



FIRST PRINCIPLES



VISION

Moving People,
Enhancing Lives

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

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CORPORATE PROFILE

SMRT Corporation Ltd (SMRT) is Singapore's leading intermodal public transport operator. Established in 1987, SMRT has shaped Singapore's transport landscape through its comprehensive network of rail, bus and taxi services. SMRT's services are 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 transport service provider, distinguished by our sound corporate governance, commitment to sustainable development and corporate social responsibility. These and our excellent track record 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 2010, had a market capitalisation of over \$3 billion. SMRT is a component stock of the Straits Times Index, the headline index of the FTSE ST Index Series representing the top 30 companies by market capitalisation on the SGX Main Board.

We have an annual turnover of \$895.1 million and a net profit after tax of \$162.9 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.

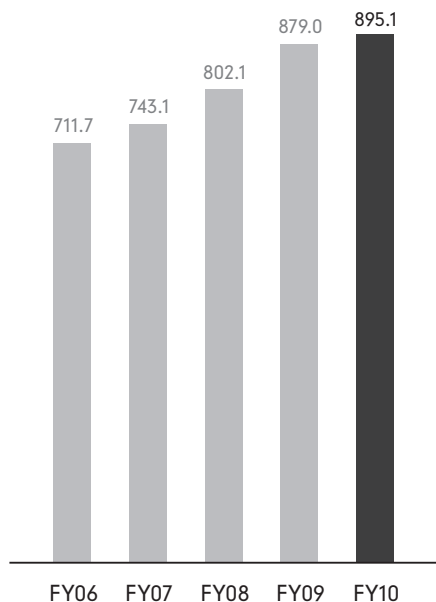
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FY2010 FINANCIAL PERFORMANCE

REVENUE (\$m)

\$895.1m

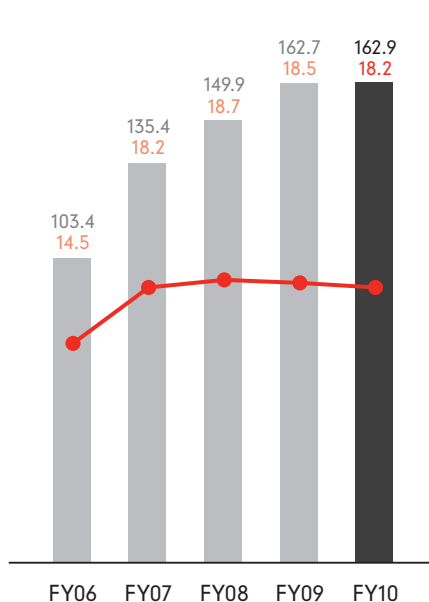
(+1.8% OVER FY09)



PATMI

\$162.9m

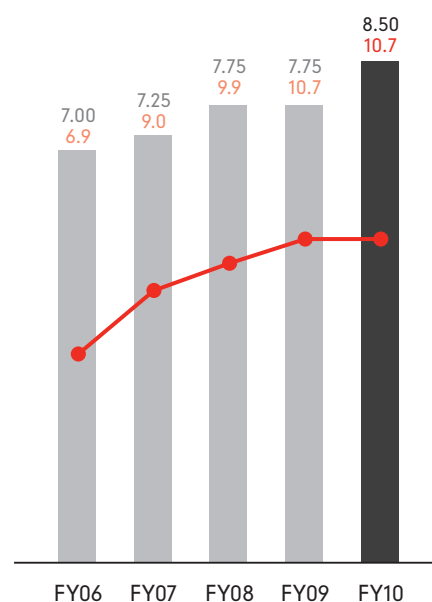
(+0.1% OVER FY09)



GROSS DIVIDEND PER SHARE

8.5 cents

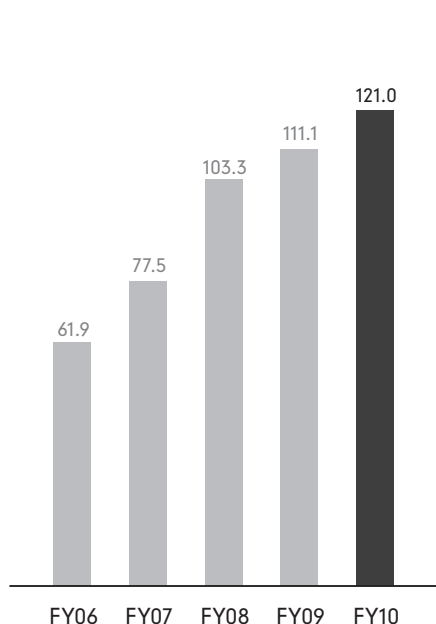
(+9.7% OVER FY09)



EVA (\$m)

\$121.0m

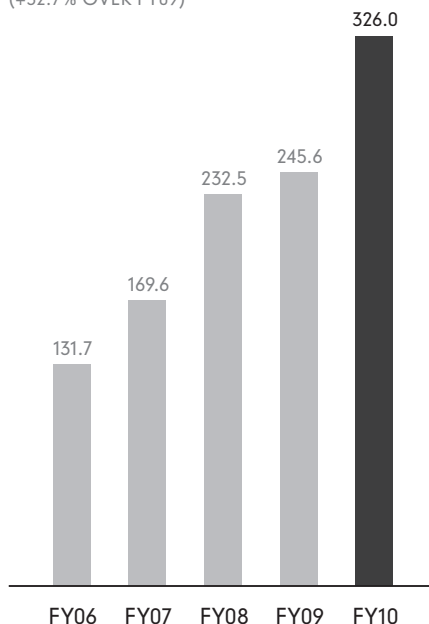
(+8.8% OVER FY09)



CASH AND CASH EQUIVALENTS (\$m)

\$326.0m

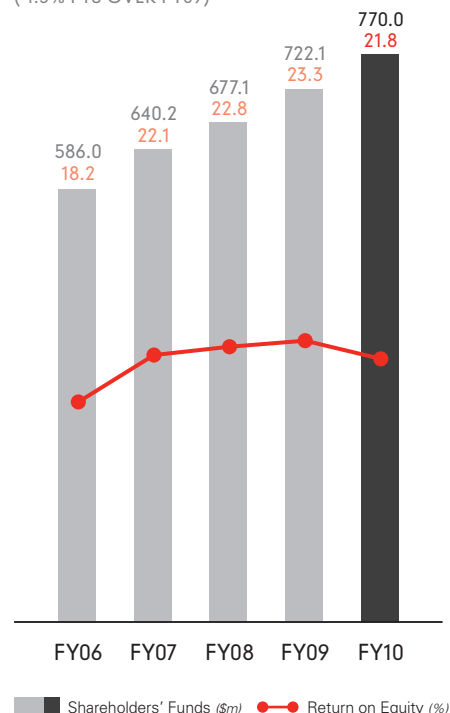
(+32.7% OVER FY09)



RETURN ON EQUITY

21.8%

(-1.5% PTS OVER FY09)



FOR THE YEAR

\$m	FY2006	FY2007	FY2008	FY2009	FY2010
Revenue	711.7	743.1	802.1	879.0	895.1
Other operating income	24.7	27.8	20.9	26.7	43.2
Profit					
EBITDA ¹	247.2	255.0	284.1	299.0	320.9
Operating profit	138.8	145.3	178.0	188.7	197.2
Before tax	124.1	142.3	176.2	185.8	191.7
After tax	103.6	135.8	149.9	162.7	162.9
PATMI ²	103.4	135.4	149.9	162.7	162.9
Capital expenditure ³	89.9	107.9	118.3	190.4	114.8
Operating cash flow	159.5	200.9	148.0	163.4	209.1
Free cash flow ⁴	60.0	110.3	51.5	24.8	122.2
Economic value added (EVA)	61.9	77.5	103.3	111.1	121.0
Financial ratios					
EBIT margin (%)	19.5	19.5	22.2	21.5	22.0
Net profit margin (%)	14.6	18.3	18.7	18.5	18.2
Interest cover (times)	25.6	25.7	35.4	40.5	40.6

AT YEAR-END

\$m	FY2006	FY2007	FY2008	FY2009	FY2010
Cash and cash equivalents	131.7	169.6	232.5	245.6	326.0
Total assets	1,384.1	1,379.0	1,437.6	1,501.5	1,583.2
Short-term and long-term borrowings (total borrowings)	300.0	250.0	250.0	250.0	250.0
Shareholders' funds	586.0	640.2	677.1	722.1	770.0
Net gearing (times) ⁵	0.29	0.13	0.03	0.01	Net cash

PER SHARE

cents	FY2006	FY2007	FY2008	FY2009	FY2010
Basic earnings per share (EPS)	6.9	9.0	9.9	10.7	10.7
Net asset value ⁶	38.8	42.3	44.7	47.6	50.7
Net tangible asset ⁷	36.1	39.6	41.9	44.9	48.4

SHAREHOLDERS' RETURN

	FY2006	FY2007	FY2008	FY2009	FY2010
Gross dividend (cents)	7.00	7.25	7.75	7.75	8.50
Net dividend (cents)	5.60	7.00	7.75	7.75	8.50
Share price at end of year (\$)	1.12	1.49	1.82	1.53	2.04
Dividend yield (%) ⁸	6.5	6.1	4.4	4.5	4.9
Total shareholder return (%) ⁹	26.9	39.1	26.6	(11.5)	38.2
Return on total assets (%) ¹⁰	7.5	9.8	10.6	11.1	10.6
Return on equity (%) ¹¹	18.2	22.1	22.8	23.3	21.8

Notes:

¹ Earnings before interest, tax, depreciation and amortisation. Excludes impairment of goodwill

² Profit after tax and minority interests

³ 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

⁴ Free cash flow = cash flow from operating activities – purchase of property, plant and equipment + proceeds from disposal of property, plant and equipment

⁵ Net gearing = (total borrowings – cash and cash equivalents) / shareholders' funds

⁶ Net asset value per share excludes minority interest

⁷ Net tangible asset per share excludes intangible asset and minority interests

⁸ Dividend yield = total gross dividend / average share price in the year

⁹ Total shareholder return = capital gain % (based on end-of-year share prices) + dividend yield

¹⁰ Return on total assets = PAT / average of total assets as at end FY2009 and FY2010

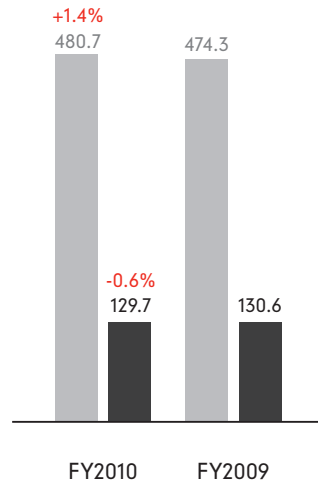
¹¹ Return on equity = PATMI / average of equity as at end FY2009 and FY2010

AT A GLANCE

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

TRAIN

Full-year MRT ridership grew 5.2% to 536.6 million from 510.2 million in FY2009



FACTS

- Operates and maintains Singapore's first Mass Rapid Transit (MRT) system since 1987
- Network comprises North-South line, East-West line and Circle Line Stage 3 with a total route length of 98.9km

HIGHLIGHTS IN FY2010

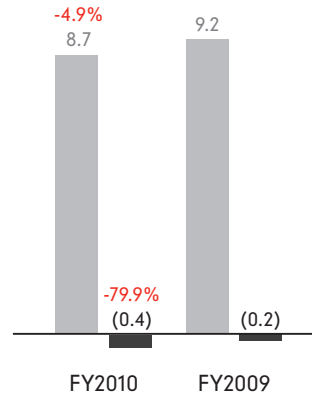
- Circle Line Stage 3 commenced revenue service in May 2009
- 4.6% average fare reduction effective from 1 April 2009 to 2 July 2010

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

- Revenue is expected to be higher due mainly to commencement of Circle Line Stage 1 and 2 in April 2010 and higher MRT ridership
- Once the 15-month fare discount of 3% ceases on 2 July 2010, a 2.5% fare reduction in accordance with the fare formula will be applied

LRT

Continued to excel in all performance indicators, including service availability and equipment downtime



