7	34.0	21.1	161.1
2010	48.2	29.6	52.8	32.4	39.2	24.1	22.7	13.9	162.9



Over the five years, total assets have increased from \$1.4 billion in FY2007 to \$1.6 billion in FY2011. This was due mainly to higher cash and fixed deposits, higher inventories and higher interests in associates.

## DISCUSSION AND ANALYSIS ON FINANCIAL MARGINS

	FY11	FY10
EBITDA* margin (%)	<b>32.5</b>	35.9
EBIT margin (%)	<b>20.2</b>	22.0
Profit after tax margin (%)	<b>16.6</b>	18.2
Interest Cover (times)	<b>44.2</b>	40.6
ROE (%)	<b>20.5</b>	21.8

\* EBITDA excludes impairment of goodwill

EBIT margin in FY2011 was lower compared to FY2010 due to lower other operating income and higher total operating expenses such as energy cost as a result of an increase in energy prices. PAT margin was lower in

FY2011 as a result of lower operating profit and higher income tax expenses. ROE was lower in FY2011 at 20.5%.

## CAPITAL STRUCTURE AND FUNDING

The Group maintains a robust balance sheet with strong operational cash flow from the business units.

The Group's capital expenditure and working capital requirements are currently financed by cash generated from operations and borrowings. The cash and cash equivalents are centrally managed by the Treasury function and the majority of the funds were invested in liquid assets such as fixed deposits and debt securities.

In any given year, if internal cash generated is insufficient to meet all the capital expenditure required for that year, the Group may tap the capital market funds through SMRT Capital's S\$1 billion multicurrency medium term note ("MTN") programme guaranteed by SMRT Corporation. The MTN programme has been rated AAA by Standard and Poor's Rating Services.

As at 31st March 2011, the Group's total borrowings, which remained unchanged throughout FY2011, stood at \$250 million. Of the \$250 million borrowings outstanding, the \$100 million 3.27% per annum fixed rate notes would be repayable in December 2011. The remaining \$150 million 2.42% fixed rate notes would be due in October 2014.

## NET GEARING

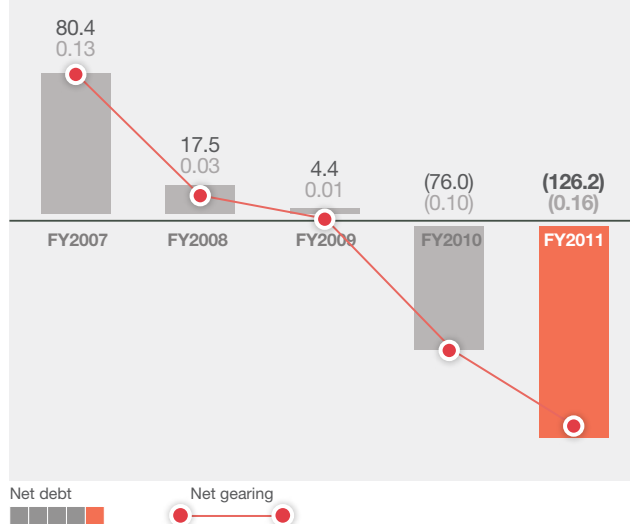
Equity or capital employed as at the end of FY2011 was \$799.1 million, higher than \$770.0 million as at the end of FY2010. At the end of FY2011, the Group was at a net cash position of \$126.2 million as compared to \$76.0 million at the end of FY2010.

## CAPITAL EXPENDITURE (CAPEX)

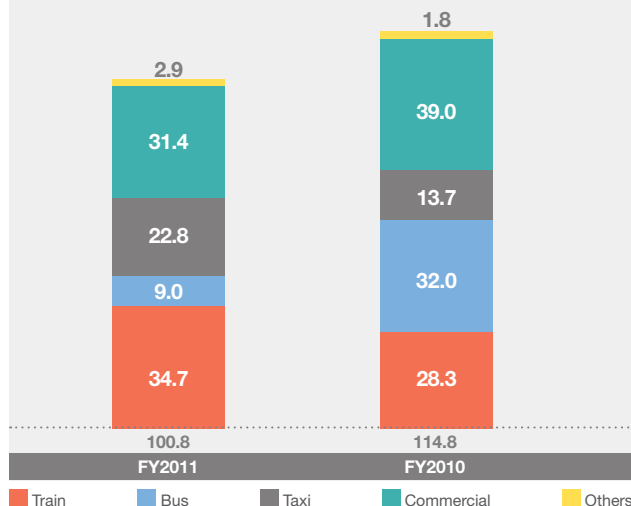
CAPEX of \$100.8 million, a decrease of 12.2% or \$14.0 million over FY2010, was incurred in FY2011. The graph on the following page shows the breakdown in CAPEX for FY2011 as compared to FY2010. CAPEX for Bus was lower in FY2011 as compared to FY2010 due to the purchase of 66 new buses in FY2010. Going forward,

# GROUP PERFORMANCE

## Borrowings and Gearing



## CAPEX Breakdown (\$m)



we expect CAPEX spending to increase to \$600 million on account of fleet expansion for trains, buses and taxis, coupled with the redevelopment of commercial spaces.

## CASHFLOW

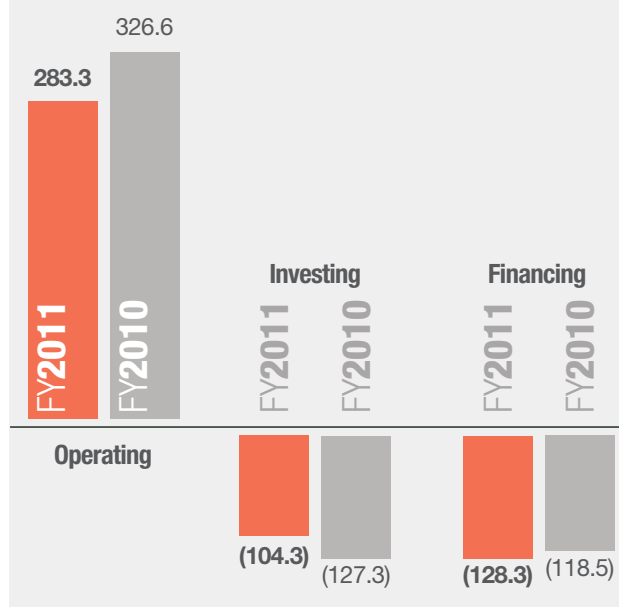
Net cash inflow from operating activities of \$283.3 million for FY2011 was lower compared to \$326.6 million for FY2010 due mainly to lower cash generated from operations and higher payment of income taxes.

Net cash outflow from investing activities in FY2011 was lower by \$23.1 million compared to FY2010 due mainly to the absence of payment for investment in an associate and lower purchase of other investments. These were partially offset by higher purchase of property, plant and equipment and lower proceeds from the disposal of property, plant and equipment and other investments.

Net cash outflow from financing activities was higher by \$9.7 million in FY2011 due mainly to the higher payment of dividends.

Net increase in cash and cash equivalents in FY2011 was lower than in FY2010 due mainly to lower net cash inflow from operating activities and higher net cash outflow from financing activities, partially offset by lower net cash outflow from investing activities. Free cash flow also decreased from \$239.7 million last year to \$176.5 million in FY2011. As at 31 March 2011, cash and cash equivalents stood at \$376.2 million as compared to \$326.0 million as at end FY2010.

## Cashflow (\$m)



# VALUE ADDED & ECONOMIC VALUE ADDED ANALYSIS

## VALUE ADDED STATEMENT

\$'000	FY2011	FY2010
Revenue	969,692	895,053
Less: Cost of bought-in goods and services	(324,410)	(275,923)
Gross value added	645,282	619,130
Share of results of an associate	1,477	752
Investment income	147	182
Interest income	1,657	1,483
Loss on disposal of property, plant and equipment	(478)	(1,013)
	<b>648,085</b>	620,534
<i>Applied as follows:</i>		
To Employees – staff and related costs	311,953	293,213
To Government – income and other taxes	48,634	39,459
To Providers of capital:		
Interest on borrowings	7,127	7,899
Dividends to shareholders	129,012	117,527
Balance reinvested in business:		
Depreciation of property, plant and equipment	135,259	134,769
Profit retained by the Group	32,079	45,358
Others	(15,979)	(17,691)
	<b>648,085</b>	620,534

## ECONOMIC VALUE ADDED STATEMENT

\$'000	FY2011	FY2010
<b>Profit from ordinary activities before taxation</b>	<b>191,741</b>	191,727
Adjustments for:		
Interest expense	7,127	7,899
Others	–	7,844
<b>Adjusted profit before interest and taxation</b>	<b>198,868</b>	207,470
Economic tax	(30,759)	(30,105)
<b>Net Operating Profit After Tax (NOPAT)</b>	<b>168,109</b>	177,365
Average capital employed <sup>(Note 1)</sup>	956,625	913,301
Weighted average cost of capital <sup>(Note 2)</sup>	5.993%	6.175%
<b>Capital Charge (CC)</b>	<b>57,331</b>	56,396
<b>Economic Value Added (EVA = NOPAT - CC)</b>	<b>110,778</b>	120,969

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

	FY2011
Major capital components	\$'000
Long-term debt	250,000
Equity	706,625
	<u>956,625</u>

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

- (i) Cost of equity using Capital Asset Pricing Model with market risk premium at 6.0%;
- (ii) Pre-tax risk-free rate of 2.6% (FY2010: 2.7%);
- (iii) Ungeared beta at 0.62 based on peer analysis; and
- (iv) Pre-tax cost of debt at 3.2% (FY2010: 3.3%) based on pre-tax risk-free rate plus credit spread.

# VALUE ADDED & ECONOMIC VALUE ADDED ANALYSIS

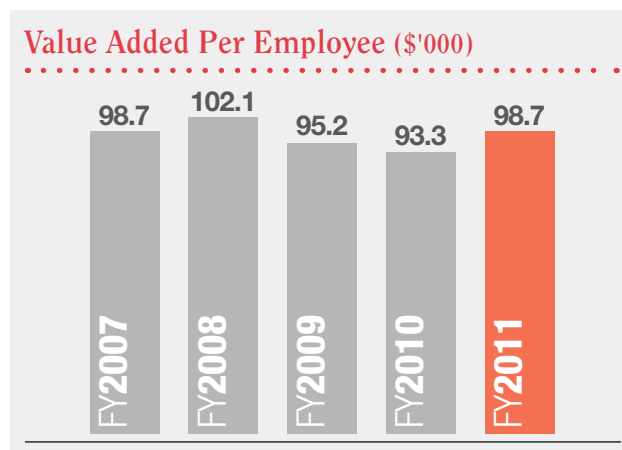
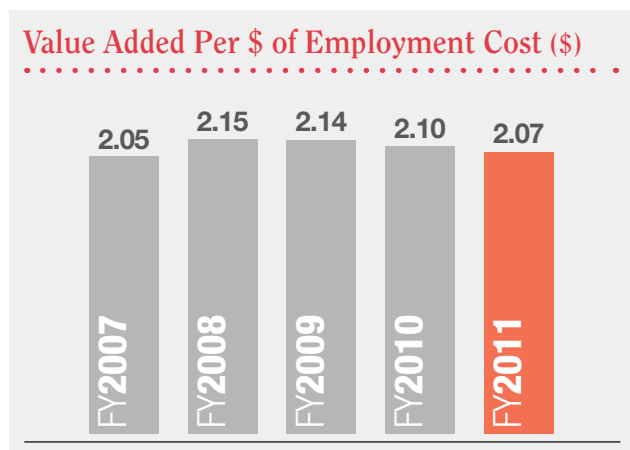
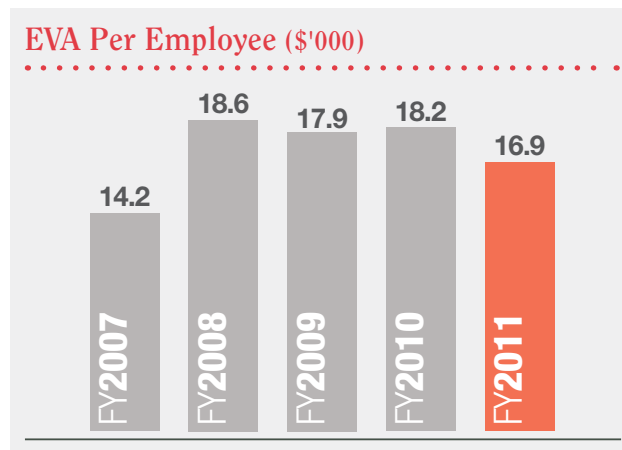
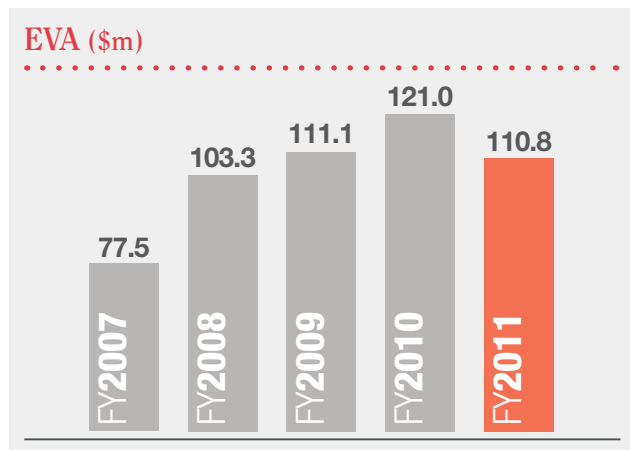
## PRODUCTIVITY ANALYSIS

	FY2007	FY2008	FY2009	FY2010	FY2011
Employment costs per \$ of turnover (\$)	0.35	0.33	0.32	0.33	<b>0.32</b>
Economic value added (\$m)	77.5	103.3	111.1	121.0	<b>110.8</b>
Economic value added per employee (\$)	14,205	18,597	17,851	18,188	<b>16,874</b>
Value added (\$m)	538.8	567.1	592.4	620.5	<b>648.1</b>
Value added per employee (\$)	98,738	102,095	95,150	93,299	<b>98,718</b>
Value added per \$ of employment costs (\$)	2.05	2.15	2.14	2.10	<b>2.07</b>
Value added per \$ of gross fixed assets (\$)	0.25	0.26	0.25	0.26	<b>0.26</b>
Value added per \$ of turnover (\$)	0.73	0.71	0.67	0.69	<b>0.67</b>

In FY2011, the total value added by the Group was higher at \$648.1 million. The amount applied to the employees (staff and related costs) was \$312.0 million, income and other taxes to the government was \$48.6 million, and interest and dividends to the providers of capital was \$136.1 million leaving a balance of \$151.4 million reinvested in the Group.

EVA was lower at \$110.8 million in FY2011, 8.4% less than FY2010. This decrease in EVA was largely due to lower operating profit. Over five years as shown in the graph below, EVA has grown at an annualised rate

of 9.3%. The other graphs also illustrated the change in EVA per employee, VA per dollar employment cost and VA per employee over the five years. Though VA achieved in FY2011 was higher over FY2010, VA per dollar of employment costs was lower as total employment cost have increased due to the wage adjustments and higher CPF contributions. This was despite a lower headcount as at end of FY2011. SMRT's staff strength was 6,565, as compared to 6,651 as at 31 March 2010.



# KEY DYNAMICS & RISK MANAGEMENT

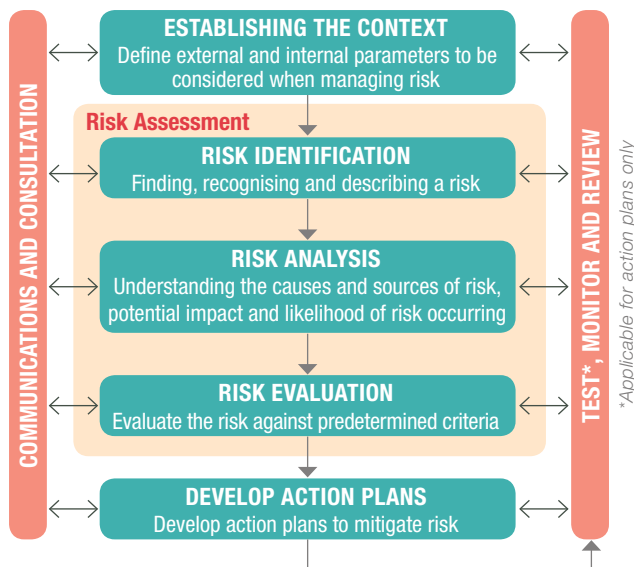
SMRT operates in a complex and highly regulated environment. The existence of a robust risk management framework and process are crucial to ensure that the SMRT Group is able to mitigate and manage both internal and external factors that pose as obstacles to the achievement of our business objectives.

The risk management section in the Corporate Governance Report describes the enterprise risk management structure that is adopted by the Group. This section describes the Group's risk management process, and the treatment of risks by SMRT.

## RISK MANAGEMENT PROCESS

SMRT has established a reputation as a reliable and progressive transport service provider. In providing transport solutions, SMRT understands that the Group's business environment carries both opportunities and uncertainties.

The Risk Management Process in SMRT, based on the ISO 31000 Risk Management – Principles and Guidelines (2009), enables the Group to deal with business uncertainties by identifying key risks and putting in place the appropriate mitigating plans and actions. The diagram below outlines the key steps used in SMRT's Risk Management Process to mitigate risks and determine the company's risk profile.



The Risk Management Process is an integral part of the Group's planning and decision making processes and is embedded within the business units' core activities. The Board and the Management set the overall strategic

direction and ensure that strategies are aligned with the risk appetite of the Group as well as the emerging risks that the Group faces.

The Risk Management Committee (RMC) focuses and manages the major risks that have significant impact on the Group, whereas the business units and corporate functions concentrate on the risks in their respective businesses and functions. All investments and overseas projects undergo due diligence and risk management review process. All the key risks are summarised at the Group level, and monitored closely by RMC, the business units and corporate functions. Both a top-down and bottom-up approach is utilised to ensure a holistic risk management process. The top-down approach considers risks to the strategic and corporate objectives, while the bottom-up approach reflects on end-to-end business processes. The Group also constantly scans the economic, political and business environment for emerging risks.

The Board Risk Committee (BRC) periodically reviews the robustness of the risk management process and the key risks with Management. In addition, the BRC will share any significant risk issues that may have an impact on financial reporting and internal controls with the Audit Committee (AC).

In FY2011, an independent review of SMRT's Risk Management was carried out with the help of an external consultant to align SMRT with current developments in international risk management standards and guidance, including the ISO31000 Risk Management – Principles and Guidelines (2009).

The revised framework comprises three components which link risk management to our business.

Our Business	How we manage risk
Business Strategy	Risk Management Strategy
Business Management	Risk Management
Business Platform	Risk Platform

The risk management strategy provides the commitment and mandate of the extent and type of risks SMRT can take. More importantly, it ensures that business strategies are aligned and pursued within the boundaries established for risk appetite and risk tolerance.

Risk management as an essential part of business management helps to identify, assess, manage, monitor and report risks. The process is integrated into all SMRT's business operations and decisions. To further provide support in risk management, SMRT has a formal appointment of risk managers in every business unit to

# KEY DYNAMICS & RISK MANAGEMENT

support their respective business unit in ensuring effective risk management.

A highly robust and effective risk platform will enable the successful implementation of risk management. To equip staff with the correct tools, SMRT has set up a dedicated risk management website and a confidential feedback system to provide a one-stop platform for staff to familiarise themselves with risk management and to flag out potential risk areas in the company. To further promote the culture of risk awareness, new employees are also educated on the importance of risk management through an induction workshop.

## MANAGING OUR RISKS

### Energy Cost Risks

The Group is exposed to fluctuating energy prices that are outside our control, such as oil and diesel prices, which affect our energy costs. The Group mitigates rising electricity costs by procuring electricity from both the spot market or/and entering into fixed price electricity contracts over fixed tenures. The Group may, where deemed appropriate, engage in short-term diesel hedging contracts to partially mitigate the market price fluctuations. Such hedging practices strictly adhere to the Group's Dealing Mandate, approved by the Board. In addition, the Group also engages in conservation and fuel-efficient efforts to manage our usage of electricity and diesel throughout the whole organisation. To mitigate currency risk from the purchase of diesel in foreign currency, forward exchange contracts are used.

### Security and Epidemic Risks

The Group may be exposed to the effects of natural disasters and other potentially catastrophic events, such as major accidents, terrorist attacks and epidemic outbreaks. Our security management strategy, covering assessment of threats and vulnerability, prevention, protection, response as well as recovery from major incidents, is aimed at ensuring the safety and security of our transport system. To counter terrorism threats, the SMRT Community Emergency Preparedness Programme (SCEP) was developed. The programme was endorsed by the Ministry of Home Affairs and the Land Transport Authority (LTA) in July 2006 and officially launched on 22 December 2006. The SCEP was developed to involve the community in our fight against terrorism, and to minimise the potential damage resulting from terrorist attacks. To date, over 14,000 participants

(including community members and students) have been trained under this public awareness programme. Regular drills, such as bomb threat mitigation exercises, were conducted at selected MRT stations and bus interchanges to familiarise staff with the Group's emergency evacuation procedures. Currently, additional security initiatives are being evaluated, and an access control management system has been installed in the headquarters and depots to prevent unauthorised access. More will be done this year to beef up security at the stations, depots and bus interchanges.

The Group also conducts Counter Surveillance Training, Red Teaming exercises and other security initiatives to heighten the level of security awareness, and to highlight gaps and weaknesses in SMRT's transport system to terrorist threats. For instance, we conducted a tabletop exercise in November 2010 to test the robustness of the Bus Incident Management Plan (BIMP). The exercise scenario depicted the bombing of a major bus interchange where bus staff were moved to an alternative site in order to continue with operations.

We are developing a Code of Practice for our security personnel, which will include a five-pronged security approach of Assess, Prevent, Protect, Respond and Recover.

Business Continuity Management (BCM) is part of the overall management process which identifies potential threats to SMRT's core business processes, and provides a framework for dealing with these threats. The Group has established BCM plans for the critical functions of the various business units. In 2010, we attained dual BCM Certification – in both the Singapore (SS540) and the British (BS25999) standards.

We also partner and work with the Public Transport Security Command (TransCom) in our daily efforts, during major events as well as exercises conducted at TransCom Headquarters.

Following the Changi Depot graffiti incident, we carried out a thorough review of our security arrangements for train and bus depots and bus interchanges. New fencing and CCTVs for train and bus depots will be introduced along with additional solar street lighting in selected areas. CCTVs will also be installed in certain bus interchanges. These measures will significantly enhance the security of these premises.

### Regulatory and Operational Risks

The Group's rail, bus and taxi operations are subject to extensive regulation by LTA and the Public Transport



Council (PTC). Licences are required for our rail, bus and taxi businesses from LTA and PTC. The terms in the current Licence and Operating Agreement (LOA) for the North-South and East-West lines and the Bukit Panjang Light Rail Transit (BPLRT), the Licence to Operate the Circle Line, and the Bus Service Operator's Licence (BSOL) are described in the *Background – Regulatory Framework* section of the *Operating and Financial Review* section, and further detailed in the *Notes to the Financial Statements*. The rail, bus and taxi operations are also subject to stipulated minimum operating performance and service standards. For example, for rail operations, we are required to comply with a set of operating performance standards governing train service availability, schedule adherence, safety and equipment availability. Under the BSOL, bus operators are required to comply with the Quality of Service standards for reliability, safety and availability, among others. Taxi operations are also subject to regulatory operating standards relating to various aspects of service quality and safety performances. These business units mitigate non-compliance risks by undergoing stringent annual maintenance and service improvement regimens. The importance of safety awareness, service excellence and adherence to strict operating procedures are also inculcated in every staff through training, incentive schemes and other programmes. In addition, fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses are subject to approval by PTC. Details on the fare structure are also shown in the *Background – Regulatory Framework* section of the *Operating and Financial Review* section.

As part of the changes announced by the Ministry of Transport in the Land Transport Review in January 2008, greater contestability will be introduced in the rail industry through the issuance of shorter operating licences for future lines. In the tender to operate the Downtown Line, a 15-year licence term will be awarded to the successful operator.

LTA will also take on the central planning of the bus service network, which is currently being planned by public transport operators. There will also be greater contestability in the bus industry, where operators will compete periodically for the right to operate a package of bus services designed by LTA.

We believe that we are competitively positioned for both train and bus operations. We will continue to engage the relevant government agencies and industry partners including the Ministry of Transport, LTA and PTC.

## **Safety Risks**

SMRT has established a safety management framework that drives, promotes, enables and sustains a safe and reliable travel experience for our commuters and the public, as well as a safe and healthy work environment for our employees and business partners.

Our holistic approach towards safety management encompasses the four following thrusts: safety leadership, safety culture, safety-enabling system and safety-sustaining system.

## **Safety Leadership**

Commitment to safety from the top is the key driving force that enables an organisation to achieve safety excellence. At SMRT, the President & CEO has the overall and final responsibility for safety. The Senior Vice President (SVP) of Communications and Services oversees the Safety Services Department and Security Department so that an integrated approach can be taken and synergies can be harnessed for both safety and security matters.

## **Safety Culture**

Our safety culture is built upon a firm foundation of capable leadership and employee engagement, where safety is embraced and practised by every employee as a way of life. With strong leadership and employee commitment and involvement, SMRT functions as a safety-centric organisation.

## **Safety-Enabling System**

To achieve our safety objectives, SMRT has developed and implemented a System Safety Programme Plan (SSPP). The SSPP is our safety management system that provides a concrete and systematic approach in managing safety. The rigorous development of SMRT's SSPP was benchmarked against a number of international standards for system safety in transit operations and occupational safety, including OHSAS 18001. SMRT also has a well-structured training and competency management framework that identifies and analyses the learning needs of our employees in the areas of operations safety and occupational safety. This ensures that our operations and maintenance staff are certified competent to perform any safety-critical or safety-related functions, work or tasks, thus ensuring a safe and reliable system.

# KEY DYNAMICS & RISK MANAGEMENT

## Safety-Sustaining System

Several levels of audit are in place to verify compliance with operating procedures. The Safety Services Department (SSD) conducts regular audits on work activities that have an impact on the public transport services. SSD also conducts the SSPP Compliance Audits on the operating departments to verify the status of implementation and compliance with the requirements of the SSPP. Other than these audits, a control self-assessment (CSA) programme has also been established for greater ownership of key process risks and controls among the line management and staff. To inculcate a safety mindset among our employees and to recognise and reward staff for good safety performance, SMRT SHIELD, a corporate annual safety promotion programme, was inaugurated in 2008. Since then, SMRT SHIELD has been a successful platform to instill service excellence among staff, and reinforce their safety awareness and behaviour through activities and competitive events across different business units.

## Reputational Risks

Our stakeholders include PTC, LTA, commuters, shareholders, analysts as well as the media. Recognising the importance of providing timely, accurate and key information to our stakeholders, the Group put in place an integrated communications programme to ensure effective communication, and continuously maintains close relations with our stakeholders at all times. In addition, the Group constantly upholds high standards of service quality in all our business areas, and ensures that service standards are met at all times. We benchmark ourselves against the world's top transport operators and strive to improve and exceed our own performance standards.

## Investment Risks

The Group's investment risks relate largely to those of capital investments made for the maintenance, upgrading and replacement of operating assets, and acquisitions or investments in business entities. The capital investments projects, including the selection of suppliers and contractors, are subject to financial procedures and internal selection criteria for the purpose of expenditure control. Investment activities, relating to acquisitions or investments in business entities, are supported by experienced internal staff, and, where necessary, external professionals for specialised services are engaged. The business proposals for such activities are also guided by operational and financial

procedures, and presented to the Management and Board for approval.

SMRT wholly-owned subsidiary, SMRT Hong Kong Limited, has a 49% equity interest in Shenzhen Zona. As an associated company of the Group, the performance of Zona has an impact on the Group's profit. The risks that Shenzhen Zona faces include the following:

- Regulatory risk in the form of changes to transport policies and fares, and other operational performance requirements
- Increase in operating costs due to factors beyond our control, such as compliance with regulatory obligations to maintain, renew and/or replace operating assets and/or licences
- Having to comply with safety and operating performance standards

The risks are mitigated through measures including the review of internal controls, and approving authorities and limits, as well as ensuring proper communications at all levels. The Management of Shenzhen Zona has also built strong relationships with the local authorities, industry players and related associations to mitigate regulatory risks.

## Financial Risks

The Group's activities are exposed to a variety of financial risks including credit, foreign currency, market, interest rate and liquidity risks. The Group's risk management strategy features a system of controls to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The risk management policy and framework are reviewed regularly against best practices in the market to ensure the robustness of the process, and its alignment to the changing requirements in the Group's risk management.

The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the financial risk management policy, tools, practices, strategies and treatments. The management of these risks is discussed in the *Financial Risk Management* section of the *Notes to the Financial Statements*.

## Property and Liability Risks

The Group's property, plant and equipment include rolling stock, signalling, communication and fare collection systems, buses, taxis and properties. The Group has an insurance programme to insure our exposure to property, business interruption and general liabilities risks. The

Group also adopts a proactive approach with advice and recommendations from insurance brokers. The risk exposure is annually reviewed to ensure our insurance programme continues to be adequate for the identified risk exposures.

## **SENSITIVITY ANALYSIS**

### **MRT Ridership**

Every one percentage point change in annual MRT ridership will result in a \$5.3 million change in revenue. This is assuming the MRT fare structure remains at FY2011 levels.

### **Bus Ridership**

Every one percentage point change in annual Bus ridership will result in a \$2.0 million change in revenue. This is assuming the Bus fare structure remains at FY2011 levels.

### **Electricity Costs**

Every one percentage point change in rates of electricity, using FY2011 rates as a basis, will lead to a \$0.8 million change in operating profit per year. This is assuming MRT electricity usage is maintained at FY2011 levels.

### **Diesel Costs**

Every one percentage point change in rates of diesel, using FY2011 rates as a basis, will lead to a \$0.4 million change in operating profit per year. This is assuming diesel usage is maintained at FY2011 levels.

## **ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements for the year ended 31 March 2010, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2010.

On 1 April 2010, the Group adopted the new or amended Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs. The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## **OUTLOOK FOR FY2012**

Group revenue is expected to be higher in FY2012 as compared to FY2011 due mainly to higher train and bus ridership. Revenue from increase in ridership will be negatively impacted by lower average fare due to the implementation of distance fares.

Average daily ridership for the Circle Line since its commencement has increased, starting from 30,000 to 181,000 at the end of 4Q FY2011, and ridership is expected to continue growing.

The remaining sections of the Circle Line Stage 4 and 5 are expected to be completed in October 2011. The Marina Bay and Bayfront extensions are slated to open in 2012. Sixteen additional trains will be purchased and are anticipated to arrive in 2015. When fully operational, the Circle Line is expected to have a daily ridership of nearly half a million.

The Jurong East Modification Project is due to be completed in May 2011. The additional train track and platform at the Jurong East MRT station will improve train headways when completed. An additional 22 trains have also been purchased for the North-South East West lines and will be progressively introduced into service.

SMRT fully supports the government's effort in promoting public transport and remains committed in improving its bus services. As part of SMRT's fleet renewal programme, 50 new buses will be added.

Rental revenue is expected to grow by \$7.0 million. Orchard Xchange is scheduled to open in the second quarter of 2011. In FY2012, renovations on seven more stations, of which five are new, are expected to be completed. The two existing stations are Woodlands and Jurong East. Along the Circle Line, five new stations comprising Botanica Gardens, Holland Village, One-North, Bayfront and Marina Bay will commence retail operations.

Capitalising on our strong brand name overseas, we will continue to pursue overseas opportunities in public transport within regions such as Asia and the Middle East.

Group operating expenses are expected to be higher. Cost will remain a challenge due to continued losses that will be incurred in the early phases of Circle Line operations and volatility in both diesel and electricity prices. Staff and related costs will be higher due mainly to higher Central Provident Fund (CPF) rates and additional headcount with the ramp-up of Circle Line Stage 4 and 5.

# SMRT TRAINS & LIGHT RAIL



**LUI WAI MENG**

Vice President  
Rail Operations

“Beyond providing the necessary hardware, SMRT believes in heartware too. We actively cultivate a strong service culture and mindset among our staff.”

Our entire network will be

**126.2km**

when the Circle Line is completed.



Every day, millions of people board our trains with confidence that their journey will be safe and comfortable and their ride reliable and efficient.

SMRT Trains maintains a fleet of 106 six-car trains, which ply the North-South Line (NSL) and East-West Line (EWL). For Circle Line (CCL) Stages 1 to 3, we operate a fleet of 31 three-car trains plying 16.6km through 16 stations. Our entire network will be 126.2km when the CCL is completed. The NSEWL, with its 53 stations, cover a total length of 93.2km.

Our rail network expanded with the opening of 11 stations under CCL 1-2 on 17 April 2010. As a result, SMRT Trains' total ridership increased by 12.6% to 603.9 million in FY2011 from 536.6 million in FY2010. Average weekday trips also grew to 1.78 million passenger trips daily, from FY2010's 1.57 million.

## ALL ABOARD

The opening of more CCL stations was the highlight of FY2011, as it added another 11km to the Circle Line operational network. The new stations are Dhoby Ghaut, Bras Basah, Esplanade, Promenade, Nicoll Highway, Stadium, Mountbatten, Dakota, Paya Lebar, Macpherson and Tai Seng.

More recently, SMRT has started gearing up for the launch of CCL4 and 5, scheduled to open in October 2011. Twelve additional stations will link to the EWL at Buona Vista, and North East Line (NEL) at HarbourFront. They are Caldecott, Botanic Gardens, Farrer Road, Holland Village, Buona Vista, One-North, Kent Ridge, Haw Par Villa, Pasir Panjang, Labrador Park, Telok Blangah and HarbourFront stations.

In FY2011, we started recruiting and training staff for CCL 4 and 5. We were also involved in the test run phase for CCL 4 and 5, which included functional tests with trains in Automatic Mode.

When all five CCL stages are operational, commuters will be served by 28 underground stations between Orchard Road and Telok Blangah Road. They will enjoy seamless transfers to the NSL at the Bishan and Dhoby Ghaut stations, to the EWL at Paya Lebar and Buona Vista, and to the NEL at Serangoon, Dhoby Ghaut and HarbourFront. The CCL will deliver greater convenience and accessibility to various locations in Singapore. Travelling time will be reduced since commuters will be able to bypass the city centre interchanges to reach their destinations.

The dwell time at most stations is 28 seconds. However, at the interchange stations, where traffic is heavier, we have extended the dwell time to 45 seconds. In particularly busy stations, such as Paya Lebar and Bishan, the dwell times have been extended to 60 seconds during the peak hours. Passengers are able to disembark and embark safely and smoothly, without having to hurry unnecessarily.

SMRT is also boosting the service frequency on our various lines. On top of the 1,000 train trips added in FY2009, we introduced another 150 trips in March and April 2010. Then in March 2011, another 420

## GREATER DEMAND

**420**  
more  
weekly  
train trips

more train trips per week were injected into service on the NSEWL. More trips were added into the early morning, evening peak and off-peak hours as well as the weekends to minimise commuter waiting time.

Over the years, we have been adding train trips during popular events such as the National Day Parade, Formula 1 SingTel Singapore Grand Prix, Chingay Parade, and the eves of Christmas and New Year, as well as on our weekend and

Lunchtime Xpress services.

With more train trips, commuters can enjoy a more comfortable ride and minimal waiting time.

## TRUE GEMS

Beyond providing the necessary hardware, we actively cultivate a strong service culture and mindset among our staff.

In FY2010/2011, we launched a programme to inculcate the “Scan, Seek, Approach” work habit. This initiative emphasises to our staff at critical service locations the importance of proactively identifying and helping a commuter in need. Our staff will step forward to assist commuters and address their needs, without being asked.

Even as we train our staff to deliver good service, we give due recognition to those who do. In April 2009, we launched the “It’s You!” campaign to showcase excellent service stories. Station staff are recognised for going the extra mile for passengers, and this encourages other staff to emulate their good example.

Compliments Appreciation Roadshows (CAR) are held regularly in conjunction with Management Dialogue Sessions. At these sessions, at least one Service Hero will share customer service skills and tips. Other staff get the opportunity to discuss difficulties faced and ways of resolving them.

To equip and empower our people to give their best, we provide the necessary training. The “Providing Go-the-Extra-Mile for Service” (PGEMs) training focuses on daily interactions with customers. Staff are taught on the right tone of voice and choice of words to be used

in various real-life scenarios. They learn about personal grooming as well as how to handle dissatisfied customers. The participants also get to view a video of a Service Hero sharing his/her real-life experiences. Since PGEMs started in June 2010, 173 staff have attended the course.

SMRT keeps a tight watch on service through Mystery Shopping. Office staff are assigned to randomly assess station staff on their customer service and general grooming. The station’s facilities, such as toilets, are also assessed. Staff who need to improve are then sent for Customer Appreciation Re-Emphasised (CARE) and Personal Improvement Plan (PIP) training.

In FY2011, we lent our full support to the Land Transport Authority (LTA) in expediting the Jurong East Modification Project (JEMP), which increased train service capacities on both the NSL and EWL. For sections where train services were disrupted, SMRT implemented crowd control measures so that passengers could enter and exit the station in an orderly manner that minimised inconvenience. Staff were strategically located in and around the stations’ premises. Variable Message Signs (VMS) and barricades were placed to direct passenger flow.

We provided bus services to ferry passengers between Jurong East and the affected stations. For wheelchair-bound passengers, we recognised that travelling by bus would not be a viable option. Hence, taxi services were provided for them.

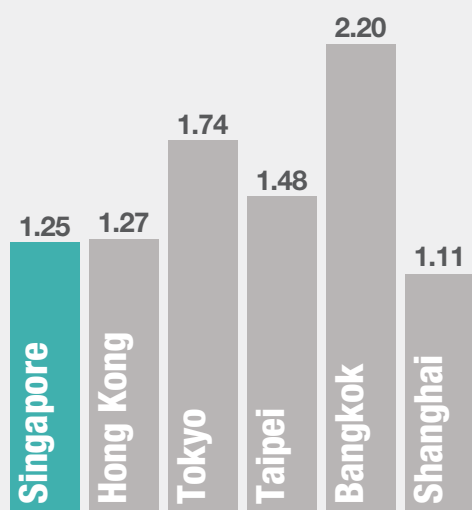
SMRT also created a virtual link station

## KEY OPERATING DATA

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Total Route Length (NSEWL & CCL)	89	89	89	92.6	98.6	<b>109.9</b>
Total car-kilometres operated (to nearest million)	75.5	77.1	78	85.2	91.9	<b>100.284</b>
Growth in car-kilometres operated (%)	0.6	2.1%	1.2%	9.2%	7.9%	<b>9.1%</b>
Total ridership (to nearest million)	413.8	434.9	469.3	510.2	536.6	<b>603.9</b>
Growth in ridership (%)	2.8	5.1	7.9	8.7	5.2	<b>12.6</b>
Average weekday ridership (to nearest '000)	1,212	1,279	1,381	1,502	1,579	<b>1,776</b>
Growth in average weekday ridership (%)	3.5	5.5	8	8.8	5.1	<b>12.5</b>
Total passenger-kilometres (to nearest million)	5,058	5,288	5,714	6,223	6,444	<b>7,076</b>
Growth in passenger-kilometres (%)	2.6	4.6	8.1	8.9	3.5	<b>9.8</b>
Average car occupancy	67	68.6	73.3	73.1	70.1	<b>70.6</b>
Growth in average car occupancy (%)	2.1	2.4	6.8	-0.3	-4.1	<b>0.7</b>

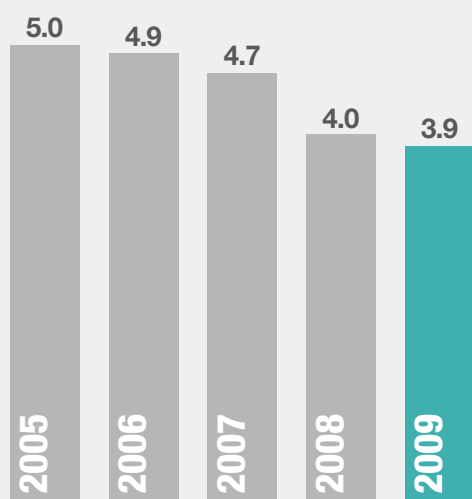
# SMRT TRAINS & LIGHT RAIL

Published Stored Value Fare for a 10km Journey (S\$)



Adjusted using the 2009 Purchasing Power Parity (PPP) conversion factor published by the World Bank. The PPP is the rate of currency conversion at which a given amount of currency will purchase the same volume of goods and services in two countries.

Singapore Public Transport Affordability Index



The Singapore Public Transport Affordability Index has shown a consistent drop over the years, reflecting continued affordability of Singapore's public transportation.

for adult CEPAS card holders so that their fares would not be deducted when they tapped in and out of fare gates at the affected stations. For those carrying concession passes or standard tickets, we allowed them to enter and exit without card-tapping to facilitate travel. To better manage the direction of passenger flow, the bi-directional gates were effectively deployed at key stations affected by the JEMP.

Our efforts continued unabated during the Mondays following the JEMP. With trains moving slower than usual, our staff were out in full force to facilitate passenger flow and address any commuter concerns.

## ENGAGING THE COMMUNITY

SMRT actively promotes ridership through a series of engaging campaigns to draw more people to our system and educate them on the benefits of public transportation.

On World Environment Day, 5 June 2010, we kicked off the "Go Green with SMRT" public transport education campaign. The third in a series which began in 2008, it educates the public on the environmental benefits of taking public transport.

The 2010 campaign themed "Let's clear the air. Take public transport for cleaner air, better health", was launched outside the Orchard and Somerset stations. Commuters spotted wearing the "I'm going Green with SMRT" badge received free CEPAS cards. Each week in June after that, we went to Choa Chu Kang, Tampines and Bugis stations to give away free CEPAS cards. In all, 300 cards were handed out.

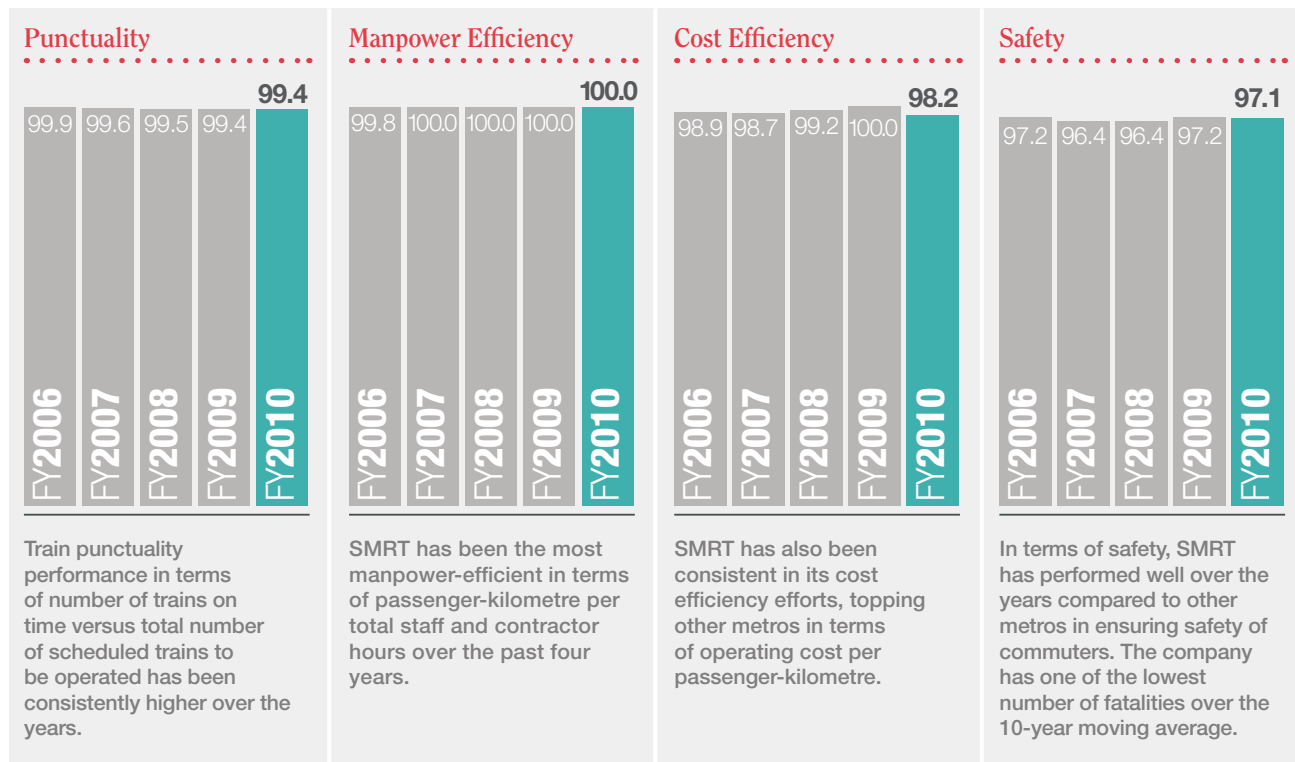
To reach out to youths and the Internet savvy, we also launched our own online game on 1 July 2010. To win the SMRT Smogbuster game, players had to "kill smog" and clear the air. Commuters playing the online game also scored additional chances of winning in the lucky draws held in conjunction with the "Go Green with SMRT" campaign.

Each of the three lucky draws in the four-month campaign offered the prize of three months of free travel within the SMRT network for 10 winners. The campaign culminated in a grand lucky draw, where four people walked away with the grand prize of one-year free travel on the SMRT network.

An all-new ridership promotion, "Dream Cruise with SMRT", was launched on 15 October 2010. The campaign, which ended on 14 May 2011, offered the top prize of a 10-day, seven-night Mediterranean cruise for two, with \$2,500 cash. At the launch held at Raffles Xchange, models dressed up as sailors and gave away campaign publicity leaflets.

In May 2010, we launched a campaign to raise awareness of and promote ridership on the new Circle Line. SMRT published and distributed a service guide in both English and Chinese to familiarise people with the line and the neighbourhoods it serves. Called "SMRT Circle Line's Best: Your Handy Guide", it highlighted places of interest around CCL stations and gave tips on how to travel faster using the new line. The guides were mail-dropped to residents living near the CCL stations and others who could benefit from the new network.

## SMRT PERFORMANCE AGAINST NOVA AND CoMET OPERATORS *(Best Performance = 100%)*



We also reached out to car users by giving away car decals to encourage them to include public transport in their travel mix.

In addition, we displayed posters in our stations and stickers on our trains informing commuters how to use the CCL.

SMRT also collaborated with People's Association and the Social Development Network on "Circle of Friends". The event was held on 22 January 2010 to promote CCL ridership and put the new line in the news. One hundred and sixty singles took part in the event, modelled along the lines of TV reality show, *The Amazing Race*. Armed with the Circle Line Handy Guide, participants took off at 9am from Stadium station and raced through the CCL to Bras Basah, Dakota, Promenade and Esplanade stations where they had to complete various tasks. At the end of the event, the participants not only made more friends but also learned how to travel to various locations using the CCL. Besides "Circle of Friends", we also held three line dancing events at Stadium, co-organised with GEHA. It allowed people to stay fit and make new friends while exercising.

### GOING THE DISTANCE

FY2011 also marked a significant change in our public transport fare structure, with the introduction of Distance Fares on 3 July 2010. The new structure allows commuters to make transfers without incurring

additional costs. Fares are computed on a journey basis, without a boarding charge being imposed for every transfer made during the overall trip. All commuters are charged a fare according to the total distance travelled, whether on a bus, the MRT or the Light Rail Transit (LRT). They, therefore, are able to choose the travel option that suits them best. Distanced fares is a major step towards integrating Singapore's public transport system, giving commuters greater flexibility, choice and convenience.

Implementing the new structure was a complex process since it had to be designed and tested before being deployed. It also required coordination among different parties involved, including the LTA, public transport operators and the Public Transport Council. We also had to gather commuter feedback.