FACTS

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

HIGHLIGHTS IN FY2010

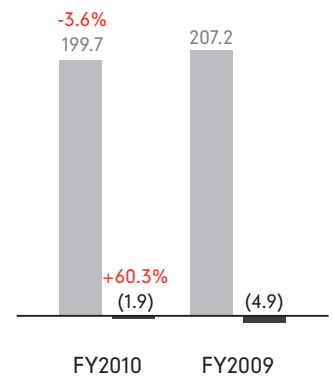
- Full-year LRT ridership increased 1.9% to 16.3 million from 16 million in FY2009
- 4.6% average fare reduction effective from 1 April 2009 to 2 July 2010

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

- Once the 15-month fare discount of 3% ceases on 2 July 2010, a 2.5% fare reduction in accordance with the fare formula will be applied
- Continue to improve cost efficiency and grow ridership

BUSES

Increased services connecting commuters to high traffic and new destinations



FACTS

- Comprises a fleet of more than 950 buses from six interchanges
- Provides 92 bus services connecting the Western and North-Western areas to the rest of Singapore
- Runs premium and chartered bus services

HIGHLIGHTS IN FY2010

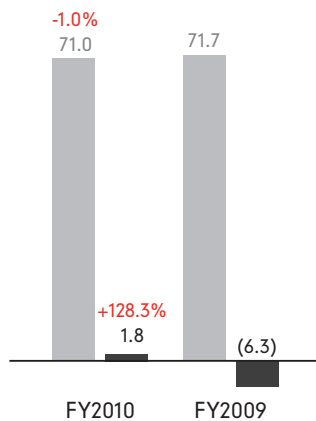
- Full-year bus ridership increased 0.7% to 290 million from 288 million in FY2009
- Continued to meet increasingly stringent Quality of Service standards

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

- Once the 15-month fare discount of 3% ceases on 2 July 2010, a 2.5% fare reduction in accordance with the fare formula will be applied
- Anticipate impact from volatile diesel prices

TAXIS

Taxi business turned around with operating profits of \$1.8 million



FACTS

- One of the leading taxi operators in Singapore with about 20 years of experience
- Manages and leases a fleet of about 2,600 taxis, including MPVs, sedans, CNG and limousine cabs

HIGHLIGHTS IN FY2010

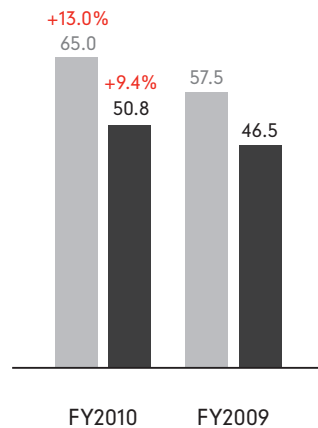
- High hired out rate during the year
- Continued success with limousine taxis
- Rolled out new taxi booking system in phases

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

- Continue to focus on higher-margin niche taxi segment
- Develop initiatives and expand income opportunities for our taxi drivers
- Focus on delivering excellent service and innovative offerings to customers

RENTAL

Five new MRT stations refurbished in the year



FACTS

- Leases approximately 28,900 sq m of commercial space within our train network
- A total of 33 MRT stations have been refurbished with increased space and rental yields
- Average occupancy rate in FY2010 remained high at 99% (FY2009: 99%)

HIGHLIGHTS IN FY2010

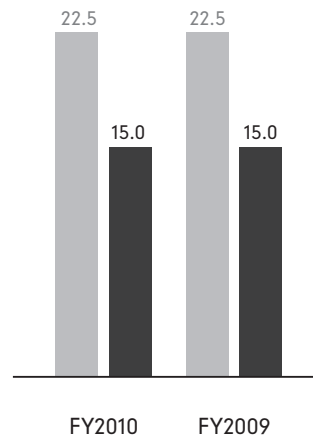
- Achieved rental revenue of \$65 million despite economic downturn

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

- Expect to grow rental revenue by \$6 million with increased rental space at MRT stations
- Total of six stations, including Orchard Xchange and Esplanade Xchange, are expected to be developed for retail

ADVERTISING

Stable advertising business despite economic downturn



FACTS

- Provides a one-stop media buying service for advertising space on SMRT trains, buses and taxis, as well as stations and interchanges

HIGHLIGHTS IN FY2010

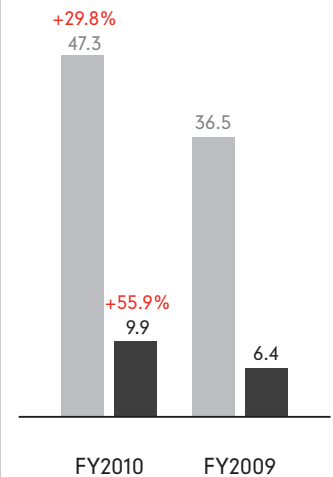
- Launched several major advertising campaigns
- Partnered with event organisers in campaigns for key national events like Singapore Formula One and Singapore Airshow

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

- Continue to position SMRT as a leading outdoor media owner
- Leverage the latest technology to offer new, innovative advertising platforms

ENGINEERING AND OTHER SERVICES

Secured two-year project management consultancy contract with the Shinbundang Metro Line Project in Seoul, South Korea



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, and sale of diesel to taxi hirers
- Leases fibre-optic cables

HIGHLIGHTS IN FY2010

- Secured major contract for installation of STARiS™, a proprietary rail travel information system
- Won major corporate vehicle servicing contracts and expanded private car servicing business

STRATEGIC DIRECTION AND OUTLOOK FOR FY2011

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



Trust
cannot be
demanded.
But it
can be
earned.



CHAIRMAN'S MESSAGE

“Group revenue for FY2010 rose 1.8% to \$895.1 million, due to increased operating income from higher MRT ridership, contributions from Circle Line Stage 3, higher rental revenue and fees from overseas projects. Ridership also increased 5.2% and is expected to increase further with the recovery of the Singapore economy and the progressive opening of the Circle Line.”

Maintaining Our Performance

SMRT held its ground in FY2010, registering a satisfactory performance in the face of challenging market conditions.

For the full year, net profit for SMRT was \$162.9 million, a 0.1% increase over the previous year, notwithstanding a 4.6% fare reduction comprising a 1.6% reduction due to an increase in transfer rebate and a 3% discount on fares by SMRT. This fare reduction, effective 1 April 2009 to 2 July 2010, is to help commuters cope with the economic recession.

Group revenue for FY2010 rose 1.8% to \$895.1 million, mainly due to increased operating income from higher MRT ridership, contributions from Stage 3 of the Circle Line, higher rental revenue and fees from overseas projects, partially offset by fare reduction and lower revenue from diesel sold to taxi hirers. The Group, which operates Singapore's largest rail network, also benefitted from the Government's budget measures, lower energy costs and lower other operating costs.

Ridership on our trains for FY2010 increased 5.2% over the previous financial year. Ridership is expected to increase

further with the recovery of the Singapore economy and the progressive opening of Circle Line. Overall, revenue from train operations grew 1.4%, partially offset by lower average fare for MRT. Revenue from bus operations decreased 3.6% due mainly to lower average fares. Our taxi operations turned around with an operating profit of \$1.8 million as compared with an operating loss of \$6.3 million a year ago.

Rental revenue of \$65 million increased \$7.5 million over the previous year and surpassed our revenue target of \$62.5 million. This growth in rental business was the result of better yield and more rental space added following the redevelopment of commercial spaces at various MRT stations.

The Board is recommending a final ordinary dividend of 6.75 cents per share tax exempt one-tier, and payout will amount to \$102.4 million. This brings total dividend per share for the year to 8.5 cents. This dividend payout represents 79% of FY2010 net profits, higher than the minimum 60% payout outlined in our dividend policy.

Profitability for the Group over the next 12 months is expected to be impacted by volatility in energy prices

CHAIRMAN'S MESSAGE

and the ending of the fiscal measures. From 3 July 2010, together with the introduction of distance fares, train and bus fares will once again be reduced and this time, by 2.5%. This reduction arises from the fare formula set by the Public Transport Council which requires us to share our productivity gains.

Growing Our Network

Financial year 2010 was significant for the SMRT Group. We reached key milestones in our growth in Singapore and overseas.

In April 2009, we opened the first five stations of the Circle Line, marking the first time in over two decades that SMRT has expanded its network with a new line. When fully completed, the 33.3 kilometre Circle Line is likely to be the world's longest driverless metro system. By orbiting the city and connecting existing radial rail lines, the Circle Line will cut travel times and increase public transport usage.

Overseas Ventures

To create diversified, sustainable growth in the long term, SMRT is working to establish a presence in foreign markets. In October 2009, we acquired a 49% equity interest in Shenzhen Zona Transportation Group. This \$65.5 million acquisition gives SMRT a direct stake in the growth and development of Shenzhen's public transport industry. It also gives SMRT a beachhead for our expansion into China's vast public transport market.

Breaking new ground in Northeast Asia, SMRT secured a contract to provide project management and consultancy services to Seoul's Shinbundang Line. In Vietnam's Ho Chih Minh City, SMRT is working with Japan International Cooperation Agency to assist in the construction of the Ben Thanh – Suoi Tien section of the city's first full-scale urban rail.

Better Corporate Governance

As we seek growth both in Singapore and internationally and manage our business in order to continue to enhance our productivity and efficiency, it is necessary for us to closely monitor changes and developments in our business environment as well as the risks inherent in domestic and international business ventures. This focus on anticipating enterprise risk and mitigating its effects begins within the Board of Directors and cascades through to all levels of our organisation. In August 2009, we established the Board Risk Committee to oversee risk management within the Group. The Committee comprises three independent and non-executive members of the Board.

Benchmarking Against The Best

We take pride and satisfaction knowing that our hard work to make SMRT a reliable, safe and progressive transport provider has been recognised both locally and internationally.

In March 2009, SMRT was included in the FTSE4 Good Index, which tracks companies that meet globally recognised corporate responsibility standards. SMRT made the grade for demonstrating transparency and good governance with strong environmental and social responsibility initiatives.

We were also honoured for our merits as a corporate entity and publicly-listed company. Among the honours, Best Managed Board Award (Gold) at the Singapore Corporate Awards 2009, Board Diversity Award (Co-Winner) and Corporate Governance in the Mainboard Category (Second) by the Securities Investors Association (Singapore).

On the operational front, SMRT received the OHSAS 18001 certification, an international occupational health and safety management specification which facilitates

“In the year ahead, we will continue to invest in our people at every level through many different programmes. We are looking to increase the depth and breadth of our bench strength to achieve sustainable growth for SMRT in the years to come.”

the integration of quality health and safety management systems within an organisation. In 2009, we were named Best Metro, Best Metro (Asia Pacific) and Most Energy Efficient Metro at The Metro Awards held in London. At the 2010 Metro Awards, we were once again named Best Metro Asia-Pacific and Most Energy Efficient Metro, and added Most Innovative Use of Technology to our accolades.

Our People, Our Future

The year in review saw certain changes in the ranks of senior management at SMRT Corporation. In January 2010, Mr Lo Chee Wen stepped down as Vice President, SMRT Taxis. Ms Teo Chew Hoon was appointed to take his place while concurrently serving in her existing capacity as Vice President, SMRT Investments. We thank Mr Lo for his many years of dedicated service to SMRT.

The composition of SMRT's Board of Directors is constantly renewed to bring in new and diverse skills and fresh perspectives. Mr Tan Ek Kia, who was with the Shell Group of Companies for many years, joined the Board in July 2009 and Mr Peter Tan, formerly President and Managing Director (Asia) of Flextronics International joined the Board in February 2010. We warmly welcome both new directors to the Board and hope they will have many fruitful years with SMRT.

In July 2009, Mr Choo Chiau Beng stepped down as Chairman of SMRT after six years at the helm. Under Mr Choo's watch, SMRT's financial performance, safety standards and corporate governance set new industry standards. We thank Mr Choo for his leadership and wish him well in his future endeavours.

At SMRT, we are aware our success is the result of the hard work and dedication of the many talented men and women who have built their careers with us, and take pride in what they do. In the year ahead, we will

continue to invest in our people at every level through many different programmes. We are looking to increase the depth and breadth of our bench strength to achieve sustainable growth for SMRT in the years to come.