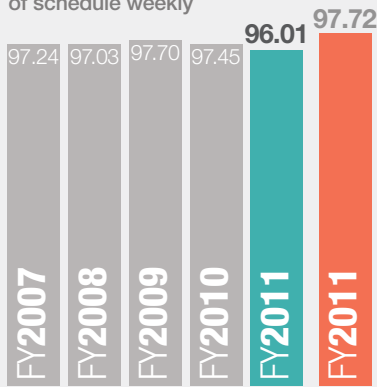
SMRT understands that commuters want reliable, safe and convenient travel that is affordable. Our fares are among the lowest in Asia. In fact, our fares are relatively low

# SMRT TRAINS & LIGHT RAIL

## SMRT PERFORMANCE AGAINST LTA OPERATING PERFORMANCE STANDARDS (OPS)

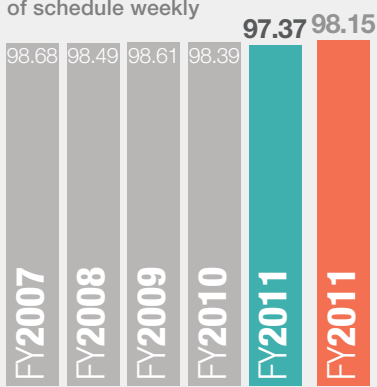
### Train Arrivals

at least 94% within 2 minutes of schedule weekly



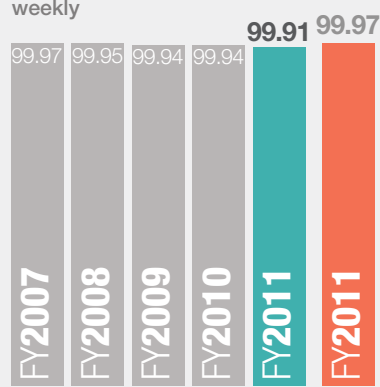
### Train Departure

at least 96% within 2 minutes of schedule weekly



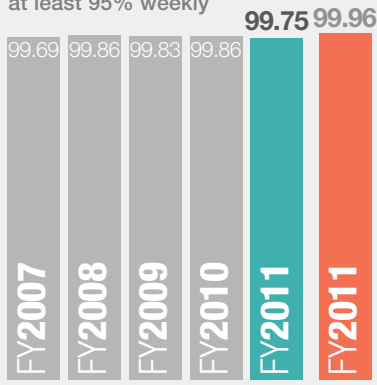
### Train Availability

at least 98% of scheduled train-km weekly



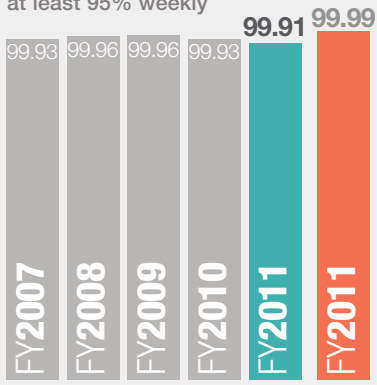
### General Ticketing Machine Availability (GTMA)

at least 95% weekly



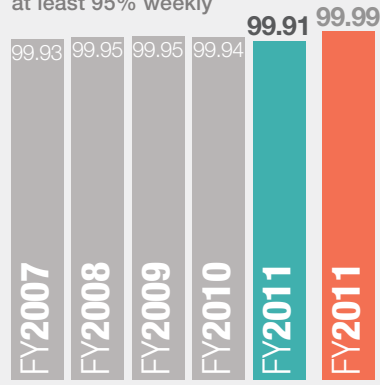
### Passenger Service Machine Availability

at least 95% weekly



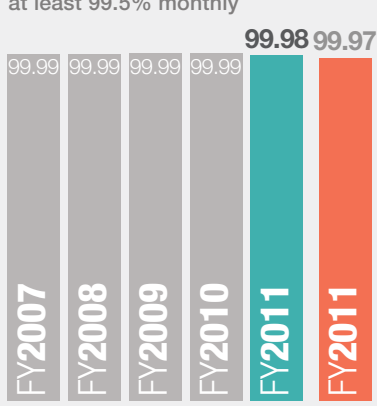
### Automatic Fare Gate Availability

at least 95% weekly



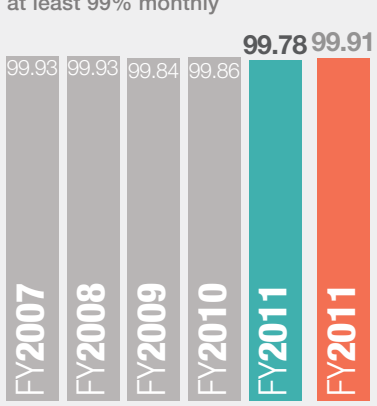
### Escalator Availability

at least 99.5% monthly



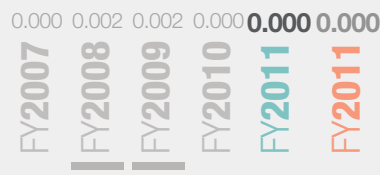
### Lifts Availability

at least 99% monthly



### Passenger Injury Rate

no more than 0.4 injuries per million customers monthly



NSEWL  
 CCL 1 – 3  
 (CCL 3 opened in May 2009, CCL 1-2 opened in April 2010.)





01 BPLRT's close proximity to HDB estates make it an integral part of the surrounding community.

## BPLRT: CONNECTING NEIGHBOUR- HOODS

8.7%  
increase  
in daily  
ridership

we have consistently been rated among the best. In terms of train punctuality, we are on par with other member metros. SMRT has also been the most manpower-efficient in terms of passenger-kilometre per total staff and contractor hours over the past four years. We consistently have among the lowest operating costs per passenger-kilometre, and have one of the fewest fatalities from accidents over a 10-year moving average.

At home, SMRT remains committed to surpassing the standards set by the LTA. In FY2011, our train operations surpassed LTA-stipulated standards on all parameters including train service availability, adherence to train scheduling, availability of essential equipment and passenger injury rates.

### BPLRT

Just as our MRT network has seen strong ridership growth, so has the Bukit Panjang Light Rail Transit (BPLRT). Its average daily ridership has climbed from 44,553 in FY2010 to 48,423 in FY2011.

As on our MRT lines, we worked to boost ridership numbers and engage neighbourhoods the BPLRT serves. In FY2011, we launched the BPLRT Service Guide to help new residents, students at a newly-opened college near the Teck Whye station, and visitors familiarise themselves with the network. The comprehensive and user-friendly guide features the BPLRT system map, a locality map highlighting key facilities and amenities, and the service information hotlines of TransitLink and SMRT Customer Relations Centre.

Given BPLRT's close proximity to HDB estates, we are an integral part of the surrounding community. We therefore actively cultivate

compared to other cities in Asia (See page 88). The Singapore Public Transport Affordability Index has shown a consistent drop over the years, reflecting the continued affordability of Singapore's public transportation, including the MRT. The index is a ratio of monthly expenditure on public transport over monthly household income. A drop indicates improved affordability.

We benchmark ourselves against the best in the metro world. Among the metro operators in the Nova and CoMET benchmarking groups,

and nurture our relationship with community members. For example, we opened up our stations' notice boards to them so that they can publicise various grassroots events and activities.

Our community engagement includes briefings for grassroots leaders. We invited grassroots leaders from Bukit Panjang and Zhenghua to Ten Mile Junction (TMJ) on 3 October 2010 to learn about LRT operations, management and maintenance. During the briefings, we communicated that we had the expertise to run the BPLRT, while they indicated the need to keep passengers better informed of service recovery efforts should there be a disruption.

In FY2011, we initiated a host of customer-centric initiatives. At Choa Chu Kang, we collaborated with Shaw Organisation to give away exclusive movie premiums each month. Shaw operates a cineplex in the Choa Chu Kang Lot One shopping mall. Since Choa Chu Kang is among the busiest BPLRT stations, we marked out queue lines at the station to facilitate passenger boarding and alighting. During the morning peak hours, up to three Service Ambassadors are deployed to its platform to manage passenger flow. Using barricades, they ensure orderly passenger boarding and alighting.

Over at the Fajar Station, passengers are now protected from the sun and rain with the opening of a sheltered walkway on 29 August 2010. The door leading to the walkway, formerly an emergency escape door, is now available for use by the public.

Because of the retrofitting of TMJ, the TMJ station has been closed since 10 December 2010. As a result, the BPLRT Service C, which operates from TMJ via Bukit Panjang and Senja stations, is suspended until end-2011. We have ensured that affected passengers still have viable and convenient travel options. Passengers travelling to the area can use various bus services or take the LRT to Phoenix, just a five-minute walk from TMJ. BPLRT Service A, from Choa Chu Kang via Senja, and Service B, from Choa Chu Kang via Petir, remain unaffected.

FY2011 also saw SMRT working on ensuring new residential development, The Tenney, and the Downtown Line Stage 2's

# SMRT TRAINS & LIGHT RAIL



Bukit Panjang station, are seamlessly integrated with the BPLRT. The Tannery is being built above Junction 10, a retail podium housing the TMJ LRT station.

SMRT also continued to work closely with the LTA and supplier, Bombardier Trains, to improve the BPLRT's system reliability, especially in addressing the issue of power faults. The Data Transmission System, which forms the BPLRT's communications backbone for data transmission, had become obsolete and is being replaced with a new system. Station lighting is being progressively replaced with new light fittings that consume less energy and are easier to maintain.

## ENGINEERING SOLUTIONS

To optimise throughput and maximise fare collection flexibility during high-traffic events or situations, we have developed the TITAN™ Mobile (TITAN-M) automatic fare collection gates. Being both fully mobile and able to operate independently, they are particularly suitable for adding non-permanent fare collection points to enhance passenger throughput during such situations.

Equipped with a robust fare collection system and using state-of-the-art hardware, the TITAN™-Ms offer high reliability and require minimal maintenance. They were first introduced in August 2010 to alleviate congestion at the

CCL Esplanade station during the National Day Parade. Later that month, they were once again deployed during the Youth Olympic Games opening ceremony. Both the public and station staff gave the TITAN™-Ms the thumbs-up, saying that the gates helped facilitate passenger flow as well as minimised inconvenience. Since then, the TITAN™-Ms have been regularly mobilised at stations where large crowds are expected.

In addition, we continually work to enhance and renew our existing assets to ensure they remain in good working order. Between July 2010 and March 2011, we upgraded the air-conditioning in the Communications Equipment Rooms (CERs) at 16 stations. Upgrading was necessary because the heat load in the CERs had risen with the installation of more closed circuit televisions (CCTVs).

At Bishan Depot, the ageing air-conditioning was replaced with a new water-cooled packaged air-conditioning unit and condenser water system. Work began in December 2010 and was completed in March 2011. We also replaced the Water Plant for air-conditioning at our headquarters.

To enhance the reliability of our 22kV traction power system, we replaced 27 sets of 110Vdc battery chargers at a cost of \$519,263.

In addition, half-height platform screen doors (HHPSDs) are being installed at various elevated stations for greater passenger safety. The HHPSD project began in the third quarter of 2008, and HHPSDs have been progressively added to our network. By the end of FY2011, HHPSDs were installed at 15 stations. The entire project is targeted to be completed by FY2012.

Safety is further enhanced with the commissioning of RailVision, an automatic track inspection system. Complementing our manual patrolling, the \$3.8 million system will enable us to extend our manual patrolling cycle from two days to four to seven days, depending on the criticality of the sectors. Its two automatic track inspection systems,

RailCheck and HeadCheck, will enable us to boost staff productivity.

In 2009, SMRT embarked on the installation of the SMRT Active Route Map Information System (STARiS). This ground-breaking rail travel information system, developed in-house for the NSL and the EWL trains, won the Metro Rail 2010 “Most Innovative Use of Technology” award. The system-wide installation of STARiS on all 106 NSEWL trains was completed in FY2011. Following the success of version 1.0, we are now working on STARiS 2.0. The new system will come equipped with real-time multi-purpose displays showing pictures of landmarks near the approaching stations and will feature High-Definition advertisements.

Particularly useful for the hearing impaired, STARiS improves in-train information dissemination as its electronic route map gives real-time updates of the train location. It also indicates the side at which the train door opens. A moving text display in the middle of each train car provides a transcript of the in-train broadcast messages, while synchronised “Doors Closing” visuals are provided. Being a standalone system, STARiS has a fully onboard integral controller, which lowers both the capital and operating expenditures required to install it. It also enhances operational flexibility, and facilitates a faster upgrade or modification turnaround, while its user-friendly interface translates to faster deployment.

Enhancements are being made to our training systems as well. The Railway Task Trainer (RTT), which has been in use since 1987, has been replaced with a new one commissioned in March 2011. The RTT is an effective tool in training operations staff as well as Possession Masters and Persons-in-Charge. Each year, about 470 staff are trained in the RTT.

The new \$2.1 million RTT uses a state-of-the-art training system that simulates various realistic emergency and failure scenarios for a more effective and impactful training experience. It also supports an e-learning system, which enables trainers to monitor the trainees’ progress and assess their competency. Being software driven, the new RTT can be easily upgraded when the network changes.

## DOWN THE LINE

SMRT will embark on a major project to renew the trackside and train-borne signalling system, which would have been in continuous

operation for 24 years by end 2011. It now faces challenges such as obsolescence, equipment ageing and non-availability of supplier support. Compounded by increasing operational demands such as closer headways, maintaining and sustaining an acceptable level of long-term system performance has become tougher.

A system-wide renewal of the NSEWL signalling system is therefore necessary. The new radio-based moving-block Communication-Based Train Control (CBTC) system will use the latest in signalling technology. It will enhance maintainability, availability, reliability and safety, increase operational service capacity, and have a better designed headway. SMRT will then be able to run more trains per hour. With shorter intervals between trains, passenger-carrying capacity and revenue will grow.

Since the upgrade will be carried out on an operating railway, the project will be a complex and long-running one, beginning in 2012, with completion taking eight to 10 years.

Work on the renewal of the Supervisory Control System (SCS) is also underway. The SCS remotely monitors, controls and manages SMRT’s 75 station building and tunnel facilities. Like the signalling system, the SCS is an operationally critical system, which has been in continuous operation since 1987.

In early 2005, SMRT went ahead with the \$19.6 million SCS Asset Replacement Project. The project comprises the main base work, involving the replacement of the Victoria Operations Control Centre (OCC), SCS Control Centre System and 20 Remote Terminal Units (RTUs), plus an option to replace another 40 RTUs. The entire SCS system has 75 RTUs.

Overall, the new system will mean better operating functionalities and greater reliability for the OCC.

SMRT will also be replacing our existing 20-plus-year-old gates with new TITAN™-E ones. The new gates feature large liquid crystal displays and an intelligent sensor system that provides more robust and safer detection of passengers. The gate is also environmentally-



01 One lucky commuter will win a dream fly-cruise getaway for two to the Mediterranean in SMRT’s latest commuter rewards campaign.

02 The SMRT Circle Line’s Best! Your Handy Guide, brings commuters to all the best food, shopping, attractions and facilities along the Circle Line.

03 S.H.E are the first celebrity guests to come through the faregates of Stadium station during the opening of Circle Line Stage 1 and 2.

# SMRT TRAINS & LIGHT RAIL

friendly since it is Restriction of Hazardous Substance (RoHS)-compliant and has very low power consumption. The four-year project, covering all NSEWL stations, will begin in mid-2011 and is expected to be completed in 2014.

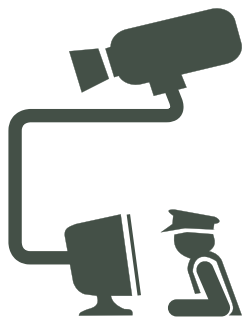
On 19 March 2010, SMRT won the \$2 million contract for the production, installation and commissioning of 62 TITAN™-E gates for the Jurong East Modification Programme, the Marina Bay and Bayfront stations, and the NSL Extension. The in-house designed gates were delivered by the first quarter of 2011, in synch with the JEMP timeline. These gates are now being monitored so that any necessary improvements can be implemented.

Given the need for greater transit security, the Ministry of Home Affairs has enhanced the standard of security required of public transport operators to include increasing coverage of CCTV surveillance in all depots and stations.

For SMRT, additional CCTV cameras will be installed in all four depots, with the control room located strategically at the entrance of each depot. Kim Chuan Depot (KCD) will have another 62 CCTV cameras, while Changi and Ulu Pandan facilities will have another 54 each, and Bishan Depot 80 more. Camera installation at KCD was completed by the end of April 2011, while the rest will be completed by June this year.

These cameras will be located along each depot's perimeter, which will have 100% surveillance coverage. They are built with an intelligent video motion detector (i-VMD) with object abandonment and removal detection, and scene change detection.

A total of  
**6,160**  
**CCTVs**  
will be located in  
all NSEWL stations,  
ensuring 100%  
surveillance  
coverage by July  
2011.



The fully mobile and independently operated TITAN™ Mobile faregate can be easily deployed during high-traffic flow to enhance commuter throughput.

In addition, the depots will be equipped with the Fence Intrusion Detection System (FIDS). When the system detects any intrusion along the perimeter fences, it will raise the alarm and trigger off all cameras and spotlights in the zone. The whole area can be monitored from a workstation in the main control room.

Stations, too, will get greater CCTV camera coverage. At present, over 2,000 cameras have already been installed, with another 200 to be installed by July 2011. When installations are completed, the number of cameras at SMRT stations will be more than double the original 1,800-plus.

In 2016, the Tuas West Extension on the EWL is expected to be completed. The 7.5km extension from Joo Koon station will have four stations – Tuas, Tuas Crescent, Tuas West and Tuas Link. Offering improved connectivity, the extension is expected to cut travel time by up to 35 minutes and serve some 100,000 commuters daily.

To support additional traffic from the extension and cater to further NSEWL capacity enhancements, the LTA will be buying another 13 trains. These trains will be stabled and maintained at a 26-hectare depot.

In May 2009, the LTA had ordered 22 trains, which are being progressively delivered to Singapore. The testing and commissioning of the first set of new trains started in fourth quarter of FY2011 and will continue in FY2012. These new trains, coupled with the additional track at the Jurong East station, offer shorter waiting times and more comfortable rides for passengers during peak periods.

Other upgrading work underway includes the replacement of 12 Uninterruptable Power Supply (UPS) sets, which are facing the end of service life. Replacing the UPS, which supplies power to all essential equipment such as signals, communications and fare collection, will enhance overall system reliability and cost \$469,000. Another 30 escalators will be overhauled in FY2012 at a cost of \$900,000, while nine stations will get new air compressors. The Air Handling Unit at Raffles Place station will be replaced, while the central air-conditioning system at the City Hall station will be upgraded to improve cooling performance.

SMRT will also be repairing old and damaged timber sleepers. Repairing rather than replacing them will generate cost savings of about \$1 million, without compromising the safety of our network. We have also replaced our normal slide chairs at switches with Schwihag Rollers, which eliminate the need for greasing while saving some \$250,000.

# MRT & LRT SYSTEM MAP



# SMRT BUSES



**KANG HUEY LING**

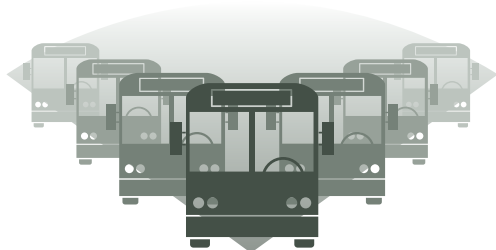
Vice President  
Buses

“We actively improve our service to passengers at various touchpoints, such as our staff and buses, through training programmes and other initiatives.”

We expanded our bus fleet to meet growing demand.

**1,021 buses**

in FY2011 from 954 in FY2010



SMRT Buses is committed to offering commuters a safe, comfortable and reliable ride as well as friendly and courteous service each time they board our buses.

We have expanded our bus fleet in tandem with growing demand, from 954 in FY2010 to 1,021 buses in FY2011. We operate a total of 93 services, comprising trunk, feeder, premium, NightRider, shuttle services and intra-town routes, among others. Average daily ridership on our buses has also grown strongly, from 796,700 in FY2010 to 931,800 in FY2011.

## AT YOUR SERVICE

In addition to capacity increase, we also actively improve our service to passengers at various touchpoints, such as our staff and buses. We ensure they are trained and well equipped to serve our passengers through a comprehensive range of training programmes and other initiatives.

In FY2011, we completed our review and overhaul of the training content for new Service Leaders (SLs). The changes include enhancing the customer-centric approach in our training regime to equip our SLs with greater, positive service mindset and effective communication skills.

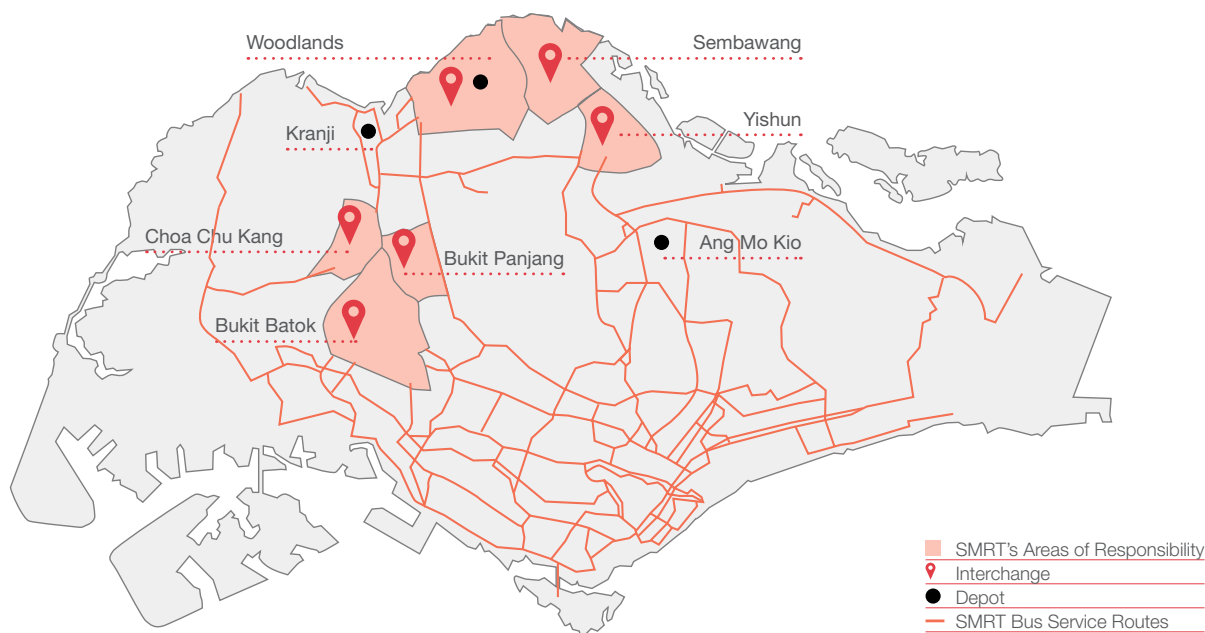
For our existing SLs, we developed new programmes that hone their driving skills so as to provide our passengers with safer, smoother rides. In October 2010, the Achieving Perfect Trip course was launched to refresh safety awareness and defensive driving skills. Another course, Eco-safe Driving, was also introduced in October 2010 to instill fuel-efficient and safe driving habits.

We are working towards aligning our training programmes to our Singapore Workforce Skills Qualification (WSQ) framework. The WSQ is a national credentialing system, which trains, develops, assesses and recognises individuals for competencies companies are looking for.

Apart from good driving skills, we also ensure our SLs have excellent customer interaction skills. We formulated a simple yet comprehensive and structured framework to guide our SLs in advising and handling passengers' queries. Since November 2010, this new initiative has been incorporated into the Service Proficiency Course for new SLs.

We also inculcate the practice of Service Basics 123 in all our SLs. In keeping with this three-step service practice, our SLs are encouraged and constantly reminded to first make eye contact with all passengers when they board, then greet and thank them with a smile.

The various customer initiatives put in place have enhanced our passengers' experience and delighted them. As a result of our efforts to boost the quality of our customer service, the number of compliments received by our staff has doubled from 18.12 per million passengers in April 2010 to 36.22 per million passengers in December 2010.



## FIVE-YEAR OPERATING PARAMETERS

	FY2007	FY2008	FY2009	FY2010	FY2011
Route Length (kilometres)	2,541.1	2,563.0	2,598.1	2,712.8	<b>2,821.7</b>
Total Ridership (millions)	270.3	277.3	288.0	290.8	<b>311.2</b>
Growth in Ridership (%)	1.9	2.6	3.9	0.7	<b>7.0</b>
Bus-kilometres Operated (millions)	75.9	76.3	76.7	78.1	<b>79.5</b>
Growth in bus-kilometres operated (%)	(0.2)	0.5	0.6	1.8	<b>1.9</b>
Aggregate passenger-trip distance travelled per year (million kilometres)	1,645.2	1,674.4	1,745.2	1,759.7	<b>1,824.8</b>
Growth in passenger-trip distance (%)	1.9	1.9	4.2	0.8	<b>3.7</b>
Load Factor (%) <sup>(a)</sup>	23.1	23.6	24.3	24.3	<b>25.0</b>

### Notes:

(a) As different vehicle types have different capacities, the average capacity of buses is expressed as load factors.

Our staff have not only excelled within the organisation but also within the industry. Two hundred SMRT Buses staff were winners in the Excellent Service Award (EXSA) – the Oscar of the service industry – held in November 2010. EXSA is a national award recognising individuals who have delivered outstanding service. It seeks to develop service models for staff to emulate, create service champions and professionalise services.

In recognition of our staff's excellent performance, we featured them on our buses following a launch ceremony held on 17 February 2011. Posters commending the winners were also displayed in all our bus interchanges and depots.

## WINNING HEARTS

**200 SMRT**  
buses staff won at the  
Excellent Service Award  
2010 (EXSA)

# SMRT BUSES

## SMOOTH OPERATOR

As part of our continual improvement drive, we joined the International Bus Benchmarking Group (IBBG) in July 2009. Administered by Imperial College, London, IBBG offers bus organisations from different parts of the world a common platform to share best practices and exchange knowledge. Other IBBG members include bus companies from Europe, the United States, Canada and Australia. The IBBG allows us to benchmark ourselves against our peers and gain insight into global industry best practices which will help us continuously improve our operations.

Within IBBG, SMRT Buses is the only member that does not receive capital support or funding from the Government. We were also rated the best in terms of cost efficiency.

Even as we are favourably rated against global players, we continue to enhance our service levels. We monitor key performance indicators including monthly accident, complaint and commendation rates, and Quality of Service levels. We have also embarked on a range of projects aimed at enhancing the productivity of SMRT Buses.

Adding to the array of bus services provided to our passengers, SMRT Buses also offers bus charter services. In FY2011, our charter arm bagged several prestigious projects.

We are proud to have been chosen as the service provider for the very first Youth Olympic Games (YOG) in Singapore serving about 8,000 YOG participants.

In May, we also provided bus services for the four-day Republic of Singapore Navy Open House and the F1 SingTel Singapore Grand Prix in September.

SMRT also provided and managed bus services that bridged the affected MRT stations which were closed on two weekends in September to enable works for the Jurong East Modification Project (JEMP), which aims to increase the train service capabilities of both the North-South and East-West MRT lines.

## NEW AND IMPROVED

SMRT Buses is continually upgrading and refreshing its existing fleet, while investing in new vehicles that are both more comfortable and eco-friendly. We also consistently invest in our systems to enhance cost-efficiency.

To further enhance our customers' travel experience, SMRT Buses also introduced some new buses.

Encouraged by the positive experience of our passengers on the low-floor Mercedes-Benz Citaro trial bus as indicated in a passenger survey, SMRT introduced on trial another full low-floor bus on 29 December 2010. The MAN A22, manufactured by Germany's MAN AG, facilitates passenger movement on board. It is currently on trial for one year, and has started serving commuters on Service 961. From the middle of the year, it will be re-deployed to serve Service 902.

The MAN A22 bus is also more environmentally friendly. The vehicle complies with Euro V emission standards as its engine is equipped with an additional maintenance-free PM-Kat® filter. This patented technology ensures that the bus is eco-friendly without sacrificing fuel efficiency.

The MAN A22 has another unique design feature, a Sliding Plug Exit Door. This door swings out from the bus body and then slides open. This ensures that the doors do not accidentally hit passengers onboard as they are closing.

On 19 January 2011, we introduced the Zhong Tong diesel-electric hybrid bus on a six-month trial. This is SMRT's first diesel-electric hybrid bus, made by one of China's premier bus manufacturers.

Since the bus runs on both diesel and electricity, it uses up to 30% less fuel and emits up to 30% less greenhouse gases, making travelling on public transportation even greener.





In addition to introducing new buses, SMRT Buses also ensures the existing fleet continues to operate efficiently. In FY2008, we started the mid-life upgrading programme for our Mercedes-Benz O405, DAF and Scania buses. By end FY2011, 50% of our buses have been upgraded. The upgrading programme enables SMRT to continue operating these buses efficiently and safely.

### THE JOURNEY AHEAD

In FY2011, SMRT Buses embarked on a trial of a Black Box System on our buses. In FY2012, SMRT Buses will be introducing the system on all buses. The project, scheduled to complete in FY2013, will reinforce our Green Code of Conduct through a safe and environmentally conscious driving management programme. Our ultimate goal is to reduce fuel consumption, thereby minimising both our carbon footprint and fuel costs.

Using the Fleet Management System Gateway onboard buses, we will be able to improve our SLs driving behaviour and fuel consumption through accurate profiling. Our SLs are trained in eco-driving skills. The Fleet Management System provides specific, comprehensive and timely feedback to the SLs so that they can improve their driving skills and habits.

In FY2012, SMRT Buses will bring in 113 12-metre Euro V wheelchair-accessible low floor buses (WABs). These buses will increase our fleet size by about 6%. In the following year, we will add another 125 WABs to our fleet, increasing our WAB fleet from 134 to 372 by FY2013.

We have also started on the Mid-Life Upgrading Programme for our Mercedes-Benz articulated buses, which will undergo both technical and aesthetic improvements. The \$7.3 million programme started in FY2011 and will be completed in FY2015.



**“SMRT Buses is continually upgrading and refreshing its existing fleet, while investing in new vehicles that are both more comfortable and eco-friendly. We also consistently invest in our systems to enhance cost-efficiency.”**



- 01 To recognise our Excellent Service Award 2010 winners, we introduced four buses with specially designed livery featuring them.
- 02 Customer service compliments doubled to 36.22 per million passengers between April and December 2010.
- 03 SMRT Buses is committed to offering commuters a safe, comfortable and reliable ride.

# SMRT AUTOMOTIVE SERVICES



**JAMES NG**  
Vice President  
Automotive Services

“We will continue to focus on refining our maintenance processes and engineering solutions to ensure our fleet of buses and taxis are in top condition, so as to deliver on our commitment to ensure a smooth and safe journey for all.”

We saw the expansion of our workshop facilities on the back of strong demand.

**3+1 workshops**

KIAN TECK DRIVE  
ANG MO KIO  
KRANJI  
WOODLANDS



As SMRT's vehicle maintenance and engineering services arm, SMRT Automotive Services provides a comprehensive range of repair and maintenance services to the Group's 4,000-strong bus and taxi fleet. In all, SMRT Automotive Services maintains the Group's fleet of 1,021 buses, comprising different models under the Mercedes-Benz (MB), Scania, Nissan, Dennis and Hino marques. SMRT Automotive Services also provides repair and maintenance services to third-party individuals and corporate clients such as the Ministry of Home Affairs (MHA), Ministry of Defence, SembWaste and SingTel. It is also the authorised service workshop for King Long Buses and the Singapore School Transport Association.

Services include accident repair, vehicle recovery, towing services, vehicle grooming, components overhaul, vehicle system upgrading, accident claims management and new vehicle commissioning.

## STRENGTH TO STRENGTH

SMRT Automotive Services has grown its external business wing, which resulted in higher revenue. With the general and preventive maintenance contract of MHA vehicles awarded to SMRT Automotive Services in Aug 2010, our external corporate fleet has increased from 1,018 in FY2010 to 2,918 in FY2011.

Our Woodlands and Kranji facilities provide accident repair services for both internal and external customers, while our Ang Mo Kio servicing centre caters to the repair and maintenance needs of private car owners. Our workshops are also involved in the trading of automotive parts. For our taxi hirers, we operate two taxi workshops in Woodlands and Ang Mo Kio. Furthermore, we maintain three satellite workshops located throughout the island for their convenience should their cabs require minor repairs. SMRT Automotive Services also sells diesel fuel to them at competitive retail prices and in convenient locations.

Each of our workshops is fully equipped with the latest equipment. At the Woodlands' Accident Repair Centre, the vehicle spray booth is the longest of its kind in Singapore. This booth allows us to undertake accident repairs on an extensive range of vehicle sizes and lengths, from standard saloon cars to 18-metre articulated buses.

Another service we offer is motor insurance. Our dedicated team of claim officers has the depth and breadth of knowledge to offer our customers a one-stop solution, from processing motor insurance to undertaking accident recoveries and defending claims. As a result, SMRT Automotive Services has gained a sterling reputation and has become the workshop of choice for many major insurance companies.

## PURSuing PERFECTION

SMRT Automotive Services is dedicated to enhancing our operational efficiency so that both our internal and external customers receive our best. For our pursuit of service excellence, we have earned

## ADDING TO THE FAMILY

186.6% increase in external corporate fleet for FY2011

a host of accreditations, including ISO 9001, ISO 14001 and OHSAS 18001 certifications.

Workplace safety is another major priority for SMRT Automotive Services. In line with our commitment to safeguarding our people, customers and operations, our aim is to achieve zero accidents in the workplace.

Towards this goal, our fleet engineers and supervisors issue safety reminders to our technicians during daily roll calls, while our Safety Services department shares safety cases with our technical staff to reinforce the safety message. Our technicians are also encouraged to be our eyes and ears at the workshops to highlight

any unsafe acts or incidents. All Personal Protective Equipment are regularly checked. Workshop engineers and supervisors carry out daily safety inspection walkabouts, while SMRT's Workplace Safety and Health Committee conduct monthly site inspections at all depots.

We also understand the need for employee skills upgrading, and ensure staff are continually trained so that their skills remain relevant. Our commitment to providing quality training is clear. We are an Institute of Technical Education-Approved Training Centre for the National Institute of Technical Education Certificate in Automotive Technology (Heavy Vehicles).

Being a responsible corporate citizen and a customer-centric service provider, SMRT Automotive Services is always on the lookout for new technology that is both passenger- and eco-friendly.

For instance, we commissioned the full low-floor MAN A22 bus in FY2011. This eco-friendly bus is designed for easy and safe passenger movement within the vehicle. Introduced on 29 December 2010, the MAN A22 is Euro V-compliant and fuel efficient. Its unique Sliding Plug Exit Door swings out from the bus body before sliding open. This ensures that the doors will not accidentally hit passengers onboard as they are closing. We have also installed trial wi-fi hardware so that passengers can conveniently access the internet via their mobile phones and laptops while travelling with SMRT.

In addition, we commissioned SMRT's first diesel-electric hybrid Zhong Tong bus on 19 January 2011. Since this vehicle runs on both diesel and electricity, it consumes up to 30% less fuel and emits up

to 30% less greenhouse gases. In addition to being a greener public transport option, the bus is also quieter so that both passengers and road users can enjoy a more pleasant and relaxing journey.

## SMOOTH ROAD AHEAD

Customer satisfaction and growing a sustainable business while protecting the environment are at the core of our business.

To enhance commuter comfort, the current fabric passenger seat cushion covers in our 313-strong fleet of Mercedes-Benz bendy buses will be replaced with vinyl ones. The replacement programme, which began in June 2010, will be completed by the end of FY2013.

SMRT Automotive Services will carry out the refurbishment of 323 MB O405 buses. This is based on the Land Transport Authority granting a life extension of the Group's current buses. After the refurbishment, the MB O405s can continue running services until they are 19 years old. At present, the fleet's average age is 15 years. The life extension programme enables SMRT to continue operating these buses efficiently and safely, while maximising the use of our existing fleet.

Over the next two years, SMRT will be buying 238 new buses to replace the older fleet. The new additions will be wheelchair-accessible buses (WAB) with low-entry flooring to cater to wheelchair-bound passengers. With this purchase, SMRT will have a total of 372 WABs, compared to 134 today. SMRT Automotive Services will be responsible for the commissioning, repair and maintenance of these buses, which will comply with the Euro V standard. The vehicles will be based on either the Exhaust Gas Recirculation or Selective Catalytic Reduction technology.

We will continue to focus on refining our maintenance processes and engineering solutions to ensure our fleet of buses and taxis are in top condition, so as to deliver on our commitment to ensure a smooth and safe journey for all.



01 SMRT Automotive Services technical staff undergo regular training courses to upgrade and polish their skills. We also provide quality training as an Institute of Technical Education-Approved Training Centre.

# SMRT TAXIS



**JAMES NG**  
Vice President  
Taxis

“Our number one goal is to keep improving service levels while enhancing our passengers’ travel experience.”

**439** of our drivers won accolades in the **Excellent Service Awards (EXSA)**, up 82.9% from 2009



SMRT Taxis enjoyed a smooth ride in FY2010, maintaining a high hire-out rate – the result of our concerted efforts to be responsive to customers’ needs. With over 20 years of experience managing and leasing a fleet of about 3,000 taxis, including MPVs, sedans, CNG and limousine taxis, SMRT Taxis is one of the leading taxi operators in Singapore.

Our number one goal is to keep improving service levels while enhancing our passengers’ travel experience. For our taxi drivers, we continue to focus on creating more income opportunities for them, caring for their safety and well-being as well as empowering them to raise their customer service standards.

## RENEWALS AND SUPPORT

We kicked off a major fleet renewal and expansion programme to meet rising demand. On 15 March 2011, we launched the Chevrolet Epica taxi, which is being progressively introduced into our fleet. The Epicas are equipped with six-speed gears, dual airbags and rain-sensing automatic wipers. In line with the National Environment Agency’s requirements, they meet Euro IV emission standards which include being fuelled by ultra-low carbon sulphur diesel.

Passengers riding in the new maroon taxis will be seated in luxury and comfort in a quieter interior with on-board magazines for their reading pleasure. The taxi windows are all lined with a solar film to keep the sun and heat out, while the rear side windows and windscreen have been tinted to reduce glare.

With the new Epicas, we will have a younger and more vibrant fleet that will enhance our passengers’ travel experience. The Epicas also offer improved performance and reliability, benefitting both our taxi drivers and customers.

To promote the welfare of our taxi drivers, SMRT Taxis lent its full support to the Drive and Save Scheme (DAS) launched by the National Taxi Association (NTA). On 22 July 2010, SMRT Taxis signed a Memorandum of Understanding with the Ministry of Manpower, the





- 01 The new Chevrolet Epica lets passengers travel in quiet comfort and luxury.
- 02 SMRT celebrates National Day with 20 taxis proudly flying the Singapore flag at the Padang.
- 03 "Love In A Cab", a heart-warming MediaCorp telemovie, was sponsored by SMRT Taxis and showcased our extensive taxi fleet.



## MANAGING A STRONG FLEET

3,000 taxis over 20 years

Central Provident Fund Board (CPF) and other taxi operators to launch the scheme, which aims to raise the healthcare savings of taxi drivers.

Under DAS, our principal taxi drivers can enjoy a matching monthly contribution of \$15 from SMRT Taxis if they contribute \$15 each month to their Medisave Accounts. This new initiative, which will increase their Medisave savings up to \$360 per year, began on 1 January 2011. At the same time, taxi drivers who meet the criteria for

Workfare stand to benefit even more as they can potentially receive up to \$1,800 in income supplements from the Government annually.

To generate awareness of the scheme, SMRT worked closely with CPF to organise an informative and fun-filled roadshow for our taxi drivers. The roadshow was held over six sessions at our Taxis Partners' Lounge in Woodlands. Since the scheme was launched, 88% of our eligible taxi drivers have benefitted from DAS.

## GOOD AS GOLD

In 2010, our taxi drivers once again did us proud, winning various service excellence awards.

Since 2008, our drivers have consistently won the prestigious Singapore Experience Award in the Customer Service, Transport (Taxis) category. Last year, Ikshan Bahari, a Chrysler driver since 2008, continued this winning streak, receiving the award on 28 October. The Singapore Tourism Board award is regarded as the Oscar of Singapore's tourism industry. It recognises individuals and organisations that have contributed to a distinctive and compelling Singapore experience.

October 2010 also saw seven of our taxi drivers emerging as winners at Transport Gold, the annual National Courtesy Award. The award, presented by the Land Transport Authority, aims to promote courtesy in the public transport service sector by honouring service professionals who have delivered excellent customer service.

Following in November, 439 of our drivers won accolades in the Excellent Service Awards (EXSA), up 82.9% from 2009. EXSA is a national award recognising individuals who have delivered outstanding service. It seeks to develop service models for industry personnel to emulate, create service champions and professionalise services.

## LASTING IMPRESSIONS

As a Singapore company, SMRT fully supports national events.

We teamed up with the National Day Parade (NDP) organisers to celebrate National Day by prominently displaying the Singapore flag on all our taxis. At the launch event held on 12 July 2010, 20 SMRT standard and limousine taxis formed a line at the Padang – each flying the Singapore flag. Thereafter in August and September, our national flag flew proudly on all SMRT taxis.

SMRT Taxis also sponsored the MediaCorp telemovie, *Love In A Cab*, which premiered on 12 December 2010 at 9.30pm. The Channel U production is a light-hearted romance that spans more than 10 years, covering a similar period as SMRT Taxis' existence. The telemovie was an opportunity to present SMRT Taxis as being an integral part of the daily lives of Singaporeans. It also helped build good relations with media channels, while enhancing our image on national TV.

## FORWARD DRIVE

SMRT Taxis will continue to maintain a high hire-out rate, while formulating new and innovative ways of expanding income opportunities for our taxi drivers. At the same time, we will explore innovative ways to enhance customer service levels. Ultimately, our goal is to make SMRT Taxis the preferred choice of customers.

# SMRT INVESTMENTS (PROPERTIES & MEDIA)



**DAWN LOW**  
Vice President  
Commercial

“SMRT Investments continues to enhance commuters’ travel experience with diverse lifestyle and retail offerings, and innovative, engaging advertising platforms within stations.”

**2,400sq m**

lettable area at our  
CCL stations with  
61 retail units.



**S**MRT Investments, a significant contributor to the Group's non-fare revenue, comprises two arms. SMRT Properties manages the commercial spaces within our network of MRT stations and bus interchanges, while SMRT Media markets advertising space within our network and on board our trains, buses and taxis.

## ENHANCING THE TRAVEL EXPERIENCE

SMRT Properties' focus is to create an environment where commuters can enjoy a diverse shopping and dining experience at MRT stations, through a wide range of lifestyle offerings and convenient and innovative services.

In line with this, more stations were refurbished, and new Xchanges began operations in FY2011. Xchange is SMRT's iconic brand, aimed at bringing added buzz and vibrancy to our stations. In FY2011, we achieved an average occupancy rate of 98.6%. Our total lettable area grew by 18%, while the number of shop units in the entire SMRT network increased by 110 to 700.

A total of 5,100 sq m of new lettable space were added to Orchard Xchange and Bukit Batok station, as well as Esplanade Xchange, Paya Lebar, Bras Basah, Promenade and Stadium stations along the Circle Line (CCL) network. FY2011 also saw the opening of the CCL Stage 1 and 2, which began operations in May 2010. Our CCL stations have a total of 61 retail units, with a total lettable area of 2,400 sq m

By re-developing these commercial spaces, we were able to introduce more trade and services within our stations. Clinics, supermarkets, pharmacies, travel agencies, F&B takeaway kiosks and convenience stores are now all within commuters' easy reach.

Orchard Xchange, located in the heart of Singapore's vibrant retail hub, opened its doors in November 2010 after a 12-month, \$33m refurbishment.

Our strategic partner Citibank is a global brand at Orchard Xchange, where it opened its first high-tech, smart banking branch in Singapore on 22 November 2010. The 100 sq m flagship branch has media walls and interactive touch screens providing breaking and financial news, and information on the bank's promotions, products and services.

For its anchor tenant, Orchard Xchange attracted another global brand – major fashion retailer, Forever 21. The 2,200 sq m space will be Forever 21's biggest store in Singapore and is scheduled to open in the second quarter of FY2012.

## DYNAMIC CAMPAIGN PLATFORMS

SMRT Media offers creative and innovative advertising campaign platforms that provide our clients greater engagement with their customers.

In FY2011, we launched a new suite of digital platforms – the Media Hub Wall @ Orchard and iViewSMRT. The Media Hub Wall @ Orchard, launched on 26 September 2010, is located between Orchard



01 iViewSMRT, SMRT Media's latest digital media platform, offers advertisers the flexibility of customisable screen layouts and provides commuters with train timings and news.

station and ION. The eye-catching 18m by 1.8m wall features six liquid crystal display screens set on a light-emitting diode (LED) video display panel, airing a series of attention-grabbing images.

The first advertiser was the F1 SingTel Singapore Grand Prix, who brought the excitement of the race right to the heart of Orchard Road, with an ambient countdown clock, flashy lighting and surround sound effect. Based on a post-ad survey of 300 commuters, 87.7% could recall the advertisement, which garnered a positive rating of 3.85 out of 5 points for effectiveness.

The 55-inch high-definition LED iViewSMRT was launched in November 2010 in our seven busiest stations. By end 2011, a total of 200 screens will be installed in our stations islandwide. The iViewSMRT provides advertisers the flexibility to customise screen layouts and gives commuters information such as train timings and news.

In FY2011, we continued to help clients and advertisers roll out impactful and engaging campaigns. A case in point is VISA's Youth Olympic Games (YOG) 2010 advertisement campaign in our train network media space. The campaign publicised the launch of VISA's three-in-one card, which allowed commuters to purchase items, ride the system with its added EZ-link function, and served as an entry ticket to the YOG's opening and closing ceremonies. The campaign garnered a high overall recall rate of 96.3% with some 53.4% of respondents noticing the VISA YOG advertisement on the platform screen doors.

## SUPPORTING CREATIVE TALENT

In FY2011, we continued to support events that further strengthen our relationship with industry partners as well as nurture local creative talents within the industry.

We continued to sponsor the Creative Director Award which was presented at the annual Singapore Advertising Hall of Fame Awards. This prestigious event, organised by the Institute of Advertising Singapore (IAS), recognises excellence and the outstanding achievements of the Singapore advertising industry.

As part of our recognition efforts, a stunning black-and-white visual of the Creative Directors was displayed in the media space within our network to generate more awareness. SMRT Media, together with IAS, hosted an appreciation night at RedDot Brewhouse on 23 September 2010 for the Academy of Creative Directors.

Last year also marked the first year SMRT Media sponsored the Strategic Planner of the Year award, which recognises strategic planning leaders across all key communication disciplines.

SMRT Media believes in grooming creative talent. Together with Nanyang Polytechnic (NYP) and IAS, we organised the Creative Advertising 2010 Student Forum. Held at NYP on 21 April 2010, the successful forum sought to develop students' interest in creativity by

infusing it into the school curriculum. NYP organised a poster and electronic direct mailer design competition for the students, and the winning artwork was showcased in our network of stations.

SMRT believes in good corporate citizenry. As a Singapore-grown company, we support national events and causes. In 2010, SMRT Media was the Outdoor Media Sponsor for the President's Design Award for the first time. Organised by DesignSingapore Council and the Urban Redevelopment Authority, it celebrates the crème de la crème in Singapore's design industry.

We were the Official Outdoor Media Sponsor for the National Day Parade, President's Challenge and Singapore Heritage Fest by the National Heritage Board. We were also the Official Advertising Space Sponsor for the inaugural Singapore YOG.

## FUTURE DEVELOPMENTS

In the year ahead, SMRT Investments will continue to enhance our commercial spaces so that they are more engaging, and provide the services and facilities our commuters desire.

To capitalise on the heavy foot traffic in Woodlands station, we are re-developing its commercial space to increase the number of shops from three to 48. The total lettable area will increase from 300 sq m to 1,700 sq m. The Woodlands Xchange is targeted for completion in phases, with the first phase in FY2012.

With the completion of the Jurong East Modification Project by the Land Transport Authority to better serve our commuters, we are refurbishing and refreshing the retail space in Jurong East station. When work is completed in FY2012, commuters will enjoy an even wider variety of shopping and dining options.

Over at the new Holland Village station, commuters can look forward to 19 retail outlets offering a wide range of shops and other amenities that will generate even more life and vibrancy to this unique and charming neighbourhood.

For SMRT Media, we will continue to strengthen our position as a leading Out-of-Home player and create more multi-sensory and interactive advertising platforms to better engage our commuters.

# SMRT INTERNATIONAL & SMRT ENGINEERING



**FRANK WONG**  
Senior Vice President  
Business Development

“With numerous key developments underway, we look forward to steady growth as we continue to offer our extensive expertise and experience to markets in the Middle East, China, India and developing Asian countries to help them optimise their land transportation systems.”

SMRTE offers a **one-stop** consulting solution, from project conceptualisation to operations, maintenance and related assignments.



As SMRT’s international business division, SMRT International (SMRTI) spearheads the Group’s efforts towards sustainable growth through the expansion of our overseas business operations. Over the years, SMRTI has grown strongly on the back of our extensive system-wide domain expertise and our familiarity with the latest technological advances, which are complemented by our innovative spirit. Leveraging our proven track record in offering integrated transport services, we provide operations and maintenance (O&M), engineering, consultancy and project management services to our global customers to help them manage, optimise and enhance their land transportation systems.

## EXPERTISE FOR A GLOBAL MARKET

SMRTI’s main target markets are the Middle East, China, India, and developing countries in Asia, which offer a world of growth opportunities stemming from strong economic growth and development. Countries in these regions are investing heavily to develop their infrastructure in tandem with escalating demand for comprehensive land transport solutions. SMRTI is at hand to offer SMRT’s extensive expertise and experience to help these countries meet their O&M needs and achieve their land transportation goals.

In FY2010, SMRTI secured a consultancy contract to provide O&M expertise for a Personal Rapid Transit (PRT) project in Masdar, Abu Dhabi. The first system of its kind in the United Arab Emirates and the Middle East, the PRT is a fully automated zero-carbon vehicle system capable of taking four passengers at any one time.