Koh Yong Guan
Chairman
SMRT Corporation Ltd

BOARD OF DIRECTORS



KOH YONG GUAN

Chairman

Koh Yong Guan, 64, is Chairman of SMRT Corporation Ltd. He is also 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 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 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, 55, is President and Chief Executive Officer of SMRT Corporation Ltd. Ms Saw brings to SMRT a wealth of experience in retail and international business. Prior to joining SMRT, she served as Regional President for DFS Venture



Left to right (sitting):

Saw Phaik Hwa (President & CEO)

Koh Yong Guan (Chairman)

Bob Tan Beng Hai

Paul Ma Kah Woh

Left to right (standing):

Ho Kim Wai

Dilhan Pillay Sandrasegara

Halimah Yacob

Tan Ek Kia

Ong Ye Kung

Peter Tan Boon Heng

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 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. She is a member of the Sports Sub-Committee of Singapore Totalisator Board.

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 as Vice President on the Executive Committee of the International Wu Style Tai Chi Chuan Federation. She is also appointed as 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, organised by the Singapore HR Institute in 2005 and a Medal of Commendation at the 2007 May Day Award.

BOARD OF DIRECTORS

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

DILHAN PILLAY SANDRASEGARA

Dilhan Pillay Sandrasegara, 47, is the Managing Partner of WongPartnership LLP. He has more than 20 years of experience in the legal services sector. His main areas of practice are in the fields of mergers and acquisitions and corporate governance. Mr Dilhan Pillay holds a Bachelor of Laws Honours degree from the National University of Singapore and a Master of Law degree from the University of Cambridge. He was admitted to the Singapore Bar in 1989.

He is a Trustee of the Singapore Management University and the Singapore Institute of Technology as well as a member of the Corporate Governance Council established by the Monetary Authority of Singapore and the Council of the Law Society of Singapore. In addition, he is a board member of the Accounting and Corporate Regulatory Authority of Singapore, JTC Corporation, Sentosa Development Corporation and Singapore Institute of Legal Education, and a director of Alexandra Health Pte Ltd, Banyan Tree Holdings Limited, CapitaRetail China Trust Management Limited, Changi Airport Group (Singapore) Pte Ltd and Changi Airports International Pte Ltd.

Mr Dilhan Pillay will join Temasek Holdings (Private) Limited as Head of Portfolio Management on 18 October 2010.

HALIMAH YACOB

Halimah Yacob, 55, is a Member of Parliament of the Jurong Group Representation Constituency, Chairman of the Government Parliamentary Committee on Manpower and Chairman of the Jurong Town Council. She is also the Deputy Secretary General of the National Trades Union Congress (NTUC) and the Executive Secretary of the United Workers of Electrical and Electronics Industries.

Since 1999, Mdm Halimah has been a Member of the International Labour Organisation Governing Body in Geneva, Switzerland, representing the Workers' Group.

Mdm Halimah is a Board Member of the Temasek Cares CGL Ltd and Mendaki Holdings Pte Ltd. She is a Member of the Board of Trustees of the National University of Singapore. She is also a trustee of seven unions affiliated to the NTUC, Co-Chairperson for the Tripartite Alliance on Fair Employment Practices, and Chairperson for the

Tripartite Workgroup on Enhancing Employment Choices for Women. Mdm Halimah is also actively involved in the Malay community. She is the Co-Chairperson of the Employability Network and the UFUK Co-operative, President of the Malay Teachers' Union Co-operative, and Patron of the Young Muslim Women's Association.

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

HO KIM WAI

Dr Ho Kim Wai, 55, is an Associate Professor of Banking and Finance at the Nanyang Business School at Nanyang Technological University (NTU). At the Business School, he had served as the Associate Dean (Research), the founding Director of the MSc (Financial Engineering) Programme, and the 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 has a First Class Honours in BSc (Mechanical Engineering) from Imperial College London, a Master of Finance from RMIT 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 PCF 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.

PAUL MA KAH WOH

Paul Ma, 62, is Chairman of Mapletree Logistics Trust Management Ltd and a director of Mapletree Investments Pte Ltd. He is also a director of CapitaLand China Development Fund Pte Ltd, CapitaLand China Development Fund II Ltd, Hwa Hong Corporation Limited, Keppel Infrastructure Fund Management Pte Ltd, Nucleus Connect Pte Ltd, and Tenet Insurance Company 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.

ONG YE KUNG

Ong Ye Kung, 40, is the Assistant Secretary-General of National Trades Union Congress (NTUC) and holds the positions of Executive Secretary in the National Transport Workers' Union (NTWU) and the Singapore Manual and Mercantile Workers' Union (SMMWU). Prior to joining NTUC, he was the Chief Executive of the Singapore Workforce Development Agency (WDA). 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.

Mr Ong is currently the Chairman of the Employment and Employability Institute Pte Ltd (e2i). He sits on the Board of SPRING Singapore and JTC Corporation and serves on the Board of Governors of Northlight School. He is a member of the Ngee Ann Polytechnic Council, a Trustee of the Singapore LSE Trust, and Co-Chairman of the Workers' Upgrading & Employment Committee of the Chinese Development Assistance Council and director of NTUC Investment Co-operative Ltd and NTUC LearningHub Pte Ltd.

Mr Ong has a First Class Honours in B.Sc (Economics) from the University of London, London School of Economics and Political Science (UK), and a Master of Business Administration from the Institute of Management Development, Lausanne, Switzerland.

BOB TAN BENG HAI

Bob Tan, 58, is Chairman of Jurong Engineering Limited. He is also Chairman of the Institute of Technical Education, President of the Singapore Golf Association, Vice President of the Singapore National Employers Federation, and Co-Chairman of the Tripartite Alliance for Fair Employment Practices. He serves as a board member in the Ong Teng Cheong Labour Leadership Institute. He is also a member of the National Wages Council, NTUC Club Management Council, Charity Council, and Honorary Treasurer of the Singapore Business Federation.

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

TAN EK KIA

Tan Ek Kia, 62, is Chairman of City Gas Pte Ltd. He is also a director on the Boards of Keppel Offshore and Marine Ltd, Dialog Systems (Asia) Pte Ltd and InterGlobal Offshore Pte Ltd

Mr Tan is a seasoned professional in the oil and gas and petrochemicals business, with more than 30 years of experience in design, engineering and construction, project management, health, safety and environment, production, logistics, procurement and drilling operations management, business management and development, joint venture management and governance, and organisation change/transformation. Prior to his retirement in September 2006, 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 has a First Class Honours in Bachelor of Science (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, 61, is presently Managing Partner of JP Asia Capital Partners Pte Ltd, and also sits on the board 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.

SENIOR MANAGEMENT



Left to right:

Lee Seng Kee
Yeo Meng Hin
Saw Phaik Hwa
Lim Cheng Cheng
Khoo Hean Siang
Tommy Ng Yew Chye
Vincent Tan Peng Hock

Kang Huey Ling
Lawrence Lau Kai Kum
Catherine Kuan-Lee Yee Fong
Goh Chee Kong
Teo Chew Hoon
S. Prema

SAW PHAIK HWA

President & Chief Executive Officer

Please refer to Ms Saw's profile on page 12.

YEO MENG HIN

**Deputy President & Chief Operating Officer
SMRT Corporation Ltd**

Yeo Meng Hin, 46, is responsible for the train, bus, taxi business units, Safety, Security and Emergency Planning, Organisation Development Unit as well as SMRT's business development in Singapore and overseas.

Prior to SMRT, Mr Yeo was part of the top management team for DFS Asia Pacific Operations with expertise in strategic oversight of the business. He has worked in a diverse range of industries including hospitality, fast food, professional services, property and financial services. Besides human resource, he has experience in logistics and consultancy.

Mr Yeo is a member of the SAFRA staff establishment committee, a member of iCare Mental Health Alliance, which promotes good health practices among companies in Singapore, and sits on the HR Accreditation Board of the Singapore Human Resources Institute. He is also a member of the steering committee to the Saudi-Singapore Business Council.

A graduate from the National University of Singapore with a Bachelor of Arts (Economics), Mr Yeo also holds a



Masters in Business Administration from the University of Phoenix and a Graduate Diploma in Personnel Management. He is also a Certified Compensation Professional and a Global Remuneration Professional.

LIM CHENG CHENG

Executive Vice President & Chief Financial Officer SMRT Corporation Ltd

Lim Cheng Cheng, 39, joined SMRT Corporation Ltd in July 2006. She is the Executive Vice President and Chief Financial Officer, responsible for the Group's financial strategy and management, corporate planning, tax, treasury management, central supplies, investor relations and enterprise risk management. Ms Lim is also a Director in Shenzhen Zona Transportation Group Co Ltd and SMRT Engineering (Middle East) FZE.

Prior to joining SMRT, Ms Lim worked at Price Waterhouse (currently known as PricewaterhouseCoopers), Singapore Power International Pte Ltd and Singapore Power Ltd. In her last appointment as Vice President and Head, Financial Planning & Analysis in Singapore Power Ltd, Ms Lim was responsible for corporate planning, corporate finance, management reporting and budgeting as well as investor relations.

An accountancy graduate from the Nanyang Technological University, she is a Non-Practising Member

of the Institute of Certified Public Accountants of Singapore and CPA Australia. She obtained her Masters of Business Administration from the University of Chicago Graduate School of Business (currently known as the University of Chicago Booth School of Business).

TOMMY NG YEW CHYE

Senior Vice President, Corporate Services SMRT Corporation Ltd

Tommy Ng Yew Chye, 50, joined SMRT as Senior Vice President, Corporate Services in August 2007 and is responsible for Human Resource Management, Human Resource Development, SMRT Institute, Administration, as well as Information Technology. Mr Ng's career spans more than 20 years across different industries, including banking, manufacturing and hospitality. Prior to joining SMRT, he was the Senior Vice President, Human Resources, of Raffles International Limited.

Mr Ng has been appointed by the Singapore National Employers' Federation as Chairman for the Transport and Logistics Workgroup for the Workplace Health Promotion Programme. He is also appointed by the Singapore Workforce Development Agency as a member of the 2nd Human Resource Manpower Skills & Training Council. Mr Ng was formerly a member of the Industrial Arbitration Court (IAC) Employers Panel.

SENIOR MANAGEMENT

During the HRM Awards 2010 ceremony, Mr Ng was recognized with an “Outstanding Contribution to HR” award. In recognition of Mr Ng’s significant contribution to workers’ welfare and development and in nurturing good union-management relationship, National Trade Union Congress conferred him with the Medal of Commendation in the May Day Award 2007.

Mr Ng obtained his Masters in Business Administration from the University of Strathclyde and a Diploma in Human Resource Management.

KHOO HEAN SIANG

Senior Vice President, Engineering And Projects SMRT Trains Ltd

Khoo Hean Siang, 62, is Senior Vice President, Engineering and Projects. Mr Khoo joined SMRT in 1986 as a design engineer and was responsible for the design and construction of the telecommunication network and later, the signaling network. 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 Vice President of Circle Line, SMRT Trains Ltd and was instrumental in laying the foundation for 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 helped introduce the first fibre optic network in Singapore.

A Chartered Electrical Engineer of the Institute of Electrical Engineers (United Kingdom), Mr Khoo holds 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 Signaling Engineers in UK and a Member of the Professional Engineers Board, Singapore.

VINCENT TAN PENG HOCK

Vice President, Rail Operations SMRT Trains Ltd

Vincent Tan, 55, is Vice President of Rail Operations at SMRT Trains Ltd. He joined the Mass Rapid Transit Corporation (MRTC) 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 Kings College, University of London and a Master of Science in Technological Economics from the University of Stirling in Scotland.

LEE SENG KEE

Vice President, Maintenance

Lee Seng Kee, 58, is Vice President of Maintenance. Mr Lee joined MRTC in 1984 and garnered experience in contracts and MRT construction engineering between 1984 and 1987. He assumed the post of Deputy Director of Rail Maintenance (Structure and Permanent Way) in 1997. Before joining MRTC, he had several years of experience as a design/construction engineer and had served on the Standards Committee in SPRING Singapore (previously known as Singapore Productivity and Standards Board) for 10 years.

Mr Lee majored in Civil Engineering and holds a Master of Science from the University of Singapore. He is a Registered Professional Engineer (Civil), Singapore, a Registered Chartered Engineer (Civil), United Kingdom, and a member of several professional institutions.

KANG HUEY LING

Vice President

SMRT Buses Ltd

Bus-Plus Services Pte Ltd

Kang Huey Ling, 39, is Vice President, SMRT Buses Ltd and Bus-Plus Services Pte Ltd. Ms Kang’s professional 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 the planning and coordination function 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 the smooth operation of all 64 MRT and LRT stations operated by SMRT. She was subsequently promoted to Director, Station Operations in 2006.

Ms Kang attended the National University of Singapore and graduated in 1994 with a Bachelor Degree (Hon) in Economics. In 2004, she received her MBA from the National University of Singapore Business School.

GOH CHEE KONG

**Vice President,
Corporate Marketing and Communications
SMRT Corporation Ltd**

Goh Chee Kong, 54, is Vice President, Corporate Marketing and Communications of SMRT Corporation Ltd. Prior to this, 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 spokesman for MINDEF. He was awarded the Public Administration Medal (Bronze) in 1998.

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

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 Accredited Member of the Institute of Public Relations of Singapore.

LAWRENCE LAU KAI KUM

**Chief Internal Auditor
Vice President, Audit Division
SMRT Corporation Ltd**

Lawrence Lau, 58, is Chief Internal Auditor and Vice President of the Audit Division and Whistleblowing Investigation Officer of SMRT Corporation Ltd. He joined MRTC as Manager (Internal Audit) in 1984. Prior to that, he was the Group Internal Audit Manager for the Union Carbide Singapore Group of Companies. He has also worked in large public accounting firms, both overseas and locally.

Mr Lau was awarded the Public Administration Medal (Bronze) in 1993. Mr Lau was on the Board of Governors of the Institute of Internal Auditors (Singapore) from 1980 to 1982. He is a Fellow Chartered Accountant, Fellow Member of the Institute of Internal Auditors (Singapore), Certified Fraud Examiner (US) and Accredited Quality Assurance Assessor (IIA). He is the chair of TransitLink Pte Ltd Audit Advisory Committee.

S. PREMA

**Vice President, Corporate Secretariat & Legal
SMRT Corporation Ltd**

S. Prema, 44, is Vice President, Corporate Secretariat and Legal of SMRT Corporation Ltd. She is also the Company Secretary and the Secretary of the Audit, Board Risk and Nominating Committees for SMRT Corporation Ltd. She heads the legal and corporate secretariat department providing legal counsel and advice to the SMRT Group. Prior to this appointment, she was in private practice for three years and with Singapore Technologies Kinetics Ltd for eight years.

Having graduated from the National University of Singapore with an Honours degree in Law and called to the Singapore Bar in 1991, Ms Prema has accumulated more than 18 years of experience in her legal career. She is a Member of the Singapore Academy of Law.

CATHERINE KUAN-LEE YEE FONG

**Senior Vice President, Finance
SMRT Corporation Ltd**

Catherine Kuan, 58, is Senior Vice President of Finance at SMRT Corporation Ltd. She joined MRTC in 1986 and SMRT in 1994. Prior to her career in the transport sector, she was with Intraco Ltd for 10 years and her last held position was Financial Controller/Company Secretary. She was awarded the Public Administration Medal (Bronze) in 1994.

She holds a Bachelor of Accounting degree from the University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore and a Fellow of CPA Australia.

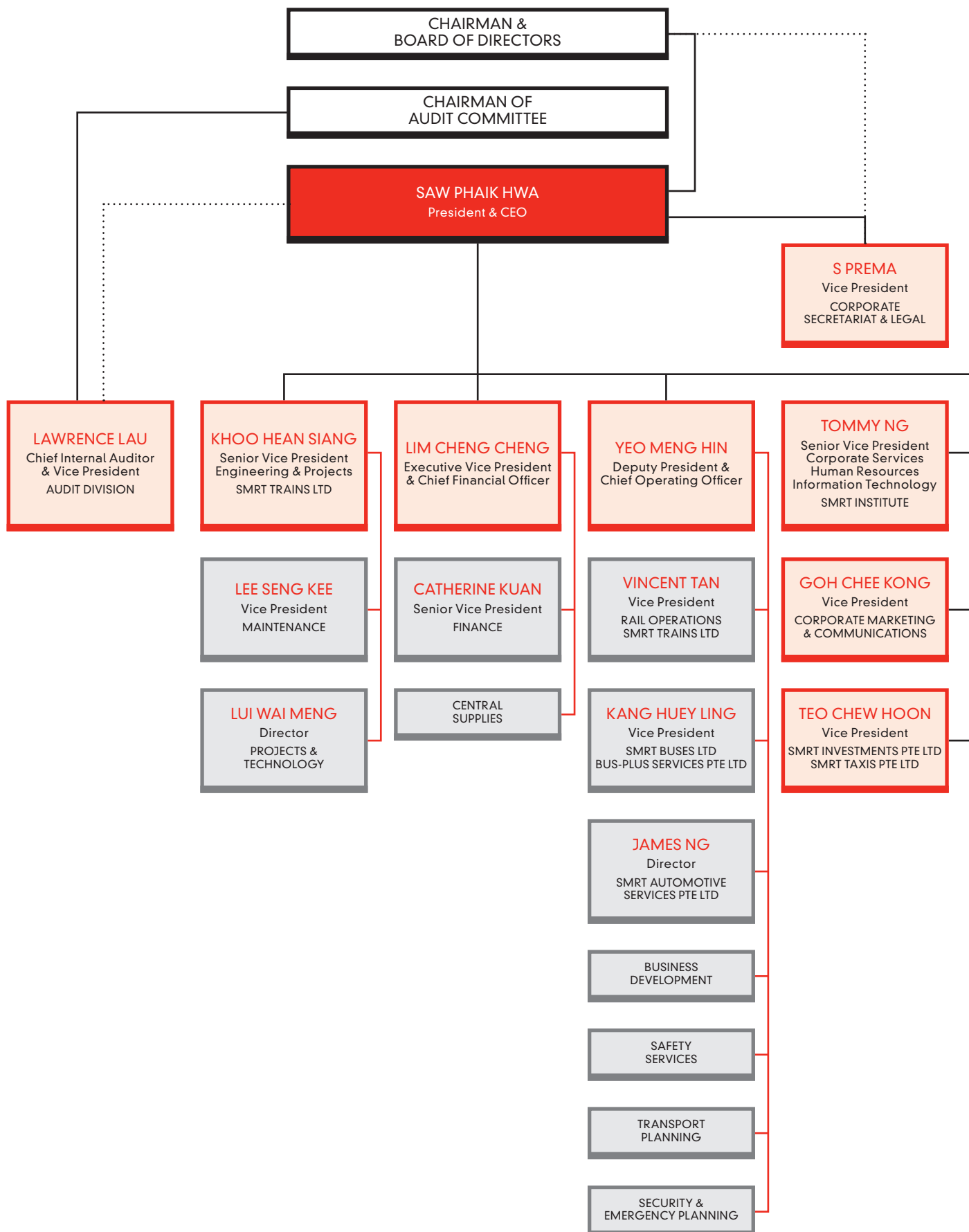
TEO CHEW HOON

**Vice President,
SMRT Investments Pte Ltd
SMRT Taxis Pte Ltd**

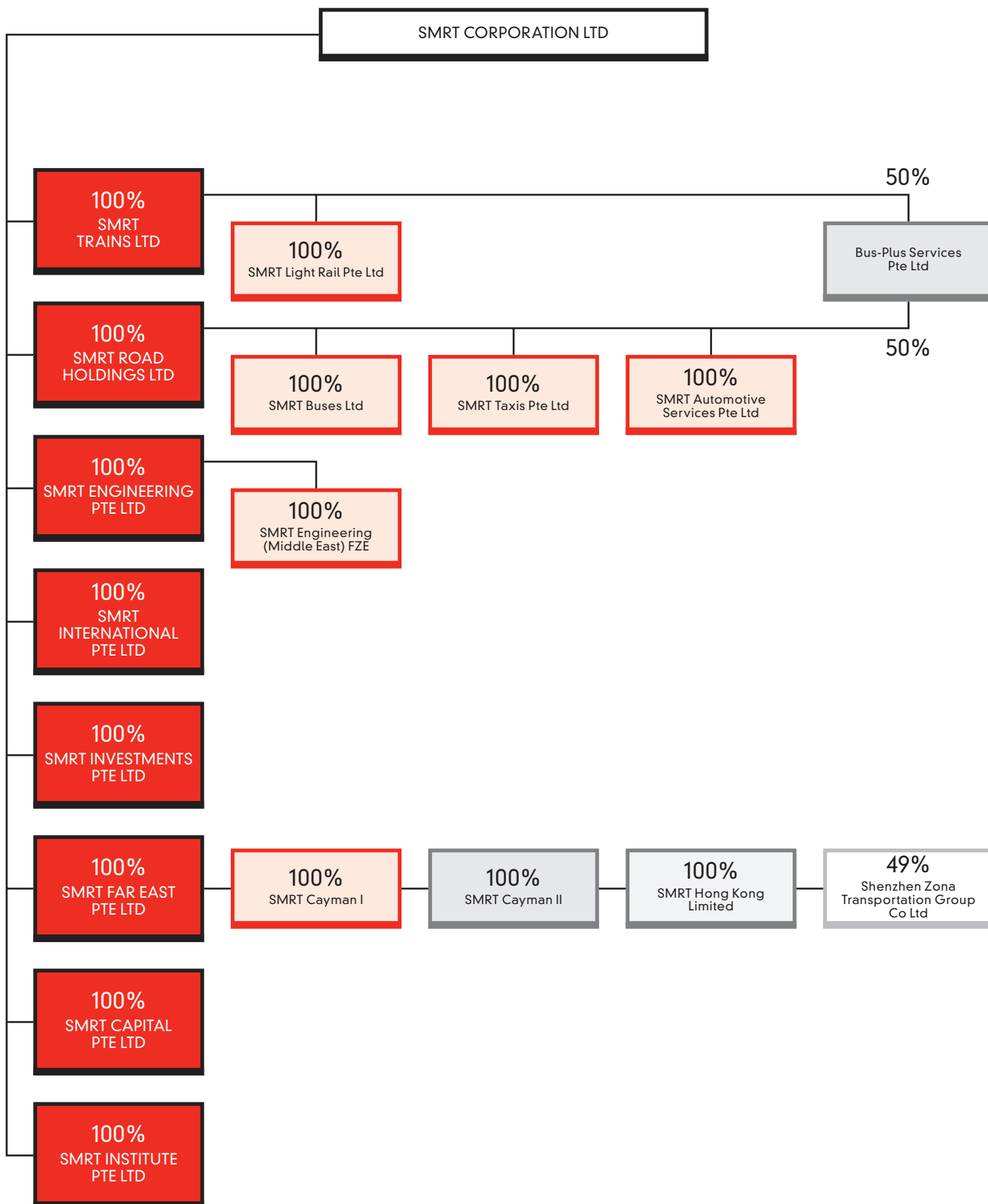
Teo Chew Hoon, 46, is Vice President of Commercial Business at SMRT Investments Pte Ltd and SMRT Taxis Pte Ltd. She joined SMRT in 2003. Before this, Ms Teo held positions as Group Sales Manager and subsequently General Manager of Airport Operations at DFS Venture Singapore (Pte) Ltd from 1999. The businesses 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.