Also in the Middle East, SMRT assisted Nakheel in the successful start-up and operation of the Palm monorail system during its crucial initial stage. We have since smoothly handed over the system to Nakheel based on mutual agreement, following the global financial crisis.

In the year in review, Hitachi Asia Ltd engaged SMRTI to prepare a research paper on the viability of the monorail as a mode of public transport versus other modes. The five-month project, stretching from 1 November 2010 to 31 March 2011, covered five major areas, namely transport network, service operations, reliability, safety and customers.

## ENGINEERING EXCELLENCE

SMRT Engineering (SMRTE) is the Group’s business development arm focusing on local projects and engineering solutions for the global rail industry. SMRTE offers a one-stop consulting solution, serving a comprehensive menu of services from project conceptualisation to operations, maintenance and related assignments.

On 31 January 2011, SMRTE was engaged by Alstom Transport (S) Pte Ltd – a leading company in transport infrastructure, power generation and transmission – to carry out skim grinding to remove roughness and surface defects on the rail head from Circle Line



**“SMRT International has grown strongly on the back of our extensive system-wide domain expertise and our familiarity with the latest technological advances, complemented by our innovative spirit.”**

Extension Marina Bay to Circle Line Promenade stations, and thereafter the removal of the grinding debris using the Rail Grinding Vehicle.

In addition, SMRTE is a facility-based operator (FBO) licensed by the Infocomm Development Authority of Singapore to provide public telecommunications services, including the leasing of fibre optic cables. Aligned with the Singapore Government’s efforts to enhance the nation’s position as an international info-communications hub, we have increased our fibre optics business which has since grown from strength to strength.

A significant portion of our fibre optics business comes from the leasing of fibre optic cables to international telecommunications companies with a base in Singapore. In FY2011, France Telecom Long Distance Singapore Pte Ltd extended its fibre optics lease for another three years. This contract renewal underscores SMRTE’s status as a choice partner for the telco industry. Our other telco customers include Reach International Telecom (Singapore) Pte Ltd and Telecom Italia Sparkle Singapore Pte Ltd.

**THE ROAD AHEAD**

SMRTI has been engaged by Marubeni and Kobe Steel to prepare the O&M proposal for their tender submission for the Qatar West Bay Automatic People Mover System to be developed by Qatari Diar Estate Investment. In the event the Japanese companies are awarded the project, they will enter into discussions with SMRTI on appointing SMRTI as the O&M operator for the project. The results of the tender are scheduled to be announced later this year.

Over in India, SMRTI has submitted a bid to operate and maintain the Hyderabad Metro. Results of the tender will be announced later this year. SMRTI has worked successfully with another major metro operator in India – Delhi Metro Rail Corporation, primarily in staff training, supervising maintenance activities and assisting in the review

of existing facilities and recommendation of improvements.

In April 2011, Sentosa Development Corporation (SDC) confirmed that SMRTE’s maintenance services contract for the Sentosa Express will be extended for another two years from 1 June 2011. SMRTE has been responsible for the maintenance of the Sentosa Express since June 2009. In April 2011, SDC also engaged SMRTE to equip six of its trains with our in-house developed Passenger Information Systems. In addition, SMRTE is exploring the possibility of handling the overhaul of the Sentosa Express.

SMRTE had overseen the construction and installation phase of the 2.1 km, double-tracked monorail system linking mainland Singapore and Sentosa Island. To ensure the monorail’s trains and its associated control systems comply with international railway safety standards, we undertook design reviews and pre-delivery inspections. We also advised SDC on critical operations and maintenance issues, and provided solutions on how to integrate the systems with long-term operations.

With these numerous developments underway, both SMRTI and SMRTE can look forward to an exciting journey ahead – and rewarding growth.



- 01 SMRT International secured a consultancy contract to provide O&M expertise for a Personal Rapid Transit (PRT) project in Masdar, Abu Dhabi. It is the first system of its kind in the United Arab Emirates and the Middle East.
- 02 The Sentosa Express, which offers convenient access to and around Sentosa, will continue to be maintained by SMRT Engineering under the recently extended maintenance services contract with Sentosa Development Corporation.

# CORPORATE DIRECTORY

## SUBSIDIARIES SINGAPORE

### SMRT Trains Ltd

### SMRT Investments Pte Ltd

### SMRT Capital Pte Ltd

### SMRT Far East Pte Ltd

251 North Bridge Road  
Singapore 179102

Telephone : (65) 6331 1000

Facsimile : (65) 6334 0247

[www.smrt.com.sg](http://www.smrt.com.sg)

### SMRT Engineering Pte Ltd

### SMRT International Pte Ltd

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Singapore 579828

Telephone : (65) 6554 8535

Facsimile : (65) 6453 7645

[www.smrt.com.sg](http://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](http://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](http://www.smrt.com.sg)

### SMRT Taxis Pte Ltd

60 Woodlands Industrial Park E4

Singapore 757705

Telephone : (65) 6369 0111

Facsimile : (65) 6369 3639

[www.smrt.com.sg](http://www.smrt.com.sg)

### SMRT Automotive Services Pte Ltd

6 Ang Mo Kio Street 62

Singapore 569140

Telephone : (65) 6556 3479

Facsimile : (65) 6481 9221

[www.smrt.com.sg](http://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

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### SMRT Institute Pte Ltd

300 Bishan Road

Singapore 579828

Telephone : (65) 6554 8110

Facsimile : (65) 6552 8974

[www.smrtinstitute.com.sg](http://www.smrtinstitute.com.sg)

## CAYMAN ISLANDS

### SMRT Cayman I

### SMRT Cayman II

C/o 251 North Bridge Road

Singapore 179102

Telephone : (65) 6331 1000

Facsimile : (65) 6334 0247

[www.smrt.com.sg](http://www.smrt.com.sg)

## HONG KONG

### SMRT Hong Kong Limited

C/o 251 North Bridge Road

Singapore 179102

Telephone : (65) 6331 1000

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[www.smrt.com.sg](http://www.smrt.com.sg)

## MIDDLE EAST

### SMRT Engineering

### (Middle East) FZE

Office LB17310

Jebel Ali Free Zone, Dubai

United Arab Emirates

P.O. Box 126370

[www.smrt.com.sg](http://www.smrt.com.sg)

## ASSOCIATED COMPANY

### CHINA

### Shenzhen Zona Transportation Group Co Ltd

19 floor, Tongye Building, Xiameilin,

Futian District, Shenzhen,

People's Republic of China,

PC 518049

Telephone / Facsimile :

(0086-755) 8393 8342

[www.zona.com.cn](http://www.zona.com.cn)

## BRANCH OFFICE MIDDLE EAST

### SMRT International Pte Ltd

### - Abu Dhabi

Level 4, Al Mamoura Building B

Mohd Bin Khalifa St., Muroor Road

Abu Dhabi, United Arab Emirates

P.O. Box No : 46400

Telephone : (971-2) 659 4074

Facsimile : (971-2) 659 4150

[www.smrt.com.sg](http://www.smrt.com.sg)

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# financial report

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# DIRECTORS' REPORT

Year ended 31 March 2011

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2011.

## Directors

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

Koh Yong Guan	Chairman
Saw Phaik Hwa	
Halimah Yacob	
Ho Kim Wai	
Lee Seow Hiang	(Appointed on 19 January 2011)
Paul Ma Kah Woh	
Ong Ye Kung	
Bob Tan Beng Hai	
Tan Ek Kia	
Peter Tan Boon Heng	
Yeo Wee Kiong	(Appointed on 1 September 2010)

## Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore 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
<b>Koh Yong Guan</b>		
SMRT Corporation Ltd – ordinary shares	70,000	70,000
Mapletree Logistics Trust Management Ltd – units in Mapletree Logistics Trust	16,000	16,000
Singapore Airlines Limited – ordinary shares	4,800	4,800
Singapore Telecommunications Limited – ordinary shares	19,090	19,090
Singapore Technologies Engineering Ltd – ordinary shares	23,108	23,108
SP AusNet – stapled securities	96,000	96,000

# DIRECTORS' REPORT

Year ended 31 March 2011

## 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
<b>Saw Phaik Hwa</b>		
SMRT Corporation Ltd – ordinary shares	696,000	907,500
Singapore Telecommunications Limited – ordinary shares	10,000	10,000
<b>Ho Kim Wai</b>		
SMRT Corporation Ltd – ordinary shares	5,000	5,000
Singapore Airlines Limited – ordinary shares	1,000	1,000
Singapore Telecommunications Limited – ordinary shares	6,617	6,617
<b>Paul Ma Kah Woh</b>		
Mapletree Industrial Trust Management Ltd – units in Mapletree Industrial Trust	–	268,000
Mapletree Logistics Trust Management Ltd – units in Mapletree Logistics Trust	685,000	740,000
Singapore Telecommunications Limited – ordinary shares	380	380
StarHub Ltd – ordinary shares	78,580	78,580
<b>Ong Ye Kung</b>		
SMRT Corporation Ltd – ordinary shares	10,000	10,000
Singapore Telecommunications Limited – ordinary shares	1,800	1,800
<b>Peter Tan Boon Heng</b>		
Singapore Airlines Limited – ordinary shares	2,400	37,400
<b>Yeo Wee Kiong</b>		
Singapore Telecommunications Limited – ordinary shares	190	190

# DIRECTORS' REPORT

Year ended 31 March 2011

## Directors' Interests (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants 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 abovementioned interests in the Company or in related corporations between the end of the financial year and 21 April 2011.

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.

Except as disclosed in note 21(b) to the financial statements, 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.

## 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 Koh Yong Guan, Chairman of the Committee, Mdm Halimah Jacob, Mr Tan Ek Kia and Mr Yeo Wee Kiong.

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.

# DIRECTORS' REPORT

Year ended 31 March 2011

## Share Options and Share Plans (cont'd)

### SMRT ESOP (cont'd)

#### (ii) Maximum allowable allotment

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

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

#### (iii) Subscription price

The subscription price for each share in respect of which an option is exercisable shall be the average of the last dealt prices of the shares as published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for 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 option	Options outstanding at 1 April 2010	Options exercised	Options forfeited/expired	Options outstanding at 31 March 2011	Number of option holders at 31 March 2011	Exercise period
16/7/2001	\$0.816	1,025,000	(259,000)	(5,000)	761,000	343	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	529,200	(96,000)	(5,000)	428,200	410	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	582,800	(104,300)	(5,000)	473,500	404	22/7/2004 to 21/7/2013
		<u>2,137,000</u>	<u>(459,300)</u>	<u>(15,000)</u>	<u>1,662,700</u>		

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.

No director has been granted options under the SMRT ESOP except for Saw Phaik Hwa. Saw Phaik Hwa was granted the option to subscribe for 160,000 ordinary shares of the Company and she had since exercised these options. As at 31 March 2011, there are no outstanding options granted to directors under the SMRT ESOP.

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.

# DIRECTORS' REPORT

Year ended 31 March 2011

## 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 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 long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted an award under the SMRT PSP, 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

Year ended 31 March 2011

## Share Options and Share Plans (cont'd)

### SMRT RSP and SMRT PSP (collectively "the Plans") (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 percent 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 RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
<b>Plan description</b>	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.
<b>Date of grant</b>	23 August 2010	23 August 2010
<b>Performance period</b>	1 April 2010 to 31 March 2013	1 April 2010 to 31 March 2012
<b>Vesting condition</b>	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 fulfilment of service requirements.
<b>Payout</b>	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

Year ended 31 March 2011

## Share Options and Share Plans (cont'd)

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

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

Grant date	Balance as at 1 April 2010	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2011
<b>SMRT PSP</b>						
<b>12 November 2007</b>						
– For senior management	98,000	–	–	(122,600)	24,600	–
– For executive director (Saw Phaik Hwa)	85,000	–	–	(106,300)	21,300	–
<b>9 February 2009</b>						
– For senior management	135,500	–	(21,000)	–	–	114,500
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
<b>28 August 2009</b>						
– For senior management	158,000	–	(24,000)	–	–	134,000
– For executive director (Saw Phaik Hwa)	100,000	–	–	–	–	100,000
<b>23 August 2010</b>						
– For senior management	–	156,000	–	–	–	156,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
<b>Total</b>	<b>661,500</b>	<b>256,000</b>	<b>(45,000)</b>	<b>(228,900)</b>	<b>45,900</b>	<b>689,500</b>
<b>SMRT RSP</b>						
<b>19 March 2007</b>						
– For senior management	183,900	–	(5,600)	(178,300)	–	–
– For executive director (Saw Phaik Hwa)	40,000	–	–	(40,000)	–	–
<b>12 November 2007</b>						
– For senior management	456,300	–	(31,700)	(233,800)	–	190,800
– For executive director (Saw Phaik Hwa)	68,000	–	–	(34,000)	–	34,000
<b>9 February 2009</b>						
– For senior management	690,400	–	(96,700)	(260,800)	59,000	391,900
– For executive director (Saw Phaik Hwa)	85,000	–	–	(31,200)	8,500	62,300
<b>28 August 2009</b>						
– For senior management	960,000	–	(190,500)	–	–	769,500
– For executive director (Saw Phaik Hwa)	100,000	–	–	–	–	100,000
<b>23 August 2010</b>						
– For senior management	–	1,006,000	(72,000)	–	–	934,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
<b>Total</b>	<b>2,583,600</b>	<b>1,106,000</b>	<b>(396,500)</b>	<b>(778,100)</b>	<b>67,500</b>	<b>2,582,500</b>

# DIRECTORS' REPORT

Year ended 31 March 2011

## Share Options and Share Plans (cont'd)

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

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2011 were 689,500 and 2,582,500 (2010: 661,500 and 2,583,600) 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 861,900 and 2,982,300 (2010: 826,900 and 2,969,000) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

## Audit Committee

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

Paul Ma Kah Woh	Chairman
Ho Kim Wai	
Bob Tan Beng Hai	
Peter Tan Boon Heng	(Appointed on 26 July 2010)
Yeo Wee Kiong	(Appointed on 10 November 2010)

The Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual ("Listing Manual") and the Code of Corporate Governance.

The principal responsibility of the Committee is to assist the Board of Directors in the identification and monitoring of areas of significant business risks including the following:

- the effectiveness of the management of financial risks and the reliability of management reporting;
- compliance with laws and regulations, particularly those of the Act and the Listing Manual;
- the appropriateness of quarterly and full year announcements and reports;
- the effectiveness of the Group's system of internal controls;
- the effectiveness and efficiency of internal and external audits; and
- interested person transactions.

Specific functions of the Committee include reviewing the scope of work of the internal and external auditors, reviewing the level of assistance given by the Group's officers to the internal and external auditors, and receiving and considering the reports of the internal and the external auditors, the internal and external auditors' evaluation of the system of internal controls and ensuring that management responds to recommendations made by the internal and external auditors. The Committee also recommends the appointment of the external auditors.

The Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

# DIRECTORS' REPORT

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Year ended 31 March 2011

## Audit Committee (cont'd)

The Committee met five times during the year.

The Committee has met with the internal auditors and the external auditors separately without the presence of management during the year.

The Committee has reviewed the fees for non-audit services rendered by the external auditors and their affiliates and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditors for the audit of the financial statements of the Group for the year ended 31 March 2011.

In addition, the Committee has, in accordance with Chapter 9 of the Listing Manual, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Group to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

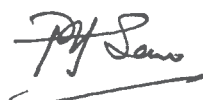
## Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



**Koh Yong Guan**  
Director



**Saw Phaik Hwa**  
Director

29 April 2011

# STATEMENT BY DIRECTORS

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Year ended 31 March 2011

In our opinion:

- (a) the financial statements set out on pages 126 to 194 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 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 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors



**Koh Yong Guan**  
Director



**Saw Phaik Hwa**  
Director

29 April 2011

# INDEPENDENT AUDITOR'S REPORT

Year ended 31 March 2011

TO THE MEMBERS OF SMRT CORPORATION LTD

## Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") set out on pages 126 to 194, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Company and the consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

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Year ended 31 March 2011

## Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Group and the changes in equity for the Company for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants  
Singapore, 29 April 2011

# BALANCE SHEETS

As at 31 March 2011

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	998,453	1,036,601	5,408	5,586
Intangible asset	5	35,288	35,288	–	–
Investments in subsidiaries	6	–	–	390,247	323,247
Interests in associates	7	63,757	66,345	–	–
Other investments	8	10,154	13,246	–	–
		1,107,652	1,151,480	395,655	328,833
<b>Current assets</b>					
Inventories	9	53,597	49,680	–	–
Trade and other receivables	10	64,608	54,248	164,969	196,565
Other investments	8	3,570	–	–	–
Tax recoverable		968	17	790	17
Fixed deposits with banks and financial institutions		350,424	308,932	–	–
Cash at banks and in hand		25,794	17,079	2,217	2,149
Asset classified as held for sale	7	–	1,732	–	–
		498,961	431,688	167,976	198,731
<b>Total assets</b>		1,606,613	1,583,168	563,631	527,564
<b>Equity attributable to equity holders of SMRT</b>					
Share capital	11	164,811	163,078	164,811	163,078
Reserves	12	(692)	4,040	2,922	2,674
Accumulated profits		634,977	602,898	274,849	242,154
<b>Total equity</b>		799,096	770,016	442,582	407,906
<b>Non-current liabilities</b>					
Interest-bearing borrowings	14	150,000	250,000	–	100,000
Provisions	15	3,278	3,331	30	37
Deferred tax liabilities	16	118,242	131,342	721	871
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	74,824	90,454	77	97
		366,656	495,439	828	101,005
<b>Current liabilities</b>					
Interest-bearing borrowings	14	100,000	–	100,000	–
Trade and other payables	19	269,012	261,140	19,966	18,453
Provisions	15	28,417	25,889	255	200
Current tax payable		43,432	30,684	–	–
		440,861	317,713	120,221	18,653
<b>Total liabilities</b>		807,517	813,152	121,049	119,658
<b>Total equity and liabilities</b>		1,606,613	1,583,168	563,631	527,564

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



# CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	Note	2011 \$'000	2010 \$'000
Revenue	20	969,692	895,053
Other operating income	21(a)	20,154	43,200
Staff and related costs	21(b)	(313,593)	(294,829)
Depreciation of property, plant and equipment	4	(135,259)	(134,769)
Amortisation of asset-related grants	18	15,979	17,691
Repairs and maintenance costs		(77,978)	(79,175)
Electricity and diesel costs		(122,357)	(104,144)
Impairment of goodwill	5	–	(6,644)
Other operating expenses	21(c)	(161,051)	(139,174)
Finance costs	21(d)	(7,127)	(7,899)
Interest and investment income	21(e)	1,804	1,665
Share of results of associates (net of tax)		1,477	752
<b>Profit before income tax</b>	21	191,741	191,727
Income tax expense	22	(30,650)	(28,842)
<b>Profit for the year attributable to equity holders of SMRT</b>		161,091	162,885
<b>Earnings per share (in cents)</b>			
Basic	23	10.6	10.7
Diluted	23	10.6	10.7

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	2011 \$'000	2010 \$'000
<b>Profit for the year</b>	161,091	162,885
<b>Other comprehensive income/(loss)</b>		
Change in fair value of available-for-sale financial assets, net of tax	(469)	1,452
Fair value of available-for-sale financial assets realised & transferred to the income statement, net of tax	(4)	–
Effective portion of change in fair value of cash flow hedge, net of tax	–	(942)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	189	94
Currency translation differences arising from consolidation	(4,696)	147
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>(4,980)</b>	<b>751</b>
<b>Total comprehensive income for the year</b>	<b>156,111</b>	<b>163,636</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

<b>Group</b>	<b>Share capital \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Hedge reserve \$'000</b>	<b>Share- based payment reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total attributable to equity holders of SMRT \$'000</b>
At 1 April 2009	161,774	150	465	–	2,149	557,540	722,078
Profit for the year	–	–	–	–	–	162,885	162,885
Other comprehensive income/(loss)	–	147	1,452	(848)	–	–	751
<b>Transactions with owners, recorded directly in equity:</b>							
Issue of shares under SMRT ESOP	213	–	–	–	–	–	213
Issue of performance shares	1,091	–	–	–	(1,091)	–	–
Value of employee services received for share-based payment	–	–	–	–	1,616	–	1,616
Final dividend paid of 6.00 cents per share in respect of year 2009	–	–	–	–	–	(90,976)	(90,976)
Interim dividend paid of 1.75 cents per share in respect of year 2010	–	–	–	–	–	(26,551)	(26,551)
Total transactions with owners	1,304	–	–	–	525	(117,527)	(115,698)
At 31 March 2010	163,078	297	1,917	(848)	2,674	602,898	770,016
At 1 April 2010	163,078	297	1,917	(848)	2,674	602,898	770,016
Profit for the year	–	–	–	–	–	161,091	161,091
Other comprehensive income/(loss)	–	(4,696)	(473)	189	–	–	(4,980)
<b>Transactions with owners, recorded directly in equity:</b>							
Issue of shares under SMRT ESOP	341	–	–	–	–	–	341
Issue of performance shares	1,392	–	–	–	(1,392)	–	–
Value of employee services received for share-based payment	–	–	–	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	–	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	–	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	–	–	–	248	(129,012)	(127,031)
At 31 March 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096

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

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

<b>Company</b>	<b>Share capital \$'000</b>	<b>Share-based payment reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
At 1 April 2009	161,774	2,149	215,418	379,341
Profit for the year	–	–	144,263	144,263
<b>Transactions with owners, recorded directly in equity:</b>				
Issue of shares under SMRT ESOP	213	–	–	213
Issue of performance shares	1,091	(1,091)	–	–
Value of employee services received for share-based payment	–	1,616	–	1,616
Final dividend paid of 6.00 cents per share in respect of year 2009	–	–	(90,976)	(90,976)
Interim dividend paid of 1.75 cents per share in respect of year 2010	–	–	(26,551)	(26,551)
Total transactions with owners	1,304	525	(117,527)	(115,698)
At 31 March 2010	163,078	2,674	242,154	407,906
At 1 April 2010	163,078	2,674	242,154	407,906
Profit for the year	–	–	161,707	161,707
<b>Transactions with owners, recorded directly in equity:</b>				
Issue of shares under SMRT ESOP	341	–	–	341
Issue of performance shares	1,392	(1,392)	–	–
Value of employee services received for share-based payment	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	248	(129,012)	(127,031)
At 31 March 2011	164,811	2,922	274,849	442,582

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2011

	2011 \$'000	2010 \$'000
<b>Operating activities</b>		
Profit before income tax	191,741	191,727
Adjustments for items not involving outlay of funds:		
Amortisation of asset-related grants	(15,979)	(17,691)
Changes in fair value of financial instruments	–	(1,615)
Exchange loss	–	1,683
Depreciation of property, plant and equipment	135,259	134,769
Dividend income	(141)	(85)
Grant released upon disposal/write-off of property, plant and equipment	(53)	(94)
Impairment loss of goodwill	–	6,644
Interest expense	7,127	7,899
Interest income	(1,657)	(1,483)
Loss/(Gain) on disposal of:		
– property, plant and equipment	478	1,013
– other investments	(6)	(97)
Property, plant and equipment written off	1,834	285
Provisions made during the year	17,615	14,647
Share-based payment expenses	1,640	1,616
Share of results of associates	(1,477)	(752)
	336,381	338,466
Changes in working capital:		
Inventories	(3,917)	(18,763)
Trade and other receivables	(6,309)	8,057
Amounts due to/from an associate	–	1,438
Trade and other payables	(3,944)	14,808
Cash generated from operations	322,211	344,006
Income taxes paid, net	(31,991)	(10,215)
Interest paid	(6,900)	(7,185)
<b>Cash flows from operating activities</b>	283,320	326,606

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2011

	2011 \$'000	2010 \$'000
<b>Investing activities</b>		
Dividends received	141	85
Interest received	1,657	2,150
Investment in an associate company	–	(65,469)
Purchase of property, plant and equipment	(106,964)	(100,658)
Purchase of other investments	(3,123)	(13,366)
Proceeds from disposal of:		
– property, plant and equipment	183	13,749
– associate	1,732	–
– other investments	2,084	36,122
<b>Cash flows from investing activities</b>	<b>(104,290)</b>	<b>(127,387)</b>
<b>Financing activities</b>		
Grant received	402	98
Proceeds from issue of shares under share option plan	341	213
Payment on settlement of derivatives	–	(1,322)
Proceeds from financial liabilities	–	150,000
Repayment of financial liabilities	–	(150,000)
Dividends paid	(129,012)	(117,527)
<b>Cash flows from financing activities</b>	<b>(128,269)</b>	<b>(118,538)</b>
<b>Net increase in cash and cash equivalents</b>	<b>50,761</b>	<b>80,681</b>
Cash and cash equivalents at beginning of the year	326,011	245,599
Effect of exchange rate fluctuations on cash held	(554)	(269)
<b>Cash and cash equivalents at end of the year</b>	<b>376,218</b>	<b>326,011</b>
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	350,424	308,932
Cash at banks and in hand	25,794	17,079
	<b>376,218</b>	<b>326,011</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 April 2011.