ORGANISATIONAL STRUCTURE



GROUP STRUCTURE



CORPORATE INFORMATION

Registered Office

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

Place of Incorporation

Singapore

Company Registration Number

200001855H

Date of Incorporation

6 March 2000

Board of Directors

Koh Yong Guan, Chairman
(Appointed as Chairman on 23 July 2009)
Saw Phaik Hwa, President & CEO
Dilhan Pillay Sandrasegara
Halimah Yacob
Ho Kim Wai
Paul Ma Kah Woh
Ong Ye Kung
Bob Tan Beng Hai
Tan Ek Kia
(Appointed on 24 July 2009)
Peter Tan Boon Heng
(Appointed on 12 February 2010)

Company Secretary

S. Prema

Audit Committee

Paul Ma Kah Woh, Chairman
Dilhan Pillay Sandrasegara
Ho Kim Wai
Bob Tan Beng Hai

Remuneration Committee

Koh Yong Guan, Chairman
(Appointed as Chairman on 23 July 2009)
Halimah Yacob
Tan Ek Kia
(Appointed on 14 August 2009)

Nominating Committee

Ong Ye Kung, Chairman
Koh Yong Guan
Paul Ma Kah Woh
Dilhan Pillay Sandrasegara
(Appointed on 14 August 2009)

Board Risk Committee

Bob Tan Beng Hai, Chairman
(Appointed as Chairman on 14 August 2009)
Ho Kim Wai
(Appointed on 14 August 2009)
Tan Ek Kia
(Appointed on 14 August 2009)

Auditors

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

Audit Partner-in-charge:

Lee Sze Yeng
(Appointed in FY2009)

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
Singapore Land Tower #32-01
Singapore 048623

Investor Relations

Elizabeth Loo Suet Quan
Telephone : (65) 6331 1219
Facsimile : (65) 6334 1407
Email : investors_r@smrt.com.sg

CORPORATE GOVERNANCE

The Board and Management of SMRT are firmly committed to ensuring high standards of corporate governance which they believe is essential to the sustainability of the Company's business and performance. We continually review the Group's corporate governance principles and practices not only to improve our corporate governance framework but also to ensure that it remains relevant. For its efforts towards achieving excellent financial reporting and corporate governance, SMRT clinched several corporate awards. These include:

- Best Managed Board Award (Gold) at the Singapore Corporate Awards 2009;
- Best Investor Relations Award (Silver) at the Singapore Corporate Awards 2010;
- Best Annual Report Award (Bronze) at the Singapore Corporate Awards 2010;
- Board Diversity Award at the 2009 Securities Investors Association (Singapore) ("SIAS") Awards;
- second place in the Corporate Governance Award (Mainboard Category) at the 2009 SIAS Awards; and
- runner-up in the Most Transparent Company Award (Transport/Storage/Communications Category) at the 2009 SIAS Awards.

SMRT was also ranked second place 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; and
- 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 will also assess 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 financial year. To give Directors the opportunity of having in-depth discussions with Management on the Group's strategies, a 2-day off-site Board Strategy Retreat is held annually. In FY2010, such a Retreat was held in October 2009. 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 2009 to 31 March 2010

Board of Directors	Board		Board Committees							
	Meetings held while a member	Meetings attended	Audit		Board Risk		Remuneration		Nominating	
			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 (<i>Chairman</i>)	9	9					2	2	2	2
Saw Phaik Hwa (<i>President & CEO</i>)	9	9								
Dilhan Pillay Sandrasegara	9	9	5	5					2	2
Halimah Yacob	9	8					2	2		
Ho Kim Wai	9	9	5	5	2	2				
Paul Ma Kah Woh	9	8	5	5					2	2
Ong Ye Kung	9	8							2	2
Bob Tan Beng Hai	9	9	5	5	2	2	2 ^(a)	2 ^(a)		
Tan Ek Kia	7	6			2	2	0 ^(b)	0 ^(b)		
Peter Tan Boon Heng	2	2								

^(a) Bob Tan stepped down from the Remuneration Committee on 14 August 2009

^(b) Tan Ek Kia was appointed onto the Remuneration Committee on 14 August 2009

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 will consult 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. In FY2010, one ad hoc Board meeting was held via teleconference to consider the Group's proposed acquisition of a 49% stake in Shenzhen Zona Transportation Group Co Ltd ("Shenzhen Zona").

Upon appointment as a Director, the Board Chairman will send 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 will be provided with a copy of the charter of that Board Committee.

As part of the Company's continuing education for Directors, the Company Secretary will circulate 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 will also be circulated to the Board. The Company Secretary will inform Directors of upcoming conferences and seminars relevant to their roles as Directors. Some of the seminars that the Directors attended in FY2010 include a talk on the *Roles, Duties & Obligations of Directors*, a workshop *Risking It All – In Times of Crisis* which deals with the risks and responsibilities of Directors in a crisis situation, and a forum which examines some key long term trends that will shape the business world in the years ahead, *Looking to the Future – Trends in Demographics and Technology*. Expert speakers will also be invited to share with the Board on relevant new laws and continuing listing obligations and regulations. Annually, our external auditors, KPMG, will update the Audit Committee and the Board on new or revised financial reporting standards.

Management will conduct a comprehensive one-day orientation program for newly appointed Directors. This program 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 will also be provided training on roles, duties and obligations of Directors. To give the Board a better understanding of the business of the Group's newly acquired associate, Shenzhen Zona, a visit to the various business units of Shenzhen Zona was organised for Directors.

Board and Management Committees

The Board is supported by Board Committees which have been 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 will review 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. The other members of the AC are Dilhan Pillay Sandrasegara, Ho Kim Wai and Bob Tan Beng Hai. 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") which was set up on 14 August 2009 comprises Bob Tan Beng Hai as Chairman and Ho Kim Wai and Tan Ek Kia 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 two meetings during the year.

Nominating Committee

The Nominating Committee ("NC") comprises four members: Ong Ye Kung (Chairman), Koh Yong Guan, Dilhan Pillay Sandrasegara 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. In FY2010, the NC's duties have been further expanded to include the task of selecting a new President & CEO when required.

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 two meetings during the year and conducted several ad hoc meetings 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), Halimah Yacob and Tan Ek Kia. 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. In FY2010, the RC's responsibilities have been further broadened to include succession planning for Senior Management, including the President & CEO.

Management Committee

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

CORPORATE GOVERNANCE

Board Composition and Guidance (Principle 2)

The Directors believe in having a strong and independent element on the Board that is able to exercise judgement independently. Hence, of the 10 Directors on the Board,

all are independent and non-executive, except for the President & CEO, Saw Phaik Hwa. The composition of SMRT's Board and Board Committees is shown below:

Composition of Board & Board Committees

Name of Director	Board Appointments		Board Committees as Chairman or Member			
	- Executive or Non-Executive Director	- Independent or Non-Independent Director	Audit	Board Risk	Remuneration	Nominating
Koh Yong Guan (<i>Chairman</i>)	Non-Executive/ Independent				Chairman	Member
Saw Phaik Hwa (<i>President & CEO</i>)	Executive/ Non-Independent					
Dilhan Pillay Sandrasegara	Non-Executive/ Independent		Member			Member
Halimah Jacob	Non-Executive/ Independent				Member	
Ho Kim Wai	Non-Executive/ Independent		Member	Member		
Paul Ma Kah Woh	Non-Executive/ Independent		Chairman			Member
Ong Ye Kung	Non-Executive/ Independent					Chairman
Bob Tan Beng Hai	Non-Executive/ Independent		Member	Chairman		
Tan Ek Kia	Non-Executive/ Independent			Member	Member	
Peter Tan Boon Heng	Non-Executive/ Independent					

The Board consists of Directors with core competencies in areas such as accounting, finance, audit, law and management. In addition, the vast work experience of the Directors spans the areas of risk management, strategic planning and business development. The Directors' academic and professional qualifications are shown on pages 38 to 43. The Board believes that the present Board size and composition is 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 drawn up 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 will then review 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 FY2010, with the exception of the President & CEO, who is an executive Director, the NC has determined that all the other nine 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, the balance of skills and experience of Directors, and the balance of executive and non-executive Directors. Annually, the NC will review 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, make the relevant recommendation on their re-election.

At Board meetings Directors discuss and debate issues with Management's participation openly. 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 regularly meet without Management's presence to discuss matters such as the Board's effectiveness and Management's performance. For FY2010, the non-executive Directors held three meetings without Management's presence. At the annual Board Strategy Retreat held in October 2009, Directors were given the opportunity to review and deliberate together with Management on the Group's business plans, long-term strategies, new business opportunities, branding and communication strategies, enterprise risk management, as well as the changing landscape in the transport industry.

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 will also be 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 have always been 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.

Koh Yong Guan took over as Chairman in July 2009. In the Role Statement for Chairman it is clearly set out that he 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; and
- ensuring effective communication with shareholders.

As CEO, Saw Phaik Hwa 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 set out by 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; and
- 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.

Process for selection, appointment and re-appointment of Directors

Every year, the NC will review 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 will consider, inter alia, the range of skills, knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors,

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

The NC will recommend the most suitable candidate to the Board for appointment as Director. As regards the annual retirement and re-election of Directors, the NC will review each of the retiring Director's contribution to the Board and make the relevant recommendations to the Board for shareholders' approval at the AGM.

Key information regarding Directors such as academic and professional qualifications and directorships are set out on pages 38 to 43.

Evaluation of Board Performance

The NC has set objective performance criteria for evaluating the Board's performance annually. These performance criteria are reviewed regularly to ensure that they remain relevant. To further improve the evaluation of Board performance, the Board evaluation process was revamped in FY2010. An independent external consultant was engaged in the Board evaluation process as described in sub-paragraph (a) below. This encouraged Directors to be more candid in their evaluation of the Board's performance and enhanced the objective and transparent assessment of the evaluation process.

(a) Evaluation of the Board

As part of the process for reviewing the functioning and effectiveness of the Board, all Directors are required to complete a Board Evaluation Questionnaire. Questions are categorised into several areas: *Board Structure, Board Dynamics and Relationships, Board Processes, Board Committees, People Processes, Company Strategy and Performance and 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 will return the completed Questionnaire to the NC Chairman who will then forward the Questionnaire to an independent external consultant. The consultant will then meet the Directors on a one-to-one basis to have an in-depth discussion on their respective feedback on the Questionnaire. This gives the Directors ample opportunities to discuss their observations with the consultant. The consultant also meets with the COO, the CFO and the Company Secretary individually to have an evaluation of the Board from Management's perspective. Following these meetings, the consultant will return the Questionnaire and the Directors' feedback to the NC Chairman who will then forward these to the Board Chairman. The Board Chairman will hold a discussion with all Directors to agree on action plans going forward.

(b) Evaluation of Directors by the Board Chairman

At the end of each financial year, the Board Chairman will evaluate the performance of each Director. The criteria taken into consideration in the Board Chairman's evaluation of Directors include the degree of preparedness, the 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 also sets objective performance criteria for the Board to evaluate the President & CEO. Every year, the Directors will evaluate the President & CEO and provide feedback on her performance. Clear key performance indicators are set out at the beginning of each year which are measured and assessed during her performance evaluation. The Chairman will then compile the results of the evaluation and conduct 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 have been drawn up to address the issue of competing time commitments that are 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 will also consider a Director’s level of participation in the Company, such as his attendance and level of participation at meetings and 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 FY2010, 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 as set out on page 24. Attendance rates at Board and Board Committee Meetings have been commendable as shown below:

Attendance Rates at Board and Board Committee Meetings

Board	Audit Committee	Board Risk Committee	Remuneration Committee	Nominating Committee
95%	95%	100%	100%	100%

The NC has also determined that the Directors have 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 will be sent to Directors several days in advance. Directors have unrestricted access to the President & CEO, the Company’s Senior Management, the Company Secretary and the Internal and External Auditors via telephone, e-mail and face-to-face meetings. When major incidents occur, Directors will be immediately informed via SMS.

The role of the Company Secretary is clearly defined. She administers, attends and prepares minutes of Board Meetings. As Secretary for the Audit, Board Risk and Nominating Committees she also administers, attends and prepares minutes of these committee meetings. 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.

Every month, the Company Secretary will circulate 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 will highlight 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 formal and transparent policies on remuneration matters in the Company. With the exception of the President & CEO, the RC also identifies and reviews all nominations, appointments and promotions of Senior Management. In addition, the RC is also responsible for overseeing the development of leadership and talent management with the aim of building talent and renewing strong and sound leadership to ensure the success of the Company.

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

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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. Directors of the Company receiving remuneration from the Group for the financial year ended 31 March 2010 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 ⁹	Total	EVA Bonus Bank Balance
	Paid ⁸						Deferred & at risk ⁸
	\$	\$	\$	\$	\$	\$	\$
\$500,000 and above							
Saw Phaik Hwa	–	647,781	719,966	60,000	241,000	1,668,747	1,015,155
Below \$250,000							
Koh Yong Guan ¹	95,140	–	–	–	–	95,140	
Dilhan Pillay Sandrasegara ²	69,671	–	–	–	–	69,671	
Halimah Jacob	53,000	–	–	–	–	53,000	
Ho Kim Wai ³	69,671	–	–	–	–	69,671	
Paul Ma Kah Woh	83,000	–	–	–	–	83,000	
Ong Ye Kung	62,000	–	–	–	–	62,000	
Bob Tan Beng Hai ⁴	78,696	–	–	–	–	78,696	
Tan Ek Kia ⁵	41,600	–	–	–	–	41,600	
Peter Tan ⁶	5,786	–	–	–	–	5,786	
Choo Chiau Beng ⁷	34,356	–	–	–	–	34,356	

Notes:

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

¹ Appointed as Chairman of Board and RC Chairman on 23 July 2009

² Appointed as NC Member on 14 August 2009

³ Appointed as BRC Member on 14 August 2009

⁴ Appointed as BRC Chairman on 14 August 2009. Stepped down as RC Member on 14 August 2009

⁵ Appointed as Board Member on 24 July 2009. Appointed as RC Member and BRC Member on 14 August 2009

⁶ Appointed as Board Member on 12 February 2010

⁷ Retired as Board Chairman, RC Chairman and NC Member on 23 July 2009

⁸ A portion of the annual performance-related bonus is tied to the Company's EVA performance. Only one-third of the current year's EVA bonus (plus any accrued preceding year EVA Bank balance) is paid with the balance two-third being deferred and credited to the executive's EVA Bank for future payments, subject to the Company's continual performance. For the FY2010 EVA bonus, the amount paid is for the executive's performance for FY2009 and the amount deferred is the EVA Bank balance as at 31 March 2009. EVA bonus paid and EVA Bank balance for FY2010 performance will only be determined and finalised in FY2011 when the Company's FY2010 EVA performance and the executive's FY2010 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-third 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.

⁹ Based on the fair values of PSP and RSP shares granted on 28 August 2009 using Monte Carlo simulation model.

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

Remuneration Bands	FY09	FY10
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	10	10
Total	11	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 ²	Total	EVA Bonuses Bank Balance
	Paid ¹				Deferred & at risk ¹	
	\$	\$	\$	\$	\$	\$
Khoo Hean Siang	223,947	182,379	30,000	68,824	505,150	240,877
Lim Cheng Cheng	310,236	280,498	36,134	120,500	747,368	358,949
Tommy Ng Yew Chye	255,216	166,346	30,000	68,824	520,386	185,291
Teo Chew Hoon	199,356	195,627	12,000	49,428	456,411	244,333
Yeo Meng Hin	385,836	364,376	48,000	172,060	970,272	478,722

Notes:

¹ A portion of the annual performance-related bonus is tied to the Company's EVA performance. Only one-third of the current year's EVA bonus (plus any accrued preceding year EVA Bank balance) is paid with the balance two-third being deferred and credited to the executive's EVA Bank for future payments, subject to the Company's continual performance. For the FY2010 EVA bonus, the amount paid is for the executive's performance for FY2009 and the amount deferred is the EVA Bank balance as at 31 March 2009. EVA bonus paid and EVA Bank balance for FY2010 performance will only be determined and finalised in FY2011 when the Company's FY2010 EVA performance and the executive's FY2010 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-third 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.

² Based on the fair values of PSP and RSP shares granted on 28 August 2009 using Monte Carlo simulation model.

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

In light of the current economic challenges and increased industry competition, the Group continues to require talented and highly engaged employees to propel its business strategies forward and to build a progressive and high performance organisation that constantly creates value for its shareholders. In its efforts to attract and retain key talent, the RC emphasises that the Group's compensation strategies are market competitive. To align with market conditions, 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 the shareholders. Details of SMRT RSP and SMRT PSP are set out on pages 111 to 116.

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

individual performance in the compensation policy which fosters teamwork and inculcates individual accountability.

Accountability (Principle 10)

The Board presents a balanced and understandable 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 will review and approve 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

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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, Deputy President & COO, Executive Vice President & CFO, Chief Internal Auditor & Vice President (Audit Division), Company Secretary and the external auditors are usually invited to these meetings. During the financial year, the AC had two meetings with the external auditors and one meeting with the 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 will review 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, the adequacy of the internal audit functions and the risk management processes within the Group;
- reviewed the independence and objectivity of the external auditors, and the nature and extent of non-audit services provided by them; and
- reviewed the Group's audit, financial and risk management practices vis-a-vis the Guidebook for Audit Committees in Singapore and the news releases issued by the SGX-ST and the ACRA, with the aim of strengthening the Group's corporate governance framework.

KPMG, the retiring Auditors, have served as external Auditors of the Company for ten years since 2000. As part of the Group's ongoing good corporate governance initiatives, the AC has sought proposals for the audit of the financial statements of the Company for FY2011

from various audit firms. PricewaterhouseCoopers was selected for the proposed appointment after competitive proposals were evaluated. KPMG, the retiring Auditors, will accordingly not be seeking re-election at the forthcoming AGM.

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 to 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 being 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 the appropriate recommendations will be issued to the Chairman of the Board, the Audit Committee, the President & CEO, the Deputy President & COO, the Executive Vice President & 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 action. 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 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 a good practice, the Internal Audit Division has benchmarked its existing fraud risk management practices against internationally recognised frameworks. Workshops were conducted by external forensic specialists with Management and line staff to raise their awareness on fraud indicators and preventive measures.

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

The AC 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; and
- 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 enumerated

in the Group's Code of Business Ethics and Conduct (Ethics Code). Briefing sessions are held regularly to help new employees 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 Chief Internal Auditor & Vice President (Audit Division) allow whistleblowers to disclose their concerns in strict confidence. In addition, 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. The President & CEO provides guidance to the Whistleblowing Investigation Officer to help ensure that disclosures are managed in accordance with the Whistleblowing Policy and that prompt actions are taken in respect of disclosures requiring immediate or urgent attention.

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

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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 Executive Vice President & 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.

Financial Management

Management reviews the performance of each business unit including significant associate and corporate functions on a monthly basis to instil financial and operational discipline at all levels of the organisation. Group's reporting requirements and formats have been clearly communicated and implemented in the newly acquired associate, Shenzhen Zona, to enable the review of performance by Management.

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

Audit

Internal Audit performs continuous monitoring to ensure compliance with Company 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 President & CEO, the AC and the Chairman of the Board.

Our external auditors from KPMG 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

The key objective of risk management is to provide reasonable assurance to the Group's Board, Management and stakeholders that the Group's business objectives can be achieved, as the identification and management of

risks reduces the uncertainty associated with achieving these objectives and at the same time, allows the Group to capitalise on opportunities.

In addition, we believe that Enterprise Risk Management (ERM) should be a continuous process of identifying, mitigating, reporting and aligning risk activities in a structured and holistic manner to manage risks within our risk appetite.

To further strengthen the Group's risk management process, a Board Risk Committee (BRC) was formed in August 2009. The BRC oversees the Group's risk management process through reviewing 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.

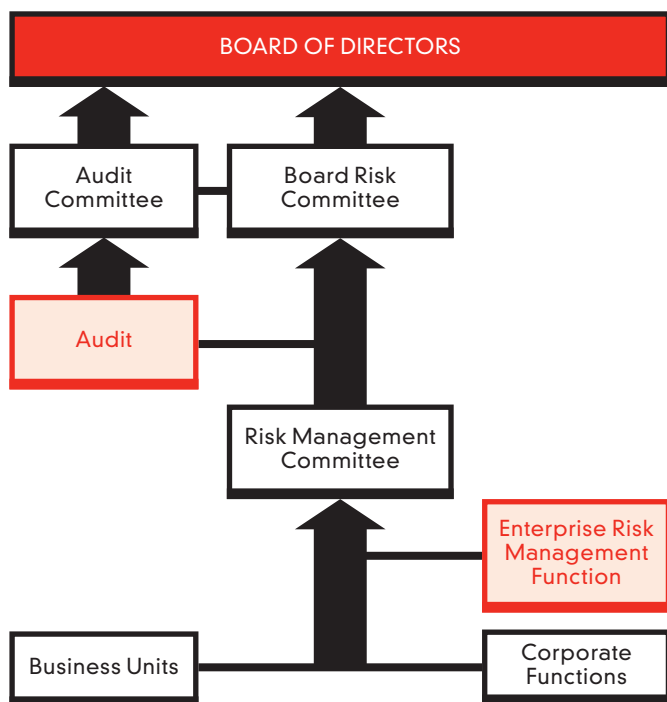
Since its inception, the BRC has set out its terms of reference, reviewed the key risks at the Group level and discussed risk mitigating measures with Management.

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. Supported by the Group ERM department, the RMC adopts and puts in place an ERM framework with the following objectives:

- To spearhead initiatives to strengthen the risk management processes, policies and framework;
- To review the Group's risk profile and key risks;
- To monitor the implementation of risk mitigation strategies; and
- To promote a risk awareness culture.

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 on the following page:



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 CSA Programme was launched with the following objectives:

- To enhance the awareness of key process risks and controls amongst the line management and staff;
- To establish a risk-based approach for the business units to assess the effectiveness of their control systems;
- To clearly document the identified control owners for key processes and hence inculcate a strong sense of accountability throughout the Group; and
- To 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 the line management and staff to Senior Management and the Board.

Under the CSA Programme, the 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. Through these assessments, a number of areas for improvement were identified by the line management and staff where action plans were carried out to address these areas and to build on existing strengths. Results of the self assessment were reported to the President & CEO, the AC and the Chairman of the Board.

Internal Audit (Principle 13)

The Internal Audit Division is an independent function that reports directly to the Chairman of the AC, and administratively to the President & CEO. Internal Audit Division's mission statement and charter empower it to provide independent and objective assessments and consulting services which are designed to evaluate the adequacy and effectiveness of the Group's system of internal controls. 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. In addition, 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 AC meets with the Chief Internal Auditor & 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.

The Division employs suitably qualified and experienced personnel 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. In addition, they are either Certified Internal Auditors (CIA), Certified Fraud Examiners (CFE), Certified Information Systems Auditors (CISA), Certified Information Systems Security Professionals (CISSP), Certified Information Security Managers (CISM), Certified

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Public Accountants (CPA) or hold Certification in Control Self Assessment (CCSA). The certification bodies that govern these professional accreditations require their members to maintain a program of continuing education.

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.

Communication with Shareholders (Principle 14 and Principle 15)

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

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 Executive Vice President & CFO, or the Company Secretary for corporate governance matters, and even 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 will be dispatched to shareholders. The Notice of AGM will include 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 will also be 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, Deputy President & COO, Executive Vice President & 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 the resolutions are voted on. The external auditors, KPMG, 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 will need to be carefully reviewed for feasibility to ensure there is no compromise to either the integrity of the information or the proper authentication of the identity of the shareholders.