## 1 Domicile and Activities

SMRT Corporation Ltd (“SMRT” or the “Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 251 North Bridge Road, Singapore 179102.

The immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

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 North-South-East-West and Circle lines of the Mass Rapid Transit System (the “MRT System”) and the Bukit Panjang Light Rapid Transit System (the “LRT System”).

### (ii) Bus operations

Its principal activities are to provide 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 and support services

Its principal activities are the provision of management and other support services to Group companies and investment holding.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 2 Licence and Operating Agreements

### (a) SMRT Trains Ltd (“MRT”)

A Licence and Operating Agreement (“the MRT LOA”) with the Land Transport Authority (“LTA”) under which MRT is licensed to operate the North-South-East-West lines of the Mass Rapid Transit System in Singapore came into effect on 1 April 1998. The MRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for a period of 30 years commencing 1 April 1998 at an annual licence fee calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the MRT LOA, and at 1% from 1 April 2003 to 31 March 2020. Thereafter, the percentage shall be determined by LTA. MRT may request LTA to extend the licence or subsequent licence for a period of 30 years subject to any other terms and conditions as LTA may impose.
- (ii) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the MRT LOA. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platforms screen doors, environmental control system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.
- (iii) Upon the expiration or cancellation of the licence, MRT is required to surrender all parts of the North-South-East-West line of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the MRT LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the MRT LOA terms by MRT, MRT is required upon cancellation, to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

A licence was granted by LTA under which MRT is licensed to operate the Circle line of the Mass Rapid Transit System (“CCL System”) in Singapore and this came into effect on 4 May 2009. The licence sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence shall be for a term (the “Initial Licence Term”) of 10 years from 4 May 2009 at an annual licence fee calculated at the sum of 0.5% of the annual passenger revenue net of goods and services tax and rebates and 0.5% of the annual non-fare revenue net of goods and services tax.
- (ii) The licence may be renewed by LTA for a further period of 30 years from the expiry of the Initial Licence Term, subject to any other terms and conditions as LTA may impose.
- (iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.
- (iv) Prior to MRT’s purchase of the operating assets, MRT is required to set aside annually the sum of S\$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of any equipment, machinery or any part of the CCL system comprising all assets and infrastructure required to operate the CCL system. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 2 Licence and Operating Agreements (cont'd)

### (a) SMRT Trains Ltd ("MRT") (cont'd)

- (v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.
- (vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.
- (vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA upon cancellation, the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT.

### (b) SMRT Light Rail Pte Ltd ("LRT")

A Licence and Operating Agreement ("the LRT LOA") with LTA under which LRT is licensed to operate the LRT System in Singapore came into effect on 6 November 1999. The LRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for the period from 6 November 1999 to 31 March 2028 at an annual licence fee calculated at 0.5% of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates from 6 November 2004 to 31 March 2011, and thereafter the percentage will be reviewed every 5 years by LTA. LRT may request LTA to extend the licence for a period of 30 years and LTA may renew the licence for a period of 30 years or such other period and upon such other terms and conditions as LTA may impose.
- (ii) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.
- (iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of \$3 million or 75% of the post tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 2 Licence and Operating Agreements (cont'd)

### (b) SMRT Light Rail Pte Ltd (“LRT”) (cont'd)

- (iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC Central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.
- (v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.
- (vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA upon cancellation, the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT.

## 3 Summary of Significant Accounting Policies

### 3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.1 Basis of preparation (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 30.

### 3.2 Changes in accounting policies

On 1 April 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 3.3 Basis of consolidation

#### ***Business combination***

Business combinations are accounted for under the purchase method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

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

#### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.3 Basis of consolidation (cont'd)

#### ***Associates***

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. In applying the equity method of accounting, the Group's share of its associates' post acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

#### ***Transactions eliminated on consolidation***

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### ***Accounting policies of subsidiaries and associates***

Where necessary, accounting policies of subsidiaries and associates have been adjusted on consolidation to be consistent with the policies adopted by the Group.

### 3.4 Foreign currencies

#### ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) which is recognised in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.4 Foreign currencies (cont'd)

#### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign exchange differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

### 3.5 Property, plant and equipment

#### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads and capitalised borrowing costs.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

#### *Subsequent expenditure*

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

#### *Disposals*

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.5 Property, plant and equipment (cont'd)

#### *Depreciation*

Depreciation is provided on a straight-line basis so as to write off the cost of the property, plant and equipment and major components that are accounted for separately over their estimated useful lives as follows:

Leasehold land and properties	– lease period ranging from 10 to 30 years
Furniture and fittings, office equipment and computers	– 3 to 10 years
Motor vehicles	– 5 to 6 years
Rolling stock	– 15 to 30 years
Power supply equipment	– 20 to 25 years
Signalling, communication and automatic fare collection systems	– 3 to 30 years
Buses	– 10 to 17 years
Taxis and vehicles for rental	– 6.67 to 7.67 years
Plant and machinery	– 3 to 12 years
Other operating equipment	– 15 to 30 years

No depreciation is provided on unregistered buses and taxis and assets under construction until such assets are completed and ready for operational use.

Property, plant and equipment costing less than \$1,000 per item are expensed off as and when they are purchased.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effects of any revision are recognised in the income statement when the changes arise.

### 3.6 Intangible assets

Goodwill in a business combination represents the excess of the purchase consideration over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill is measured at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill on the acquisition of associates is presented together with investments in associates. Goodwill is tested for impairment on an annual basis in accordance with note 3.12. If the initial accounting for an acquisition was based on provisional estimates of fair value of assets, liabilities and contingent liabilities, the provision values are adjusted within 12 months of the acquisition date and goodwill arising from the acquisition is adjusted subsequently on a retrospective basis.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.7 Non-derivative financial instruments

#### *Available-for-sale financial assets*

Equity and debt securities held by the Group are classified as being available-for-sale and are stated at fair value, determined as the quoted bid price at the balance sheet date. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Unquoted equity and other investments are measured at cost less accumulated impairment losses. It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of market prices in an active market, significant range of fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Financial assets classified as available-for-sale are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

#### *Held-to-maturity investments*

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets classified as held-to-maturity are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

#### *Share capital*

Ordinary shares are classified as equity.

### 3.8 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to partially hedge its exposure to financial risks arising from its business activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

For derivatives that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely related, and the combined instrument is not measured at fair value through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

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

#### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

#### *Separable embedded derivatives*

Changes in the fair value of the separable embedded derivatives are recognised immediately in the income statement.

### 3.9 Inventories

Inventories comprising engineering spares and consumables used for the maintenance of the MRT and LRT systems, buses and taxis and which are not intended for resale, are stated at cost less allowance for obsolete inventories. Allowance is made for obsolete, slow-moving and defective inventories based on management's estimates and judgement, taking into account historical trends and market conditions etc.

All other inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

### 3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

### 3.12 Impairment

#### ***Impairment of financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been recognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For investments in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

#### ***Impairment of non-financial assets***

The carrying amounts of the Group's non-financial assets, other than inventories, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.12 Impairment (cont'd)

#### *Calculation of recoverable amount*

For the purpose of impairment testing, the recoverable amount (i.e. the greater of the assets' net selling price and value-in-use), is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

#### *Reversals of impairment*

An impairment loss for an asset other than goodwill is reversed, if and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

### 3.13 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### 3.14 Liabilities and interest-bearing borrowings

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.15 Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

### 3.16 Provisions

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

#### ***Provision for accident claims***

A provision for accident claims is recognised when an accident has occurred. The amount of provision is based on the claims outstanding and estimated amounts payable.

The expected reimbursement from insurance policies and other parties in respect of the expenses required to settle a provision, is recognised as a separate asset disclosed as "Recoverable in respect of accident claims" included in "Other receivables, deposits and prepayments".

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. Provision for accident claims payable includes such vehicle insurance premium payable to insurers.

A provision for accident claims is recognised as an expense in the income statement as and when incurred. The provision is reviewed at least at each balance sheet date. The effects of any revision in management's estimate of amounts payable are recognised in the income statement when the changes arise.

### 3.17 Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.17 Income tax (cont'd)

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.18 Fuel Equalisation Account (“FEA”)

The FEA has been set up in accordance with the directive of the Public Transport Council (“PTC”) to account for electricity tariff and diesel price adjustment charge, as part of the mechanism for regulating public transport fares. Annual contributions to the FEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a drawdown as may be catered for by the purpose of the FEA mechanism. The amount that can be released to the income statement is limited to half the available FEA balance.

The PTC may also direct such transfers that it considers necessary.

### 3.19 Grants

#### ***Asset-related grants***

Assets-related grants received from the Land Transport Authority and/or other government bodies for the purchase of eligible assets are deferred and amortised in the income statement using the straight-line method and over the same periods in which the related property, plant and equipment are depreciated.

#### ***Other grants***

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised. The grants are presented in the income statement as a deduction against the related expenses.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.20 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared and approved.

### 3.21 Revenue recognition

#### *Passenger revenue*

Passenger revenue from MRT and LRT systems and buses is recognised at the end of the ride.

#### *Taxi rental and rental revenue*

Rental revenue receivable under operating leases is recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received.

#### *Advertising revenue*

Advertising revenue is recognised on an accrual basis over the terms of the contract.

#### *Sales of goods*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### *Engineering and other services*

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised on the percentage of completion method. The stage of completion is recognised upon completion of work done at designated phases of the contracts. Where appropriate, the percentage of completion is estimated by reference to the proportion of contract costs incurred to date to the estimated total contract costs for each project.

Revenue from operating and maintenance services is recognised over the period during which the service is provided.

Provision for foreseeable losses, on contracts not yet completed, is made as soon as such losses are determinable.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.22 Leases

#### *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised in income statement on a straight-line basis over the term of the leases.

Contingent rents are recognised as an expense in income statement when incurred.

#### *Lessor – Operating leases*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in income statement on a straight-line basis over the term of the leases.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in income statement over the term of the leases on the same basis as the lease income.

Contingent rents are recognised as income in income statement when earned.

### 3.23 Finance costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

### 3.24 Interest and investment income

Interest income from bank deposits and other debt securities is recognised in the income statement using the effective interest method.

Dividend income from subsidiaries is recognised on the date that the Group's right to receive payment is established.

Dividend income from other equity investments is recognised in the income statement at gross on a receipt basis.

Gain or loss on disposal of investment is accounted for in the income statement as they arise.

### 3.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.26 Employee benefits

#### **Defined contribution plans**

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

#### **Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value. The discount rate is the market yield of quoted Singapore Government Bonds at balance sheet date. The calculation is performed using the projected unit credit method.

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, any actuarial gain or loss is recognised in the income statement in the period that the gain or loss arises.

#### **Short-term accumulating compensated absences**

Provision is made when services are rendered by employees that increase their entitlement to future compensated absences.

#### **Equity and equity related compensated benefits**

The SMRT Employee Share Option Plan ("SMRT ESOP") allows the Group's employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") allow the Group to award employees fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and, in the case of awards under the SMRT RSP, upon expiry of the prescribed vesting period. For shares granted pursuant to awards under these plans, and the amount of cash which may be paid upon the release of such awards, the fair value of the awards is measured at grant date and spread over the vesting period. At each balance sheet date, the Group may revise the fair value of the awards based on actual performance achieved. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 4 Property, Plant and Equipment

Group	Leasehold land and properties \$'000	Furniture, fittings, office equipment and computers \$'000	Motor vehicles \$'000	Rolling stock \$'000	Power supply equipment \$'000
<b>Cost</b>					
At 1 April 2009	154,473	46,711	3,711	919,036	139,051
Additions	207	489	1,197	1,158	95
Disposals/Write offs	–	(2,136)	(372)	–	(422)
Transfers/Reclassifications	35,099	6,681	–	767	2,476
At 31 March 2010	189,779	51,745	4,536	920,961	141,200
At 1 April 2010	189,779	51,745	4,536	920,961	141,200
Additions	241	1,557	1,192	2,816	10
Disposals/Write offs	–	(2,337)	(410)	–	(892)
Transfers/Reclassifications	27,971	12,637	–	2,094	474
At 31 March 2011	217,991	63,602	5,318	925,871	140,792
<b>Accumulated depreciation and impairment losses</b>					
At 1 April 2009	25,933	28,284	2,797	537,341	88,422
Depreciation charge for the year	8,615	6,322	413	46,380	8,242
Disposals/Write offs	–	(2,126)	(372)	–	(384)
At 31 March 2010	34,548	32,480	2,838	583,721	96,280
At 1 April 2010	34,548	32,480	2,838	583,721	96,280
Depreciation charge for the year	9,703	6,609	580	43,218	8,262
Disposals/Write offs	–	(2,334)	(410)	–	(464)
At 31 March 2011	44,251	36,755	3,008	626,939	104,078
<b>Carrying amount</b>					
At 1 April 2009	128,540	18,427	914	381,695	50,629
At 31 March 2010	155,231	19,265	1,698	337,240	44,920
At 1 April 2010	155,231	19,265	1,698	337,240	44,920
At 31 March 2011	173,740	26,847	2,310	298,932	36,714



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Signalling, communication and automatic fare collection systems \$'000	Buses \$'000	Taxis and vehicles for rental \$'000	Plant and machinery \$'000	Other operating equipment \$'000	Assets under construction \$'000	Total \$'000
261,399	211,830	180,588	23,428	308,520	82,917	2,331,664
2,740	3,809	2,359	112	1,615	101,053	114,834
(2,662)	(1,176)	(13,285)	(32)	(2,900)	–	(22,985)
(690)	25,421	17,633	586	7,027	(95,000)	–
260,787	239,884	187,295	24,094	314,262	88,970	2,423,513
260,787	239,884	187,295	24,094	314,262	88,970	2,423,513
2,398	2,156	2,782	512	2,298	84,880	100,842
(1,671)	(352)	(6,047)	(2,201)	(877)	(43)	(14,830)
6,149	3,132	13,857	106	16,229	(82,649)	–
267,663	244,820	197,887	22,511	331,912	91,158	2,509,525
169,223	103,899	68,785	22,435	223,005	–	1,270,124
13,322	17,353	20,542	977	12,603	–	134,769
(2,470)	(1,172)	(8,772)	(32)	(2,653)	–	(17,981)
180,075	120,080	80,555	23,380	232,955	–	1,386,912
180,075	120,080	80,555	23,380	232,955	–	1,386,912
13,593	18,236	21,420	1,012	12,626	–	135,259
(1,598)	(348)	(3,011)	(2,083)	(851)	–	(11,099)
192,070	137,968	98,964	22,309	244,730	–	1,511,072
92,176	107,931	111,803	993	85,515	82,917	1,061,540
80,712	119,804	106,740	714	81,307	88,970	1,036,601
80,712	119,804	106,740	714	81,307	88,970	1,036,601
75,593	106,852	98,923	202	87,182	91,158	998,453

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 4 Property, Plant and Equipment (cont'd)

Company	Furniture, fittings, office equipment and computers \$'000	Communication systems \$'000	Motor Vehicles \$'000	Other operating equipment \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
<b>Cost</b>							
At 1 April 2009	9,997	1,256	90	16	101	851	12,311
Additions	206	14	44	–	–	941	1,205
Disposals/Write offs	(123)	–	(5)	(9)	–	–	(137)
Transfers/ Reclassifications	638	–	–	–	–	(638)	–
At 31 March 2010	10,718	1,270	129	7	101	1,154	13,379
At 1 April 2010	10,718	1,270	129	7	101	1,154	13,379
Additions	217	19	–	–	–	1,334	1,570
Disposals/Write offs	(124)	–	–	–	–	–	(124)
Transfers/ Reclassifications	805	–	–	–	–	(805)	–
At 31 March 2011	11,616	1,289	129	7	101	1,683	14,825
<b>Accumulated depreciation and impairment losses</b>							
At 1 April 2009	5,296	811	65	9	12	–	6,193
Depreciation charge for the year	1,607	89	17	–	10	–	1,723
Disposals/Write offs	(116)	–	(5)	(2)	–	–	(123)
At 31 March 2010	6,787	900	77	7	22	–	7,793
At 1 April 2010	6,787	900	77	7	22	–	7,793
Depreciation charge for the year	1,636	83	18	–	10	–	1,747
Disposals/Write offs	(123)	–	–	–	–	–	(123)
At 31 March 2011	8,300	983	95	7	32	–	9,417
<b>Carrying amount</b>							
At 1 April 2009	4,701	445	25	7	89	851	6,118
At 31 March 2010	3,931	370	52	–	79	1,154	5,586
At 1 April 2010	3,931	370	52	–	79	1,154	5,586
At 31 March 2011	3,316	306	34	–	69	1,683	5,408

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 5 Intangible Asset

<b>Group</b>	<b>Goodwill</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>		
At 1 April and 31 March	63,373	63,373
<b>Impairment losses</b>		
At 1 April	28,085	21,441
Impairment loss	–	6,644
At 31 March	28,085	28,085
<b>Carrying amount</b>		
At 1 April	35,288	41,932
At 31 March	35,288	35,288

### Impairment tests for business units containing goodwill

Goodwill is allocated to the Group's business units:

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Bus operations	21,674	21,674
Taxi operations	13,614	13,614
	35,288	35,288

The recoverable amount of a business unit is determined based on value-in-use calculations. The calculations use cash flow projections based on an approved five-year plan. The key assumptions for the cash flow projections are stated below.

The terminal value at the end of the five-year period is computed using the capitalised earnings method which converts a single period of expected earnings into an indication of value based on a capitalisation rate or earnings multiple. In this instance, the discounted terminal value is computed using Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") less replacement capital expenditure divided by the pre-tax Weighted Average Cost of Capital ("WACC") of the Group.

The key assumptions used for the analysis of each business unit are:

- The sizes of taxi and bus fleets approximate those existing at date of review.
- Fare adjustments are based on fare formula set by the Public Transport Council. Ridership projection is based on analysis of historical growth as well as consideration for anticipated economic and physical developments and changes that may affect the transport sector.
- Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.
- Diesel prices are based on average forecast prices from market sources.
- The discount rate used of 6.64% (2010: 6.86%) is based on the pre-tax WACC of the Group.
- Operating expenses are based on historical trends, taking into account expected inflation.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 5 Intangible Asset (cont'd)

Management believes that any reasonable change to the key assumptions above on which the recoverable amounts are based, would not cause the carrying amounts to exceed the recoverable amounts.

## 6 Investments in Subsidiaries

	Company	
	2011	2010
	\$'000	\$'000
Unquoted equity shares, at cost	418,332	351,332
Impairment losses	(28,085)	(28,085)
	390,247	323,247

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2011	2010
		%	%
<sup>1</sup> SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
<sup>1</sup> SMRT Light Rail Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Engineering Pte Ltd, and its subsidiary:	Singapore	100	100
<sup>2</sup> SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
<sup>1</sup> SMRT International Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Investments Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
<sup>1</sup> SMRT Buses Ltd.	Singapore	100	100
<sup>1</sup> SMRT Taxis Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Automotive Services Pte. Ltd.	Singapore	100	100
<sup>1</sup> Bus-Plus Services Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Capital Pte. Ltd.	Singapore	100	100
<sup>1</sup> SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
<sup>4</sup> SMRT Cayman I	Cayman Islands	100	100
<sup>4</sup> SMRT Cayman II	Cayman Islands	100	100
<sup>3</sup> SMRT Hong Kong Limited	Hong Kong	100	100
<sup>1</sup> SMRT Institute Pte Ltd	Singapore	100	100

<sup>1</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>2</sup> Audited by PricewaterhouseCoopers United Arab Emirates

<sup>3</sup> Audited by PricewaterhouseCoopers Hong Kong

<sup>4</sup> Not required to be audited in its country of incorporation

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 7 Interests in Associates

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Interests in associates	63,757	68,077
Transferred to asset classified as held for sale	–	(1,732)
	<b>63,757</b>	<b>66,345</b>

In 2010, the Group acquired an equity interest in Shenzhen Zona Transportation Group Co., Ltd. The carrying value of this investment at year end includes goodwill on acquisition of \$17,294,000.

Details of the associates are as follows:

<b>Name of associates</b>	<b>Place of incorporation and business</b>	<b>Effective equity interest held by the Group</b>	
		<b>2011</b>	<b>2010</b>
		<b>%</b>	<b>%</b>
<b>Held by SMRT Hong Kong Limited</b>			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49
<b>Held by SMRT Trains Ltd.</b>			
Transit Link Pte Ltd <sup>1</sup>	Singapore	–	50

<sup>1</sup> The Group's investment in Transit Link Pte Ltd, was reclassified as an asset held for sale as at 31 March 2010, following an arrangement with LTA to divest the Group's interest in this investment. The sale was completed in 2011.

Summarised financial information of Shenzhen Zona Transportation Group Co., Ltd. is as follows:

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets and liabilities</b>		
Total assets	215,948	230,104
Total liabilities	120,249	131,408
<b>Results</b>		
Revenue	54,769	25,769
Profit after taxation	3,015	1,226

The summarised financial information relating to the associate disclosed above is not adjusted for the percentage of ownership held by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 8 Other Investments

	Group	
	2011	2010
	\$'000	\$'000
<b>Non-current</b>		
Available-for-sale quoted equity security	5,154	5,630
Held-to-maturity debt securities	5,000	7,616
	10,154	13,246
<b>Current</b>		
Held-to-maturity debt securities	3,570	–
<b>Total</b>	13,724	13,246

Held-to-maturity debt securities bear interest at rates ranging from 1.12% to 2.81% (2010: 1.43% to 2.81%) per annum and will mature in 0.7 year to 3.9 years (2010: 1.7 years to 4.9 years).

The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. Debt securities are neither past due nor impaired.

## 9 Inventories

	Group	
	2011	2010
	\$'000	\$'000
Spare parts, diesel, tyres and consumable stores	68,322	62,549
Allowance for obsolete inventories	(14,725)	(12,869)
	53,597	49,680

## 10 Trade and Other Receivables

		Group		Company	
	Note	2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
Trade receivables	10(a)	36,527	23,766	–	–
Other receivables, deposits and prepayments	10(b)	28,081	23,453	1,619	1,010
Amounts due from subsidiaries	10(c)	–	–	163,350	195,555
Amounts due from an associate (trade)		–	7,029	–	–
		64,608	54,248	164,969	196,565

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 10(a) Trade Receivables

	Group	
	2011 \$'000	2010 \$'000
Trade receivables	40,496	29,911
Allowance for doubtful receivables	(3,969)	(6,145)
	36,527	23,766

Trade receivables of the Group include \$7,931,000 (2010: \$2,186,000) due from related corporations and there is no allowance for doubtful debts arising from the outstanding balances.

## 10(b) Other Receivables, Deposits and Prepayments

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Deposits	966	1,278	145	326
Prepayments	8,217	5,651	133	200
Staff loans and advances	803	1,220	112	187
Interest receivable	368	273	–	–
Recoverable in respect of accident claims	7,051	9,542	–	–
Advances to suppliers	1,239	850	9	–
Other receivables	9,437	4,639	1,220	297
	28,081	23,453	1,619	1,010

## 10(c) Amounts Due from Subsidiaries

	Company	
	2011 \$'000	2010 \$'000
Current account (trade)	7,647	13,204
Interest-bearing loans	155,703	182,351
	163,350	195,555

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.18% (2010: 0.16%) per annum and are repayable on demand.

The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 11 Share Capital

Company	2011		2010	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Fully-paid ordinary shares, with no par value</b>				
At 1 April	1,517,354	163,078	1,516,195	161,774
Issue of shares under SMRT ESOP	459	341	292	213
Issue of performance shares under SMRT RSP & SMRT PSP	1,007	1,392	867	1,091
At 31 March	1,518,820	164,811	1,517,354	163,078

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, 259,000, 96,000 and 104,300 (2010: 148,000, 73,700 and 69,650) new fully-paid ordinary shares were issued during the year for cash at \$0.816, \$0.676 and \$0.623 per share respectively by the Company.

### Capital management

The Company's primary objectives in capital management are to provide adequate returns to shareholders and to manage the capital base so as to sustain future development of the business.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There was no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital management.