The Group takes note 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, and reminded to be mindful of the law on insider trading and to 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 (64 yrs)

Academic & Professional Qualifications

Bachelor of Applied Science, Mechanical Engineering (1st Class Hons),
University of Toronto, Canada

Master of Applied Science, Mechanical & Biomedical Engineering,
University of Toronto, Canada

Master of Business Administration, Catholic University of Leuven, Belgium

Directorship

Date first appointed: 02.04.2007
Date last re-elected: 12.07.2007

Present Directorships (as at 31 March 2010)

SMRT Group

SMRT Corporation Ltd
SMRT Trains Ltd
SMRT Road Holdings Ltd
SMRT Buses Ltd
SMRT Light Rail Pte Ltd

Others

Central Provident Fund Board (Chairman)
Governing Board of the Cancer Science Institute of
Singapore (Chairman)
Monetary Authority of Singapore (Board Member)

Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)

MND Holdings (Private) Limited
Singapore Pools (Private) Limited
Singapore Totalisator Board (Deputy Chairman)
Singapore Turf Club (Chairman)

SAW PHAIK HWA (55 yrs)

Academic & Professional Qualifications

Bachelor of Science (Biochemistry) Hons, University of Singapore

Directorship

Date first appointed: 20.03.2003
Date last re-elected: 23.07.2009

Present Directorships (as at 31 March 2010)

SMRT Group

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

Others

The Esplanade Co Ltd
International Wu Style Tai Chi Chuan Federation (Vice President of Executive Committee)
National Environment Agency (Board Member)
Singapore Jian Chuan Tai Chi Chuan Physical Culture Association (President)
Singapore Wushu Dragon & Lion Dance Federation (Third Vice-Chairman)
Singapore Management University (Board of Trustees)
Singapore Totalisator Board (Member of Sports Sub-Committee)
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-Guangdong Collaboration Council (Council Member)

Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)

RFP Investments Pte Ltd (Struck off)
Singapore Shuttle Bus (Pte) Ltd (Liquidated)
Singapore Tourism Board
10TouchPoints DesignSingapore Council, Ministry of Information, Communication and Arts (Member of Steering Committee)
Government Parliamentary Committee on Transport (Member of Resource Panel)

DILHAN PILLAY SANDRASEGARA *(47 yrs)*

Academic & Professional Qualifications

Bachelor of Laws (2nd Class Upper Hons), National University of Singapore
Master of Law, University of Cambridge

Directorship

Date first appointed: 15.04.2008

Date last re-elected: 11.07.2008

Present Directorships *(as at 31 March 2010)*

SMRT Group

SMRT Corporation Ltd
SMRT Trains Ltd
SMRT Road Holdings Ltd
SMRT Buses Ltd

Others

Accounting and Corporate Regulatory Authority (ACRA) *(Board Member)*
Alexandra Health Pte Ltd
Banyan Tree Holdings Limited
CapitaRetail China Trust Management Limited
Changi Airport Group (Singapore) Pte Ltd
Changi Airports International Pte Ltd
Corporate Governance Council *(Council Member)*
Dynasty Trust *(Board of Trustees)*
Hup Soon Global Corporation Limited
JTC Corporation *(Board Member)*
Sentosa Development Corporation (SDC) *(Board Member)*
Singapore Management University *(Board of Trustees)*
SPI (Australia) Assets Pty Ltd
Singapore Institute of Technology *(formerly known as Singapore Institute of Applied Technology) (Board of Trustees)*
WongPartnership LLP *(Managing Partner)*
The Law Society of Singapore *(Council Member)*

Past directorships over the preceding three years *(from 31 March 2007 to 31 March 2010)*

The Ascott Group Limited
Clifford Chance Wong Pte Ltd
Global Investments Limited *(formerly known as Babcock & Brown Global Investments Limited)*
MOH Holdings Pte Ltd
SP Services Limited
WOPA Services Pte Ltd

HALIMAH YACOB *(55 yrs)*

Academic & Professional Qualifications

LLB (Hons), University of Singapore
Master of Laws, National University of Singapore

Directorship

Date first appointed: 08.10.2007

Date last re-elected: 11.07.2008

Present Directorships *(as at 31 March 2010)*

SMRT Group

SMRT Corporation Ltd
SMRT Trains Ltd
SMRT Road Holdings Ltd
SMRT Buses Ltd

Others

National University of Singapore *(Board of Trustees)*
MENDAKI Holdings Pte Ltd *(Board Member)*
Temasek Cares CGL Limited *(Board Member)*

Past directorships over the preceding three years *(from 31 March 2007 to 31 March 2010)*

Economic Development Board *(Board Member)*
Housing & Development Board *(Board Member)*
JTC Corporation *(Board Member)*
National Environment Agency *(Board Member)*

CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS

HO KIM WAI (55 yrs)

Academic & Professional Qualifications	Directorship
Bachelor of Science (Mechanical Engineering) 1st Class Hons, Imperial College London Master of Finance, RMIT University, Australia Doctor of Philosophy in Finance, Nanyang Technological University, Singapore Fellow of the Institute of Chartered Accountants in England and Wales Fellow of the Institute of Certified Public Accountants of Singapore	Date first appointed: 23.07.2008 Date last re-elected: 23.07.2009
Present Directorships (as at 31 March 2010)	Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)
SMRT Group SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	Nil

PAUL MA KAH WOH (62 yrs)

Academic & Professional Qualifications	Directorship																				
Fellow of the Institute of Chartered Accountants in England and Wales Member of the Institute of Certified Public Accountants of Singapore	Date first appointed: 15.07.2005 Date last re-elected: 11.07.2008																				
Present Directorships (as at 31 March 2010)	Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)																				
<table border="0"> <tr> <td>SMRT Group</td> <td>Others</td> </tr> <tr> <td>SMRT Corporation Ltd</td> <td>CapitaLand China Development Fund Pte Ltd</td> </tr> <tr> <td>SMRT Trains Ltd</td> <td>CapitaLand China Development Fund II Limited</td> </tr> <tr> <td>SMRT Road Holdings Ltd</td> <td>Hwa Hong Corporation Limited</td> </tr> <tr> <td>SMRT Buses Ltd</td> <td>Keppel Infrastructure Fund Management Pte Ltd</td> </tr> <tr> <td></td> <td>Mapletree Investments Pte Ltd</td> </tr> <tr> <td></td> <td>Mapletree Logistics Trust Management Ltd</td> </tr> <tr> <td></td> <td>National University of Singapore (Board of Trustees)</td> </tr> <tr> <td></td> <td>Nucleus Connect Pte Ltd</td> </tr> <tr> <td></td> <td>Tenet Insurance Company Ltd</td> </tr> </table>	SMRT Group	Others	SMRT Corporation Ltd	CapitaLand China Development Fund Pte Ltd	SMRT Trains Ltd	CapitaLand China Development Fund II Limited	SMRT Road Holdings Ltd	Hwa Hong Corporation Limited	SMRT Buses Ltd	Keppel Infrastructure Fund Management Pte Ltd		Mapletree Investments Pte Ltd		Mapletree Logistics Trust Management Ltd		National University of Singapore (Board of Trustees)		Nucleus Connect Pte Ltd		Tenet Insurance Company Ltd	Ascott Residence Trust Management Limited Bata Emerging Markets Limited Golden Harvest Entertainment (Holdings) Limited
SMRT Group	Others																				
SMRT Corporation Ltd	CapitaLand China Development Fund Pte Ltd																				
SMRT Trains Ltd	CapitaLand China Development Fund II Limited																				
SMRT Road Holdings Ltd	Hwa Hong Corporation Limited																				
SMRT Buses Ltd	Keppel Infrastructure Fund Management Pte Ltd																				
	Mapletree Investments Pte Ltd																				
	Mapletree Logistics Trust Management Ltd																				
	National University of Singapore (Board of Trustees)																				
	Nucleus Connect Pte Ltd																				
	Tenet Insurance Company Ltd																				

ONG YE KUNG (40 yrs)**Academic & Professional Qualifications**

Bachelor of Science (Economics) 1st Class Hons, University of London,
London School of Economics and Political Science

Master of Business Administration, Institute of Management Development,
Lausanne, Switzerland

Directorship

Date first appointed: 01.08.2006
Date last re-elected: 23.07.2009

Present Directorships (as at 31 March 2010)**Past directorships over the preceding three years** (from 31 March 2007 to 31 March 2010)**SMRT Group**

SMRT Corporation Ltd

Others

Chinese Development Assistance Council (CDAC)
(Co-Chairman of Workers' Upgrading & Employment Committee)

Employment and Employability Institute Pte Ltd (e2i)
(Chairman)

National Trades Union Congress (NTUC)
(Assistant Secretary-General)

National Transport Workers' Union (NTWU)
(Executive Secretary)

Ngee Ann Polytechnic Council *(Member)*

Northlight School *(Member of Board of Governors)*

NTUC Investment Co-operative Ltd

NTUC LearningHub Pte Ltd

Singapore LSE Trust *(Trustee)*

Singapore Manual & Mercantile Workers' Union (SMMWU) *(Executive Secretary)*

SPRING Singapore

Ascendas Pte Ltd

Civil Service College

Institute of Management Consultants Singapore *(Member of Panel of Advisors)*

Institute of Systems Science *(Board Member)*

Quality Service Advisory Council *(Member)*

Singapore Workforce Development Agency
(Board Member/Chief Executive)

UniSIM *(Board of Trustees)*

CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS

BOB TAN BENG HAI (58 yrs)

Academic & Professional Qualifications		Directorship
Fellow of the Institute of Chartered Accountants in England and Wales		Date first appointed: 01.08.2006 Date last re-elected: 23.07.2009
Present Directorships (as at 31 March 2010)		Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)
SMRT Group	Others	
SMRT Corporation Ltd	Charity Council (Board Member)	NTUC Club Investments Pte Ltd
SMRT Trains Ltd	ITE Holding Pte Ltd (Chairman)	Quebec Leisure International Pte Ltd
SMRT Road Holdings Ltd	Institute of Technical Education (Chairman)	PowerSeraya Limited
SMRT Buses Ltd	Jurong Engineering Limited (Chairman)	UMS Holdings Limited
	National Wages Council (Member)	Toppan Leefung Pte Ltd (formerly known as SNP Corporation Pte Ltd)
	NTUC Club Management Council (Council Member)	
	Ong Teng Cheong Labour Leadership Institute (Board Member)	
	SBF Holdings Pte Ltd	
	Sentosa Golf Club (Management Committee – Member and Captain)	
	Singapore Business Federation (Honorary Treasurer)	
	Singapore Golf Association (President)	
	Singapore National Employers Federation (Vice President)	
	Tripartite Alliance for Fair Employment Practices (Co-Chairman)	
	Tripartite Committee for CPF and Work-Related Benefits for Low Wage Workers (Member)	

TAN EK KIA (62 yrs)

Academic & Professional Qualifications		Directorship
Bachelor of Science, Mechanical Engineering, 1st Class Hons, Nottingham University, United Kingdom		Date first appointed: 24.07.2009
Fellow of Institute of Engineers, Malaysia		
Chartered Engineer, United Kingdom Engineering Council		
Present Directorships (as at 31 March 2010)		Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)
SMRT Group	Others	
SMRT Corporation Ltd	City Gas Pte Ltd (Chairman)	Orchard Energy Pte Ltd
SMRT Trains Ltd	Dialog Systems (Asia) Pte Ltd	PowerSeraya Limited
SMRT Road Holdings Ltd	InterGlobal Offshore Pte Ltd	
SMRT Buses Ltd	Keppel Offshore and Marine Ltd	

PETER TAN BOON HENG (61 yrs)

Academic & Professional Qualifications

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

Directorship

Date first appointed: 12.02.2010

Present Directorships (as at 31 March 2010)

SMRT Group

SMRT Corporation Ltd
SMRT Trains Ltd
SMRT Road Holdings Ltd
SMRT Buses Ltd

Others

Dialog Semiconductor PLC
GISIL Devices Pte Ltd
Innotek Limited
JP Asia Capital Pte Ltd
JP Asia Capital Partners Pte Ltd
MIR Investment Management Ltd *(Advisor)*
National Research Foundation – Competitive Research Program *(International Evaluation Panel Member)*
National University of Singapore – B. Tech Programme *(Advisor)*
Petitecellar Dot Com (Private) Limited
PolyTechnos European Growth Fund 1 *(Advisor)*
SolarEdge Technologies, Inc (Israel) *(Advisor)*
Vacuumschmelze (VAC) Luxembourg S.a.r.l.
Varioptic SA
Zhenghua Secondary School
(School Advisory Committee Member)

Past directorships over the preceding three years (from 31 March 2007 to 31 March 2010)

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)
(Board of Governors)

SMRT AND OUR SHAREHOLDERS

SMRT is 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 2010, the market capitalisation of SMRT was approximately \$3.1 billion, based on a closing share price of \$2.04. The highest closing price in the year was \$2.07 on 30 March 2010, the average closing price was \$1.75 while the lowest closing price in the year of \$1.46 was recorded on 6 April 2009.

The graph below shows SMRT’s average weekly closing price and trading volume in FY2010.