## 12 Reserves

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Fair value reserve	1,444	1,917	–	–
Hedge reserve	(659)	(848)	–	–
Share-based payment reserve	2,922	2,674	2,922	2,674
Foreign currency translation reserve	(4,399)	297	–	–
	(692)	4,040	2,922	2,674



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 12 Reserves (cont'd)

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares. For information about the equity compensation benefits plans, refer to note 13.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

## 13 Equity Compensation Benefits

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 Koh Yong Guan, Chairman of the Committee, Mdm Halimah Yacob, Mr Tan Ek Kia and Mr Yeo Wee Kiong.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

### SMRT ESOP (cont'd)

#### (ii) Maximum allowable allotment

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

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

#### (iii) Subscription price

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

#### (iv) Option period

The options granted under the Management Scheme will be vested over a 3-year period (that is 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 option	Options outstanding and exercisable at 1 April 2010	Options exercised	Options cancelled	Options outstanding and exercisable at 31 March 2011	Proceeds on exercise of options during the year credited to share capital \$'000	Weighted average share price at exercise date of options	Exercise period
16/7/2001	\$0.816	1,025,000	(259,000)	(5,000)	761,000	211	\$2.112	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	529,200	(96,000)	(5,000)	428,200	65	\$2.129	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	582,800	(104,300)	(5,000)	473,500	65	\$2.135	22/7/2004 to 21/7/2013
		2,137,000	(459,300)	(15,000)	1,662,700	341		

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

### SMRT ESOP (cont'd)

No option has been granted during the year.

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

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

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

The SMRT RSP 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 long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

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

#### (ii) Awards (cont'd)

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.

#### (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 percent 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

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

During the financial year, the conditional shares awarded under the SMRT PSP and RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
<b>Plan description</b>	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.
<b>Date of grant</b>	23 August 2010	23 August 2010
<b>Performance period</b>	1 April 2010 to 31 March 2013	1 April 2010 to 31 March 2012
<b>Vesting condition</b>	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 fulfilment of service requirements.
<b>Payout</b>	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.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions:

	2011		2010	
	SMRT PSP	SMRT RSP	SMRT PSP	SMRT RSP
<b>Historical volatility</b>				
SMRT	22.22%	22.22%	27.90%	27.90%
Straits Times Index	32.45%		32.39%	
<b>Risk-free interest rates</b>				
Yield of Singapore Government Securities on Date of Grant	0.57%	0.50% – 0.67%	0.65%	0.53% – 1.04%
Term	2.8 years	1.8 to 3.8 years	2.8 years	1.8 to 3.8 years
<b>SMRT expected dividend yield</b>	--- Management's forecast ---		--- Management's forecast ---	
<b>Share price at grant date</b>	\$2.03	\$2.03	\$1.69	\$1.69

For non-market conditions, achievement factors have been estimated for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

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

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

#### SMRT PSP

Grant date	Balance as at 1 April 2010	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2011
<b>12 November 2007</b>						
– For senior management	98,000	–	–	(122,600)	24,600	–
– For executive director (Saw Phaik Hwa)	85,000	–	–	(106,300)	21,300	–
<b>9 February 2009</b>						
– For senior management	135,500	–	(21,000)	–	–	114,500
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
<b>28 August 2009</b>						
– For senior management	158,000	–	(24,000)	–	–	134,000
– For executive director (Saw Phaik Hwa)	100,000	–	–	–	–	100,000
<b>23 August 2010</b>						
– For senior management	–	156,000	–	–	–	156,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
<b>Total</b>	<b>661,500</b>	<b>256,000</b>	<b>(45,000)</b>	<b>(228,900)</b>	<b>45,900</b>	<b>689,500</b>

The estimated fair value at date of grant for each share granted on 23 August 2010 pursuant to SMRT PSP was \$1.286.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

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

#### SMRT RSP

Grant date	Balance as at 1 April 2010	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2011
<b>19 March 2007</b>						
– For senior management	183,900	–	(5,600)	(178,300)	–	–
– For executive director (Saw Phaik Hwa)	40,000	–	–	(40,000)	–	–
<b>12 November 2007</b>						
– For senior management	456,300	–	(31,700)	(233,800)	–	190,800
– For executive director (Saw Phaik Hwa)	68,000	–	–	(34,000)	–	34,000
<b>9 February 2009</b>						
– For senior management	690,400	–	(96,700)	(260,800)	59,000	391,900
– For executive director (Saw Phaik Hwa)	85,000	–	–	(31,200)	8,500	62,300
<b>28 August 2009</b>						
– For senior management	960,000	–	(190,500)	–	–	769,500
– For executive director (Saw Phaik Hwa)	100,000	–	–	–	–	100,000
<b>23 August 2010</b>						
– For senior management	–	1,006,000	(72,000)	–	–	934,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
<b>Total</b>	<b>2,583,600</b>	<b>1,106,000</b>	<b>(396,500)</b>	<b>(778,100)</b>	<b>67,500</b>	<b>2,582,500</b>

The estimated fair values at grant date for each share granted on 23 August 2010 pursuant to SMRT RSP range from \$1.437 to \$1.570.

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 2011 were 689,500 and 2,582,500 (2010: 661,500 and 2,583,600) 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 861,900 and 2,982,300 (2010: 826,900 and 2,969,000) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 13 Equity Compensation Benefits (cont'd)

The total amount recognised in the financial statements (before taxes) for share-based payment transactions with employees is summarised as follows:

	Group and Company	
	2011	2010
	\$'000	\$'000
Expenses		
(i) Performance share plan under SMRT PSP	268	283
(ii) Performance-based restricted shares under SMRT RSP	1,372	1,333
	1,640	1,616

## 14 Interest-Bearing Borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Group's exposure to interest rate risk, refer to note 27.

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>				
Unsecured quoted fixed rate notes	150,000	250,000	–	100,000
<b>Current liabilities</b>				
Unsecured quoted fixed rate notes	100,000	–	100,000	–
Total	250,000	250,000	100,000	100,000

### Terms and debt repayment schedule

Group	Interest rate	Year of maturity	Carrying amount	
			2011	2010
			\$'000	\$'000
Unsecured quoted fixed rate notes	3.27%	2011	100,000	100,000
Unsecured quoted fixed rate notes	2.42%	2014	150,000	150,000
			250,000	250,000

### Company

Unsecured quoted fixed rate notes	3.27%	2011	100,000	100,000
-----------------------------------	-------	------	---------	---------

The Group has established the following Medium Term Note ("MTN") Programmes, pursuant to which the companies that established the programmes may issue notes from time to time to finance the general corporate funding requirements of the Group.

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



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 14 Interest-Bearing Borrowings (cont'd)

Under these MTN Programmes, the companies that established the programmes may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programmes.

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

- (i) S\$100 million 5-year unsecured fixed rate notes issued by the Company on 14 December 2006 is due in 2011. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (ii) S\$150 million 5-year unsecured guaranteed fixed rate notes issued by a subsidiary on 7 October 2009 is due in 2014. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

The Company has extended guarantee to the holders of the notes in respect of the subsidiary's S\$1 Billion Multi-Currency Guaranteed MTN Programme. The financial guarantee amounted to \$164,530,000 (2010: \$168,160,000). The period in which the financial guarantee expires is as follows:

	Company	
	2011 \$'000	2010 \$'000
Less than 1 year	3,630	3,630
Between 1 and 5 years	160,900	164,530
	164,530	168,160

## 15 Provisions

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Liability for defined benefit plan	3,312	3,351	30	37
Liability for short-term accumulating compensated absences	1,434	1,291	255	200
Provision for accident claims	26,949	24,578	–	–
	31,695	29,220	285	237
Current	28,417	25,889	255	200
Non-current	3,278	3,331	30	37
	31,695	29,220	285	237

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 15 Provisions (cont'd)

### (a) Liability for defined benefit plan

The Group has a retirement benefit plan each for certain eligible management staff/executives and other employees. The terms of these plans, which are unfunded, are as follows:

- (i) Certain management staff and executives who are eligible for the scheme, subject to having completed at least five years of service prior to 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their monthly basic salary as at 31 March 2004 multiplied by each completed year of service as at 31 March 2004. The maximum benefit is capped at two and a half times of their monthly basic salary as at 31 March 2004.
- (ii) Certain other employees who are eligible for the scheme, subject to having completed at least five years of service prior to their retirement, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their last drawn monthly basic salary multiplied by each completed year of service up to sixty-two years of age. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

### **Movements in the net liability recognised in the balance sheet**

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At 1 April		3,351	3,571	37	35
Expense recognised/(reversed) during the year	21(b)	52	(148)	(7)	2
Payments made		(91)	(72)	–	–
At 31 March		3,312	3,351	30	37

### **Recognised in the income statement**

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current service costs	352	213	2	2
Interest on obligations	98	61	1	1
Actuarial gain	(398)	(422)	(10)	(1)
	52	(148)	(7)	2

### **Principal actuarial assumptions**

Principal actuarial assumptions used in calculating the Group's liability for defined benefit plan include estimated future salary increases and employee turnover rates based on historical trends and discount rates based on the market yield at balance sheet date on quoted Singapore Government Bonds that have maturity dates approximating the average discount period.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 15 Provisions (cont'd)

### (b) Liability for short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

#### *Movements in the net liability recognised in the balance sheet*

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At 1 April		1,291	1,248	200	205
Provisions made during the year	21(b)	231	45	55	(5)
Provision used		(79)	–	–	–
Translation difference on consolidation		(9)	(2)	–	–
At 31 March		1,434	1,291	255	200

### (c) Provision for accident claims

Provisions relate to provisions for accidents claims and are accounted for in accordance with the accounting policy set out in note 3.16. The Group expects to incur the liability over the next 12 months.

#### *Movements in the net liability recognised in the balance sheet*

	Group	
	2011 \$'000	2010 \$'000
At 1 April	24,578	20,226
Provisions made during the year	23,015	15,043
Provisions reversed during the year	(1,311)	(301)
Provisions used during the year	(19,333)	(10,390)
At 31 March	26,949	24,578

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 16 Deferred Tax

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

Group	At	Recognised	Recognised	At	Recognised	Recognised	At
	1/4/2009	in income	in other	31/3/2010	in income	in other	31/3/2011
	\$'000	statement	comprehensive	\$'000	statement	comprehensive	\$'000
		(note 22)	income		(note 22)	income	
			(note 22)			(note 22)	
			\$'000				\$'000
Excess of net book value over tax written down value of property, plant and equipment	141,447	379	–	141,826	(12,596)	–	129,230
Unutilised tax losses	–	–	–	–	(90)	–	(90)
Other temporary differences	(9,143)	(1,167)	(174)	(10,484)	(452)	38	(10,898)
<b>Total</b>	<b>132,304</b>	<b>(788)</b>	<b>(174)</b>	<b>131,342</b>	<b>(13,138)</b>	<b>38</b>	<b>118,242</b>

### Company

Excess of net book value over tax written down value of property, plant and equipment	914	(3)	–	911	(142)	–	769
Other temporary differences	(41)	1	–	(40)	(8)	–	(48)
<b>Total</b>	<b>873</b>	<b>(2)</b>	<b>–</b>	<b>871</b>	<b>(150)</b>	<b>–</b>	<b>721</b>

## 17 Fuel Equalisation Account (“FEA”)

	Group	
	2011	2010
	\$'000	\$'000
At 1 April	20,312	19,112
Contribution during the year	–	1,200
<b>At 31 March</b>	<b>20,312</b>	<b>20,312</b>

The FEA is accounted for in accordance with the policy set out in note 3.18.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 18 Deferred Grants

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Grants received		480,500	480,098	98	98
Accumulated amortisation:					
At 1 April		(389,644)	(371,859)	(1)	–
Amortisation during the year		(15,979)	(17,691)	(20)	(1)
Released on assets disposed/written-off	21(a)	(53)	(94)	–	–
At 31 March		(405,676)	(389,644)	(21)	(1)
		74,824	90,454	77	97

This includes \$480,000,000 of asset-related grant received by SMRT Trains Ltd from LTA to defray part of the purchase cost of the operating assets of the MRT system.

## 19 Trade and Other Payables

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables and accrued operating expenses	19(a)	140,685	126,373	15,267	14,935
Other payables and refundable deposits	19(b)	128,327	129,722	3,963	3,085
Amounts due to subsidiaries	19(c)	–	–	736	433
Amounts due to an associate (trade)		–	5,045	–	–
		269,012	261,140	19,966	18,453

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

### 19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include \$10,071,000 (2010: \$622,000) due to related corporations.

Trade payables and accrued operating expenses of the Company include \$21,000 (2010: \$34,000) due to related corporations.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 19(b) Other Payables and Refundable Deposits

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unearned revenue	2,165	1,414	–	–
Rental deposits	23,786	18,605	–	–
Other deposits	5,148	5,065	93	91
Interest payable	2,708	2,708	967	967
Purchase of property, plant and equipment	84,462	91,507	1,392	976
Retention monies	5,223	4,915	–	–
Other payables	4,835	5,508	1,511	1,051
	128,327	129,722	3,963	3,085

## 19(c) Amounts Due to Subsidiaries

	Company	
	2011 \$'000	2010 \$'000
Current account (non-trade)	736	433

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

## 20 Revenue

	Group	
	2011 \$'000	2010 \$'000
Passenger revenue	749,559	689,158
Taxis rental	74,066	70,998
Rental revenue	73,550	65,006
Advertising revenue	25,395	22,549
Sales of goods	18,571	17,038
Engineering and others	28,551	30,304
	969,692	895,053

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 21 Profit before Income Tax

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

	Note	Group 2011 \$'000	2010 \$'000
<b>(a) Other operating income</b>			
Unutilised tickets and farecards		8,618	9,410
Maintenance income		4,782	18,160
Grant released upon disposal/write-off of property, plant and equipment	18	53	94
Foreign exchange gain		897	–
Net gain in fair value of financial derivative at fair value through profit or loss		–	1,802
Others		5,804	13,734
		20,154	43,200
<b>(b) Staff and related costs</b>			
Wages and salaries		268,393	268,348
Contribution to defined contribution plans		30,777	29,227
Job credits granted by the Singapore government		(1,150)	(15,733)
Increase/(Decrease) in liability for defined benefit plan	15(a)	52	(148)
Increase in liability for short-term accumulating compensated absences	15(b)	231	45
Value of employee services received for share-based payment		1,640	1,616
Gratuity/Severance		44	30
Other staff-related expenses and benefits-in-kind		13,606	11,444
		313,593	294,829
Included in staff and related costs is compensation to key management personnel of the Group as follows:			
Directors of the Company:			
– fees		727	593
– remuneration		1,848	1,669
Senior management personnel of the Group:			
– short-term employee benefits		5,552	5,412
– post-employment benefits		106	112
– share-based payments		538	751
		8,771	8,537

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 21 Profit before Income Tax (cont'd)

	Group	
	2011	2010
	\$'000	\$'000
<b>(c) Other operating expenses</b>		
Audit fees paid to:		
– auditors of the Company	246	274
– other auditors	27	13
Non-audit fees paid to:		
– auditors of the Company	101	208
– other auditors	81	94
Cost of inventories sold	16,913	13,590
Foreign exchange loss	–	2,138
Loss on disposal of property, plant and equipment	478	1,013
Licence fees paid to LTA	5,461	5,120
Net loss in fair value of financial derivative at fair value through profit or loss	–	187
Operating lease expenses	4,877	3,860
Property, plant and equipment written off	1,834	285
<b>(d) Finance costs</b>		
Net change in fair value of cash flow hedge transferred to the income statement	227	114
Interest paid and payable on:		
– quoted floating rate notes	–	451
– quoted fixed rate notes	6,900	7,334
	7,127	7,899
<b>(e) Interest and investment income</b>		
Dividends received from available-for-sale equity security	141	85
Interest income from:		
– bank deposits and balances	1,468	1,102
– available-for-sale debt securities	–	18
– held-to-maturity debt securities	189	362
– others	–	1
Gain on disposal of available-for-sale equity securities	6	97
	1,804	1,665



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 22 Income Tax Expense

	Group	
	2011	2010
	\$'000	\$'000
<b>Current tax expense</b>		
Current year	45,025	29,736
Overprovision in respect of prior years	(1,237)	(106)
	43,788	29,630
<b>Deferred tax expense</b>		
Movements in temporary differences	(15,234)	(680)
Tax losses recognised	(257)	–
Under/(Over) provision in respect of prior years	2,353	(108)
	(13,138)	(788)
Income tax expense	30,650	28,842

### Reconciliation of effective tax rate

	Group	
	2011	2010
	\$'000	\$'000
Profit before income tax	191,741	191,727
Less: Share of result of associates (net of tax)	(1,477)	(752)
	190,264	190,975
Tax calculated using Singapore tax rate of 17% (2010: 17%)	32,345	32,466
Expenses not deductible for tax purposes	2,546	3,437
Income not subject to tax	(3,868)	(6,067)
Under/(Over)provision in respect of prior years	1,116	(214)
Utilisation of previously unrecognised deferred tax assets	(257)	(150)
Tax incentives	(1,247)	(427)
Others	15	(203)
	30,650	28,842

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

	-----2011-----			-----2010-----		
	Before Tax \$'000	Tax (charge) / credit \$'000	After Tax \$'000	Before Tax \$'000	Tax (charge) / credit \$'000	After Tax \$'000
Group						
Currency translation differences arising from foreign operations	(4,696)	–	(4,696)	147	–	147
Fair value adjustments on available-for-sale financial assets	(473)	–	(473)	1,452	–	1,452
Fair value adjustments on cash flow hedge	227	(38)	189	(1,022)	174	(848)
Other comprehensive income	(4,942)	(38)	(4,980)	577	174	751

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 22 Income Tax Expense (cont'd)

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

	Group	
	2011	2010
	\$'000	\$'000
Shortfall of tax written down value over net book value of property, plant and equipment	(291)	(465)
Deductible temporary differences	2,253	1,739
Unutilised tax losses	1,457	3,502
	<u>3,419</u>	<u>4,776</u>

The tax losses are subject to agreement by the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits.

## 23 Earnings Per Share

Basic earnings per share is based on:

	Group	
	2011	2010
	\$'000	\$'000
Net profit attributable to ordinary shareholders	161,091	162,885

	Group	
	2011	2010
	No. of shares	No. of shares
	'000	'000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,517,354	1,516,195
– shares issued under share option scheme	326	194
– shares issued under share plan	610	513
Weighted average number of ordinary shares in issue	<u>1,518,290</u>	<u>1,516,902</u>

Diluted earnings per share is based on:

	Group	
	2011	2010
	\$'000	\$'000
Net profit attributable to ordinary shareholders	161,091	162,885

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 23 Earnings Per Share (cont'd)

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

	Group	
	2011	2010
	No. of	No. of
	shares	shares
	'000	'000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,518,290	1,516,902
– unissued shares under SMRT ESOP	1,662	2,137
– contingently issuable shares under SMRT PSP and RSP	2,763	2,707
Number of shares that would have been issued at fair value	(579)	(892)
Weighted average number of ordinary issued and potential shares assuming full conversion	1,522,136	1,520,854

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

## 24 Operating Segments

The Group has seven reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Rail operations	: Provision of MRT and LRT services
Bus operations	: Provision of bus services and charter hire services
Taxi operations	: Rental of taxis and provision of taxi services
Rental	: Leasing of commercial space and kiosks
Advertising	: Leasing of advertising space at the MRT and LRT stations as well as in trains, and on buses and taxis
Engineering and other services	: Provision of consultancy, project management services, leasing of fibre optic cables, repair and maintenance services and sales of diesel to taxi hirers
Investment holding and support services	: Provision of management and other support services to Group companies and investment holding

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 24 Operating Segments (cont'd)

	<----- Rail ----->		Bus operations \$'000	Taxi operations \$'000
	MRT \$'000	LRT \$'000		
<b>(a) Revenue and expenses</b>				
<b>2011</b>				
Revenue				
– external customers	527,106	9,428	213,073	74,066
– inter-segment	–	–	264	–
Operating expenses (net of other income)	(350,202)	(9,744)	(196,063)	(54,759)
Depreciation and amortisation	(63,416)	(45)	(20,374)	(21,920)
Segment operating results	113,488	(361)	(3,100)	(2,613)
Finance costs				
Interest income				
Investment income				
Share of results of associates				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				
<b>2010</b>				
Revenue				
– external customers	480,743	8,746	199,669	70,998
– inter-segment	–	–	423	27
Operating expenses (net of other income)	(286,776)	(9,079)	(183,036)	(48,353)
Depreciation and amortisation	(64,238)	(25)	(18,996)	(20,885)
Segment operating results	129,729	(358)	(1,940)	1,787
Impairment of goodwill *				
Finance costs				
Interest income				
Investment income				
Share of results of associates				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				

\* This relates to the impairment of goodwill on bus operations.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	←-----Reconciliation-----→		
				Subtotal \$'000	Elimination \$'000	Total \$'000
73,550	25,395	46,868	206	969,692	-	969,692
-	459	51,766	43,123	95,612	(95,612)	-
(8,358)	(7,615)	(83,745)	(39,951)	(750,437)	95,612	(654,825)
(8,203)	(1,025)	(829)	(1,736)	(117,548)	(1,732)	(119,280)
56,989	17,214	14,060	1,642	197,319	(1,732)	195,587
						(7,127)
						1,657
						147
						1,477
						(30,650)
						161,091
65,006	22,549	47,330	12	895,053	-	895,053
-	336	53,303	45,910	99,999	(99,999)	-
(7,063)	(6,948)	(90,038)	(42,828)	(674,121)	99,999	(574,122)
(7,100)	(915)	(692)	(1,727)	(114,578)	(2,500)	(117,078)
50,843	15,022	9,903	1,367	206,353	(2,500)	203,853
						(6,644)
						(7,899)
						1,483
						182
						752
						(28,842)
						162,885

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 24 Operating Segments (cont'd)

	←----- Rail ----->		Bus operations	Taxi operations
	MRT \$'000	LRT \$'000	\$'000	\$'000
<b>(b) Assets and liabilities</b>				
<b>2011</b>				
Operating assets	873,560	3,690	146,959	123,813
Assets under construction	41,132	202	4,244	8,097
Segment assets	914,692	3,892	151,203	131,910
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	503,519	19,170	91,844	119,148
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
<b>2010</b>				
Operating assets	923,527	4,105	157,638	139,413
Assets under construction	31,588	75	2,082	6,224
Segment assets	955,115	4,180	159,720	145,637
Intangible asset				
Interest in associate				
Asset classified as held for sale				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	530,337	18,799	98,046	127,704
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
<b>(c) Other segment information</b>				
<b>2011</b>				
Capital expenditure	40,819	323	8,994	22,835
Non-cash expenses other than depreciation, impairment losses and amortisation	2,207	695	3,147	16,502
<b>2010</b>				
Capital expenditure	28,219	168	31,944	13,733
Non-cash expenses other than depreciation, impairment losses and amortisation	1,577	693	4,229	10,484

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	←-----Reconciliation-----→		Total \$'000
				Subtotal \$'000	Elimination \$'000	
164,037	32,131	41,344	256,173	1,641,707	(616,207)	1,025,500
33,865	1,632	212	1,774	91,158	-	91,158
197,902	33,763	41,556	257,947	1,732,865	(616,207)	1,116,658
						35,288
						63,757
						389,942
						968
						1,606,613
25,578	4,312	21,473	178,871	963,915	(568,072)	395,843
						43,432
						250,000
						118,242
						807,517
144,020	23,218	36,153	273,944	1,702,018	(650,459)	1,051,559
47,092	182	499	1,228	88,970	-	88,970
191,112	23,400	36,652	275,172	1,790,988	(650,459)	1,140,529
						35,288
						66,345
						1,732
						339,257
						17
						1,583,168
20,466	2,583	26,196	87,754	911,885	(510,759)	401,126
						30,684
						250,000
						131,342
						813,152
14,566	10,705	978	1,622	100,842	-	100,842
27	26	(2,589)	1,694	21,709	(91)	21,618
38,332	767	379	1,292	114,834	-	114,834
53	22	3,489	883	21,430	-	21,430

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 24 Operating Segments (cont'd)

### Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of business.

	Singapore \$'000	Others \$'000	Consolidated Total \$'000
<b>2011</b>			
Revenue	966,338	3,354	969,692
Non-current assets *	1,033,741	63,757	1,097,498
<b>2010</b>			
Revenue	877,205	17,848	895,053
Non-current assets *	1,071,889	66,345	1,138,234

\* Excludes other investments

## 25 Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere, the Group had the following significant related party transactions on terms agreed between the parties:

	Group	
	2011 \$'000	2010 \$'000
<b>Related corporations</b>		
Maintenance income received/receivable	565	627
Charter hire income received/receivable	68	580
Service income received/receivable	1,349	1,570
Sales of other goods and services	5,736	2,355
Purchases of goods and services	62,071	44,815
<b>Associate</b>		
Maintenance income received/receivable	–	9,529
Purchases of goods and services	–	17,149



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 26 Commitments

The Group had the following commitments as at the balance sheet date:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Capital expenditure commitments:		
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	190,106	115,847
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	729,669	68,914
(b) Non-cancellable operating leases payable:		

Future minimum lease payables under non-cancellable operating leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	3,981	4,244	2,475	2,582
After 1 year but within 5 years	4,495	8,018	2,297	4,506
	<u>8,476</u>	<u>12,262</u>	<u>4,772</u>	<u>7,088</u>

The Group leases depot spaces and office facilities under operating leases. The leases typically run for periods of 3 years to 30 years. None of the leases include contingent rentals.

(c) Non-cancellable operating lease rental receivable:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	61,551	59,419
After 1 year but within 5 years	65,841	44,904
After 5 years	256	693
	<u>127,648</u>	<u>105,016</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management

### Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly against best practices in the market and to reflect changes in the Group's risk management requirement.

The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the risk management policy, methodology, tools, practices, strategies and treatments.

The Group's risk management policies and guidelines are summarised below:

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Where appropriate, the Group obtains collaterals from customers. In respect of trade receivables, the Group has guidelines governing the process of granting credit as a service provider in respective segments of its business. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and are of high credit standing.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

### Other investments, cash and cash equivalents

Cash and fixed deposits are placed with banks that are regulated. The Group limits its credit risk exposure in respect of debt security investments by investing only in investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due. As at 31 March 2011, only 2.2% (2010: 2.1%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

### Receivables

The exposure to credit risk for trade receivables (net of impairment), including amount due from an associate, at reporting date by business segment is as follows:

	Group	
	2011	2010
	\$'000	\$'000
Taxi operations	5,868	1,952
Bus operations	4,827	4,990
Rail operations	7,625	5,782
Advertising business	4,350	3,875
Rental of premises	2,318	1,860
Others	11,539	12,336
	<u>36,527</u>	<u>30,795</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Credit risk (cont'd)

#### Receivables (cont'd)

The Group has a large and diversified customer base. As at 31 March 2011, there was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$7,324,000 (2010: \$7,029,000) that is due from Transit Link Pte Ltd, which is a subsidiary of Land Transport Authority; and
- (ii) \$3,614,000 (2010: \$7,479,000) that is due from a Dubai customer.

The recoverable in respect of accident claims (Note 10(b)), which are receivable from insurance companies, have not been included in the above disclosure as management does not view them to be subject to significant credit risk.

#### Impairment losses for receivables

Included in trade and other receivables are trade debtors, including amount due from an associate, with the following aging analysis as of the balance sheet date:

Group	Gross	Impairment	Gross	Impairment
	2011	losses	2010	losses
	\$'000	\$'000	\$'000	\$'000
Not past due	17,003	–	19,691	1,221
Past due 1 – 30 days	5,931	157	5,742	549
Past due 31 – 120 days	6,954	256	7,321	1,479
Past due more than 120 days	10,608	3,556	4,186	2,896
	40,496	3,969	36,940	6,145

The changes in impairment loss in respect of trade receivables during the year are as follows:

	Group	
	2011	2010
	\$'000	\$'000
At 1 April	6,145	5,314
Impairment loss (reversed)/recognised	(1,779)	3,512
Write-off against debtors	(198)	(2,642)
Translation during the year	(199)	(39)
At 31 March	3,969	6,145

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Credit risk (cont'd)

#### *Impairment losses for receivables (cont'd)*

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses. When the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Company has no trade receivables. The Company has no carried forward impairment loss and has not made any impairment loss for other receivables or outstanding balances from subsidiaries during the year.

#### *Financial guarantee*

The principal risk to which the Company is exposed to is credit risk in connection with a guarantee contract it has issued to one of its subsidiary company in relation to the MTN Programme (note 14). The intra-group financial guarantee is eliminated in preparing the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments.

Group	Carrying amount \$'000	Cash flows		
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
<b>2011</b>				
<b>Non-derivative financial liabilities</b>				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Unsecured quoted fixed rate notes due 2014	150,000	164,530	3,630	160,900
Trade and other payables *	264,139	264,139	264,139	–
	514,139	531,939	371,039	160,900
<b>2010</b>				
<b>Non-derivative financial liabilities</b>				
Unsecured quoted fixed rate notes due 2011	100,000	106,540	3,270	103,270
Unsecured quoted fixed rate notes due 2014	150,000	168,160	3,630	164,530
Trade and other payables *	257,018	257,018	257,018	–
	507,018	531,718	263,918	267,800
<b>Company</b>				
<b>2011</b>				
<b>Non-derivative financial liabilities</b>				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Amounts due to subsidiaries	736	736	736	–
Trade and other payables *	18,263	18,263	18,263	–
	118,999	122,269	122,269	–
<b>2010</b>				
<b>Non-derivative financial liabilities</b>				
Unsecured quoted fixed rate notes due 2011	100,000	106,540	3,270	103,270
Amounts due to subsidiaries	433	433	433	–
Trade and other payables *	17,053	17,053	17,053	–
	117,486	124,026	20,756	103,270

\* Excludes unearned revenue and interest payable

Information relating to financial guarantee issued by the Company is set out in note 14.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Foreign currency risk

The Group incurs foreign currency risks on investments, receivables and purchases that are denominated in a currency other than the respective functional currencies of Group entities. As at 31 March 2011, the currencies giving rise to this risk were primarily the United States dollar (USD), EURO and British Pound (GBP).

The Group uses forward exchange contracts to partially hedge its foreign currency risk. The Group only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled-over upon maturity at market rates. There were no outstanding forward exchange contracts as at 31 March 2011 and 31 March 2010.

In respect of other monetary assets and liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's significant exposure to foreign currencies is as follows:

Group	2011			2010			
	USD \$'000	EURO \$'000	GBP \$'000	USD \$'000	EURO \$'000	GBP \$'000	SGD \$'000
Trade and other receivables	–	–	–	283	–	–	–
Cash and cash equivalents	–	44	–	–	48	–	–
Trade and other payables	(6,385)	(2,625)	(1,338)	(4,881)	(1,821)	(1,511)	(6,731)
Total	(6,385)	(2,581)	(1,338)	(4,598)	(1,773)	(1,511)	(6,731)

The Company does not have any significant foreign currency exposure as at 31 March 2011 or as at 31 March 2010.

### Sensitivity analysis

A 10% strengthening of the functional currency of each of the Group's entities against the following major currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	2011 \$'000	2010 \$'000
USD	639	460
EURO	258	177
GBP	134	151
SGD	–	673
Net Impact	1,031	1,461

A 10% weakening of functional currency of each of the Group's entities against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

### Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at balance sheet date.

Group	Effective interest rate	
	2011 %	2010 %
<b>Financial assets</b>		
Fixed deposits with banks and financial institutions	0.43	0.46
Held-to-maturity debt securities	2.19	2.34
<b>Financial liabilities</b>		
Unsecured quoted fixed rate notes due 2011	3.27	3.27
Unsecured quoted fixed rate notes due 2014	2.57	2.57
<b>Company</b>		
<b>Financial assets</b>		
Amounts due from subsidiaries	0.18	0.16
<b>Financial liabilities</b>		
Unsecured quoted fixed rate notes due 2011	3.27	3.27

### Sensitivity analysis

At the reporting date, the Group and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below.

Group	2011	2010
	\$'000	\$'000
<b>Financial assets</b>		
Fixed deposits with banks and financial institutions	350,424	308,932
<b>Company</b>		
<b>Financial assets</b>		
Amounts due from subsidiaries	155,703	182,351

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Interest rate risk (cont'd)

#### Sensitivity analysis (cont'd)

For these variable-rate financial assets and liabilities, an increase in 100 basis points in interest rate at the reporting date would increase profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group \$'000	Company \$'000
<b>2011</b>		
Variable rate instruments	3,504	1,557
<b>2010</b>		
Variable rate instruments	3,089	1,824

A 100 basis points decrease in interest rate at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

### Equity price risk

#### Sensitivity analysis

The Group has available-for-sale investment in equity securities and is exposed to price risk. The Group's quoted equity securities are listed on the SGX-ST. On the basis that all other variables remain unchanged, a 10% increase/(decrease) in the underlying listed equity prices at the reporting date would increase/(decrease) fair value reserve by \$515,000 (2010: \$563,000).

The Company has no equity investments apart from its investments in subsidiaries.

### Fair values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2011 are represented in the following table.

Group	Note	2011		2010	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair Value \$'000
<b>Financial liabilities</b>					
Unsecured quoted fixed rate notes	14	250,000	256,917	250,000	255,576
Unrecognised loss			(6,917)		(5,576)
<b>Company</b>					
<b>Financial liabilities</b>					
Unsecured quoted fixed rate notes	14	100,000	101,955	100,000	103,634
Unrecognised loss			(1,955)		(3,634)

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Fair values (cont'd)

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

- carried at fair values; or
- short-term in nature; or
- repriced frequently.

### Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);  
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Group</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>2011</b>				
Available for sale quoted equity securities	5,154	–	–	5,154
<b>2010</b>				
Available for sale quoted equity securities	5,630	–	–	5,630

The Company did not have any financial instrument carried at fair value as at 31 March 2011 or as at 31 March 2010.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 27 Financial Risk Management (cont'd)

### Financial instruments by category

Group	Loans and receivables \$'000	Held-to- maturity financial assets \$'000	Available- for-sale financial assets \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<b>2011</b>					
Other investments	–	8,570	5,154	–	13,724
Trade and other receivables *	55,152	–	–	–	55,152
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables ^	–	–	–	(266,847)	(266,847)
	55,152	8,570	5,154	(516,847)	(447,971)
<b>2010</b>					
Other investments	–	7,616	5,630	–	13,246
Trade and other receivables *	47,747	–	–	–	47,747
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables^	–	–	–	(259,726)	(259,726)
	47,747	7,616	5,630	(509,726)	(448,733)
<b>Company</b>					
<b>2011</b>					
Trade and other receivables *	164,827	–	–	–	164,827
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables^	–	–	–	(19,966)	(19,966)
	164,827	–	–	(119,966)	44,861
<b>2010</b>					
Trade and other receivables *	196,365	–	–	–	196,365
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables^	–	–	–	(18,453)	(18,453)
	196,365	–	–	(118,453)	77,912

\* Excludes prepayments and advances to suppliers

^ Excludes unearned revenue

## 28 Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 6.75 cents (2010: 6.75 cents) per share, amounting to a net dividend of \$102,520,363 (2010: \$102,421,388). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 March 2012.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

## 29 New Accounting Standards and Interpretations Not Yet Adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2011 or later periods and which the Group has not early adopted are:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)
- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- INT FRS 119 – Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010)

Management anticipates that the adoption of the above INT FRS, amendments to FRS and amendments to INT FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption, except for the amendments to FRS 24 – Related party disclosures.

This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies the definition of a related party. However, the revised definition of a related party will mean that some entities may have more related parties and may be required to make additional disclosures. Management is in the process of assessing the impact of this amendment.

## 30 Accounting Estimates and Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Key sources of estimation uncertainty

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

### Critical accounting judgements made in applying the Group and Company's accounting policies

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

#### *Impairment of goodwill*

The Group performs impairment reviews to ensure that the carrying value of goodwill does not exceed its recoverable amount from the cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations of the business unit. In arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

# NOTES TO THE FINANCIAL STATEMENTS

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Year ended 31 March 2011

## 30 Accounting Estimates and Judgements (cont'd)

### *Provisions for accident claims*

Claims for accidents involving the Group's vehicles are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. Past claims history and severity of the accident cases are used to estimate the amount which the Group will have to pay to third parties for such claims.

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. The insurance premium payable is based on agreed minimum sum payable in advance and an additional amount payable should the incurred claims per vehicle exceed the minimum amount as stipulated in the insurance policy for that year.

### *Impairment of non-financial assets*

Property, plant and equipment, investments in subsidiaries and associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Where there is objective evidence or indication of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows to be generated and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

# SUPPLEMENTARY INFORMATION

The following pages do not form part of the statutory audited financial statements

# GROUP PROPERTIES & INTERESTED PERSON TRANSACTIONS

## Group Properties

Major properties held for investment are listed below.

Location	Description/Existing use	Tenure of Lease	Remaining Term of Lease
3 Bishan Street 14	2-storey recreation clubhouse with tennis courts and basket/volley ball court.	Leasehold	10.6 years
6 Ang Mo Kio Street 62	A bus depot comprising a 4-storey administrative office block, a workshop building with a 2-storey office block and 7 single-storey bus parking bay-cum-workshop.	Leasehold	1.7 years
60 Woodlands Industrial Park E	A bus depot comprising garaging with 3-storey workshop facilities and 2-storey ancillary office.	Leasehold	16.3 years
209 Kranji Road	A single-storey bus depot with office-cum-canteen, workshop, washing shed and other ancillary facilities.	Leasehold	3.8 years

## Interested Person Transactions

Pursuant to Chapter 9 of the SGX-ST Listing Manual, a general mandate was obtained for recurrent transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations but not in respect of the purchases or sales of assets, undertakings or businesses.

Interested Person / Nature of Transactions	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$ '000	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$ '000
<b>Sale of Goods and Services</b>		
Singapore Telecommunications Ltd	3,606	—
Singapore Technologies Kinetics Ltd <sup>(1)</sup>	698	—
Singapore Airlines Ltd <sup>(2)</sup>	1,928	—
SIA Engineering Company Limited <sup>(2)</sup>	300	—
SATS Ltd. <sup>(3)</sup>	2,737	—
Asia Pacific Star Pte Ltd <sup>(3)</sup>	100	—
Certis CISCO Aviation Security Pte Ltd <sup>(4)</sup>	682	—
MediaCorp Pte. Ltd.	410	—
PSA Marine Pte Ltd	109	—
<b>Purchases of Goods and Services</b>		
Singapore Technologies Electronics Ltd <sup>(1)</sup>	3,302	—
Singapore Telecommunications Ltd	1,961	—
Certis CISCO Security Pte Ltd <sup>(4)</sup>	402	—
Certis CISCO Secure Logistics Pte Ltd <sup>(4)</sup>	3,882	—
Sembcorp Power Pte Ltd	48,471	—
MediaCorp Pte. Ltd.	—	220

<sup>(1)</sup> Part of Singapore Technologies Engineering Group

<sup>(2)</sup> Part of Singapore Airlines Group

<sup>(3)</sup> Part of Tembusu Capital Group

<sup>(4)</sup> Part of Certis CISCO Security Group

# SHAREHOLDING STATISTICS

As at 16 May 2011

## Share Capital

Number of shares issued:	1,518,843,196
Issued and fully paid capital:	S\$164,829,052.298
Class of shares:	ordinary shares
Voting rights:	one vote per share

## Distribution of Shareholdings

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 999	99	0.19	43,025	0.00
1,000 – 10,000	46,276	88.85	142,962,341	9.41
10,001 – 1,000,000	5,680	10.90	240,475,358	15.84
1,000,001 and above	29	0.06	1,135,362,472	74.75
Total	52,084	100.00	1,518,843,196	100.00

## Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	824,400,030	54.28
2	DBSN Services Pte Ltd	77,183,337	5.08
3	DBS Nominees Pte Ltd	59,728,453	3.93
4	Citibank Nominees Singapore Pte Ltd	59,647,799	3.93
5	HSBC (Singapore) Nominees Pte Ltd	25,620,541	1.69
6	United Overseas Bank Nominees Pte Ltd	14,785,483	0.97
7	Raffles Nominees (Pte) Ltd	8,275,041	0.54
8	OCBC Securities Private Ltd	8,038,010	0.53
9	CIMB Securities (Singapore) Pte. Ltd.	7,002,078	0.46
10	OCBC Nominees Singapore Pte Ltd	6,550,899	0.43
11	UOB Kay Hian Pte Ltd	6,272,000	0.41
12	Merrill Lynch (Singapore) Pte Ltd	4,420,826	0.29
13	Quah Wee Lai	3,600,000	0.24
14	Phillip Securities Pte Ltd	2,796,198	0.18
15	Bank of Singapore Nominees Pte Ltd	2,518,000	0.17
16	Yim Chee Chong	2,339,000	0.15
17	DB Nominees (S) Pte Ltd	2,271,844	0.15
18	Tan Nak Yong	2,200,000	0.14
19	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,196,793	0.14
20	Tan Chong & Sons Motor Company (Singapore) Private Limited	2,000,000	0.13
Total		1,121,846,332	73.84

# SHAREHOLDING STATISTICS

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As at 16 May 2011

## Substantial Shareholder

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.28	9,271,173	0.61

Note: Temasek Holdings (Private) Limited is deemed to be interested in the 9,271,173 shares in which its subsidiary, Fullerton Fund Management Company Ltd, and its associated company, DBS Group Holdings Limited, are deemed to have an interest.

## Shareholding Held in Hands of Public

Based on information available to the Company as at 16 May 2011, approximately 45.00% 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.



# NOTICE OF ANNUAL GENERAL MEETING

SMRT Corporation Ltd  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200001855H)

To: All Shareholders

**NOTICE IS HEREBY GIVEN** that the Twelfth Annual General Meeting of the Company will be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Friday, 8 July 2011 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 2011 together with the Auditors' Report thereon.
2. To declare a Final (tax exempt one-tier) Dividend of 6.75 cents per share for the financial year ended 31 March 2011.
3. To approve the sum of \$726,635 as Directors' Fees for the financial year ended 31 March 2011 (FY 2010: \$592,920).
- 4(a). To re-elect the following Directors who are retiring in accordance with Article 94 of the Company's Articles of Association:-
  - (i) Mr Ong Ye Kung;
  - (ii) Mr Bob Tan Beng Hai; and
  - (iii) Ms Saw Phaik Hwa.
- 4(b). To note the retirement of Dr Ho Kim Wai who is 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:-
  - (i) Mr Lee Seow Hiang; and
  - (ii) Mr Yeo Wee Kiong.
6. To re-appoint Messrs PricewaterhouseCoopers LLP as the 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) allot and issue shares in 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) options, warrants, debentures or other instruments convertible into shares,

# NOTICE OF ANNUAL GENERAL MEETING

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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,

(the "Share Issue Mandate")

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company, (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 5 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the Company's total number of issued shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate 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 of the Company for the time being in force; and
- (4) (unless revoked or varied by the Company in General Meeting) the Share Issue Mandate conferred by this Resolution shall continue in force (i) 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, or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

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 shall collectively be referred to as 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,

# NOTICE OF ANNUAL GENERAL MEETING

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provided always that:-

- (i) 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 total number of issued shares (excluding treasury shares) of the Company from time to time; and
- (ii) the aggregate number of ordinary shares to be issued pursuant to the Share Plans and the SMRT ESOP during the period commencing from the date of the Twelfth Annual General Meeting of the Company and ending on the date 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, shall not exceed 2 per cent of the total number of issued shares (excluding treasury shares) 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 Singapore Exchange Securities Trading Limited (“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 A to the Notice of Annual General Meeting 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.”

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

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (“Companies Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) on-market purchases (each an “On-Market Purchase”) on the Singapore Exchange Securities Trading Limited (“SGX-ST”); and/or
  - (ii) off-market purchases (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

# NOTICE OF ANNUAL GENERAL MEETING

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and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“Share Purchase Mandate”);

(b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held; or
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

“Prescribed Limit” means the number of issued Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

“Maximum Price” in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer for an Off-Market Purchase, and in the case of an On-Market Purchase, deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate actions occurring after the relevant 5-day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the Off-Market Purchase of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

# NOTICE OF ANNUAL GENERAL MEETING

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## Any Other Business

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

By Order of the Board  
Leong Jin Chiew  
Company Secretary

Singapore  
13 June 2011

## 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 18 July 2011 to 19 July 2011 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Twelfth Annual General Meeting, will be paid on 29 July 2011 to members on the Register as at 15 July 2011. 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 final dividend entitlements to CDP account holders in accordance with its normal practice.

Duly completed transfers received by the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 15 July 2011 will be registered to determine shareholders' entitlement to the final dividend.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory notes on Ordinary Business to be transacted:

Resolution 3 The increase in the aggregate amount of Directors' fees payable for the financial year ended 31 March 2011 is due mainly to the revised Directors' fee structure following a review by the Remuneration Committee taking into account industry benchmark and the public nature of the business of the Group. The revised Directors' fee structure (per annum) is set out below:-

### Board of Directors

Chairman's Basic Fee	\$85,000
Board Member's Basic Fee	\$45,000

### Audit Committee

Chairman's Allowance	\$35,000
Member's Allowance	\$25,000

### Remuneration Committee/ Board Risk Committee

Chairman's Allowance	\$22,000
Member's Allowance	\$11,000

### Nominating Committee

Chairman's Allowance	\$18,000
Member's Allowance	\$ 9,000

### Executive Committee

Chairman's Allowance	\$24,000
Member's Allowance	\$12,000

Resolution 4(a)(i) Mr Ong Ye Kung will, upon re-election as a Director of the Company, continue to serve as Chairman of the Nominating Committee and Member of the Executive Committee. Mr Ong Ye Kung is an independent director.

Resolution 4(a)(ii) Mr Bob Tan Beng Hai will, upon re-election as a Director of the Company, continue to serve as Chairman of the Board Risk Committee, Member of the Audit Committee and Member of the Executive Committee. Mr Bob Tan Beng Hai is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 5(i) Mr Lee Seow Hiang will, upon re-election as a Director of the Company, continue to serve as a Member of the Nominating Committee. Mr Lee Seow Hiang is an independent director.

Resolution 5(ii) Mr Yeo Wee Kiong will, upon re-election as a Director of the Company, continue to serve as Member of the Audit Committee and Member of the Remuneration Committee. Mr Yeo Wee Kiong is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

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## 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 total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to five per cent (5%) may be issued other than on a pro-rata basis to existing shareholders of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the Company's total number of issued shares (excluding treasury shares) at the time that Resolution 7.1 is passed, after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, new shares arising from the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time Resolution 7.1 is passed, and any subsequent bonus issue, 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) 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 and/or such number of fully paid ordinary 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 granted by the shareholders during the Eleventh Annual General Meeting of the Company to authorise 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 Persons" (as defined in Chapter 9 of the Listing Manual). 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 remains unchanged. More information regarding the proposed General Mandate is set out in Appendix A to this Notice of Annual General Meeting.
- Resolution 9 Is to renew for another year, the mandate for share purchases as described in Appendix B to this Notice of Annual General Meeting, which will, unless revoked or varied by the Company at a General Meeting, continue in force until the next Annual General Meeting of the Company. This ordinary resolution, if passed, will authorise the Directors of the Company to make purchases or otherwise acquire issued ordinary shares in the capital of the Company subject to and in accordance with the guidelines set out in Appendix B to this Notice of Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

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## **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 Twelfth Annual General Meeting.*



# Proxy Form Annual General Meeting

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

#### Important:

- 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.
- 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.
- CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their respective CPF Approved Nominees so that their CPF Approved Nominees may register, within the time frame specified, with the Company's Share Registrar. (CPF Approved Nominees: Please refer to Note No. 8 on the reverse side of this form on the required details).
- CPF Investors who wish to vote must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 Twelfth Annual General Meeting of the Company, to be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Friday, 8 July 2011 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.

No.	Resolutions	Indicate your vote For or Against with a tick	
		For	Against
	<b>Ordinary Business</b>		
1	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2	Declaration of a Final (tax exempt one-tier) Dividend		
3	Approval of Directors' Fees		
4(a)(i)	Re-election of Mr Ong Ye Kung as Director		
4(a)(ii)	Re-election of Mr Bob Tan Beng Hai as Director		
4(a)(iii)	Re-election of Ms Saw Phaik Hwa as Director		
5(i)	Re-election of Mr Lee Seow Hiang as Director		
5(ii)	Re-election of Mr Yeo Wee Kiong as Director		
6	Appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
7.1	Authority for Directors to issue shares in accordance with the Share Issue Mandate		
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	Renewal of the Share Purchase Mandate		
10	Any Other Business		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Total Number of Shares Held: \_\_\_\_\_

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

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE**

Fold Flap 1<sup>st</sup> fold here



Please Affix  
Postage  
Stamp

**The Company Secretary**  
SMRT CORPORATION LTD  
251 North Bridge Road  
Singapore 179102

2nd fold here

**Notes To Proxy Form:**

1. A member entitled to attend and vote at the Twelfth 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 Twelfth 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 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 a 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 Twelfth Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, at least 48 hours before the time fixed for the Annual General Meeting.

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SMRT takes corporate citizenship seriously and we endeavour to do our part to protect the environment. **PRINTER:** This report is printed by an FSC certified printer. **PAPER:** This report is fully printed on 100% recycled 9 Lives Offset paper which is uncoated and certified environmentally friendly. This paper is also carbon neutral, manufactured with a totally chlorine free process (TCF) and has been granted the Singapore Environment Council Green Label certification. **PRINTING:** This report does not have lamination and UV finishing.



**SMRT Corporation Ltd**

251 North Bridge Road

Singapore 179102

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[www.smrt.com.sg](http://www.smrt.com.sg)

Company Registration No.: 200001855H