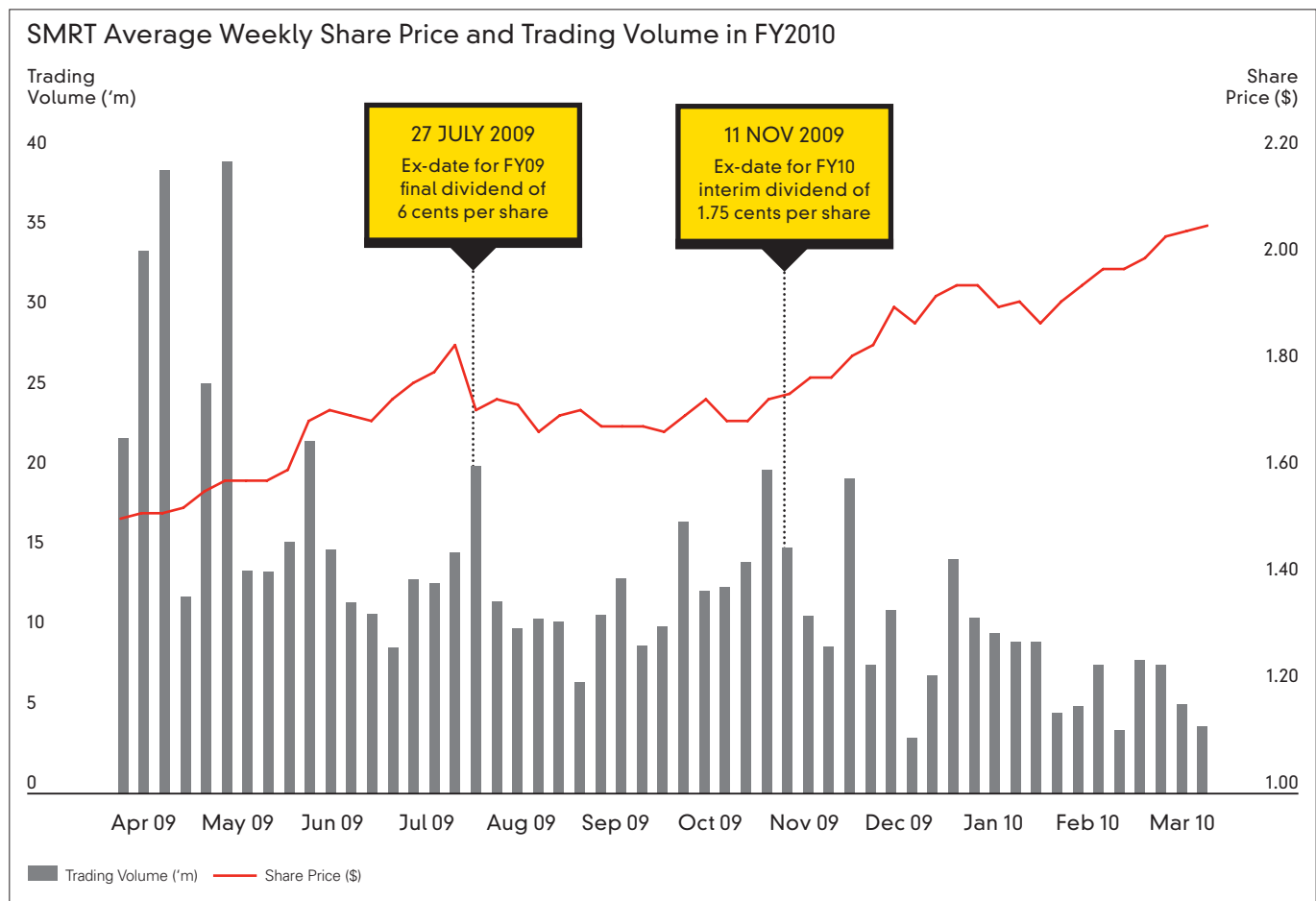
SMRT’s Dividend Policy

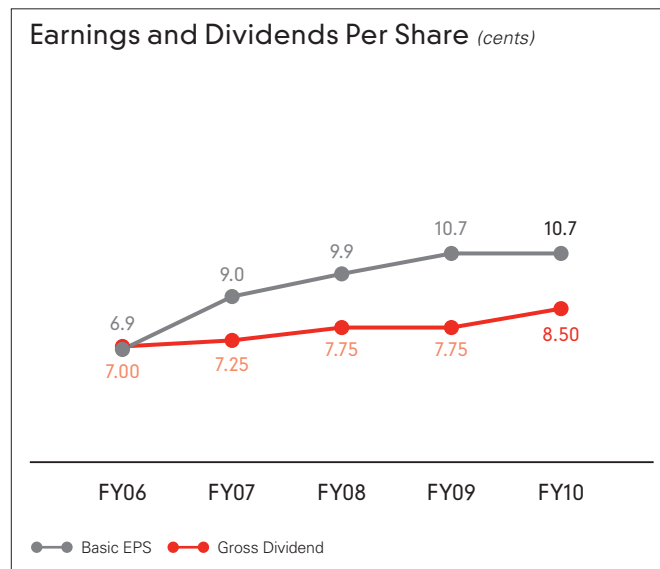
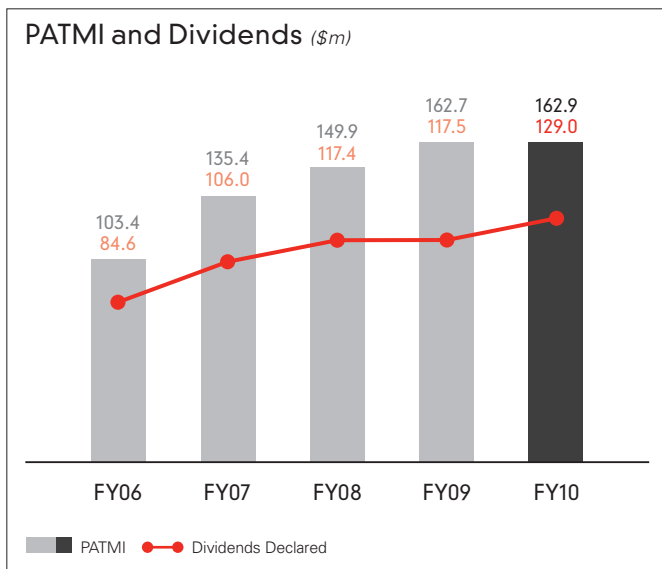
We will endeavour to maintain or increase dividend payout each year in terms of cents per share, targeting a minimum payout ratio of 60% of PATMI per year for the interim and final ordinary dividend. In any particular year, we may also propose a special dividend to provide investors with greater returns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

Consistent and Increasing Dividend Payouts

In line with SMRT’s dividend policy, we continued to reward our shareholders with good dividends. In FY2010, the Group proposed a final dividend of 6.75 cents per share, tax exempt one-tier. If approved at the 11th Annual General Meeting (AGM) on 16 July 2010, this will bring





the total dividend for FY2010 to 8.5 cents per share, equal to a dividend payout of 79.2% of PATMI. Since FY2006, SMRT's dividend payouts have been at least 60% of total PATMI. The two charts above explain how steady increases in earnings led to corresponding increases in dividends over the past five years.

Achieving Total Returns

For FY2010, the total shareholder return increased to 38.2% from a negative 11.5% last year. This includes a 4.9% of dividend yield and a 33.3% of capital gains. Over a five-year period, SMRT's compounded annual return was 23.0%.

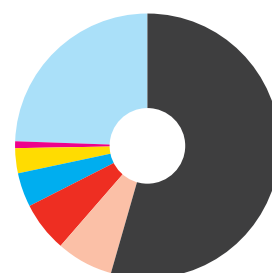
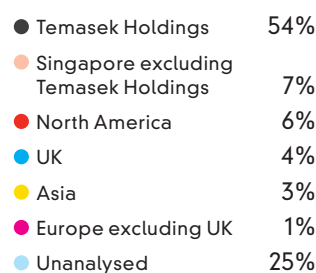
Diverse Shareholder Base

As set forth in the *Shareholding Statistics* section in this annual report, there are 47,319 registered shareholders in SMRT's shareholding as at 25 May 2010. 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 FY2010 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 16 November 2009. Out of the Group's free float of 45%, about 19% of our shareholding was held by institutional investors. The top three geographic regions where our

Shareholders by Region



Approximate figures based on share register analysis as at 16 November 2009

investors are based are: Singapore, North America and UK. This diversification in our shareholdings improves liquidity and helps ensure our shares are valued fairly by reference to market conditions and our operating performance.

Proactive Communication with Shareholders

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

In the year, we continued to see strong interest from the investors on the updates and outlook of SMRT. The team conducted over 120 meetings to give investors a clearer insight to our business units, the growth drivers, and our

INVESTOR RELATIONS

SMRT AND OUR SHAREHOLDERS

strategies in leveraging opportunities and overcoming challenges. We also participated in four investor conferences, organised by various brokerage institutions in Singapore and Hong Kong to reach out to more institutional investors.

SMRT is well covered by 17 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. For example, for the new Circle Line and its depot, a preview was organised for the analysts in May 2009 prior to its official opening.

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 fifth 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 three years due to its overwhelming response. To even further reach out to retail investors, we participated in SIAS inaugural investor conference in the year. Besides being a silver sponsor,



we also participated as an exhibitor and attended to queries from retail shareholders on our business, strategy and outlook.

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 organised so as to reach out to

INVESTOR RELATIONS AND FINANCIAL CALENDAR FOR FY2010

Q1 2010

April	
24	Webcast of Analyst and Media Briefing on FY2009 results
May	
7	Analysts' visit to Circle Line Depot
21	Participation in CLSA Corporate Access Forum (Singapore)
June	
29	Release of Annual Report FY2009

Q2 2010

July	
18-19	Participated in SIAS Asian Investment Conference
23	Tenth Annual General Meeting
30-31	Books closure for FY2009 final dividend
31	Teleconference on 1QFY2010 results
August	
3	Post results luncheon hosted by Nomura Securities
12	Payment of FY2009 final dividend
14	Participation in Citigroup's Investor Conference (Singapore)

Q3 2010

October	
30	Webcast on 2QFY2010 results
November	
16-17	Books closure for FY2010 interim dividend
25	Payment of FY2010 interim dividend

Q4 2010

January	
12	Participation in DBS Vickers Pulse of Asia Conference
27	Teleconference on 3QFY2010 results
February	
9	Post results luncheon hosted by JP Morgan Securities
23	Annual New Year Lunch with Analysts
March	
24-25	Participation in Credit Suisse Asian Investment Conference (Hong Kong)

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

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 investors.

Apart from quarterly financial results announcements, Senior Management and our IR team provided updates on the Company's strategies and projects' progress. For example, for our first overseas acquisition of Shenzhen Zona, a transport company based in Shenzhen, Management shared pertinent operational and financial information on the company and further disclosed financial projections so that analysts and investors can better assess the investment. To give investors better insights into our operations, we also published monthly ridership data for MRT and bus operations.

During the year, Singapore experienced its worst financial downturn. On top of this, SMRT was also impacted by the 4.6% fare reduction. Investors also had concerns on the costs of opening CCL by stages, acquisition of Shenzhen Zona and the impact of the economy on our business units. Senior Management and the IR team made efforts to address these issues with the investment community, reassuring them of our strategies and action plans to mitigate any impact on our revenues and to grow our profits.



Achievements and Accolades

SMRT was again recognised for our proactive investor relations and high corporate transparency standards in FY2010.

We have been consistently ranked number two in the two issues of the Governance and Transparency Index, co-published by the Business Times and NUS Corporate Governance and Financial Reporting Centre. This index focuses not only on the transparency of financial information but also on governance, ethics and rigour in financial reporting.

At the Investors' Choice Award presentation organised by SIAS in 2009, SMRT was presented with the runner-up award for the Most Transparent Company Award in the Transport/Storage/Communication category.

CORPORATE SOCIAL RESPONSIBILITY

OUR PEOPLE, OUR FUTURE

At SMRT, we believe that our people hold the key to sustainable growth in an increasingly complex market place. We invest in our people through comprehensive retention and development programmes and inculcate a sense of belonging and unity through communication and engagement activities.

A Pipeline For Talent

The official launch ceremony for SMRT Institute in November 2009 coincided with the formalisation of strategic collaborations which we forged with the Institute of Technical Education (ITE) and Singapore Workforce Development Agency (WDA).

Our partnership with ITE saw the development of the industry's first-ever National ITE Certificate (Nitec) in Rapid Transit Technology (RTT). Nitec RTT equips students with the necessary technical skills and knowledge to take on technical positions in the rail transport industry.

The Nitec programme offers a continuous education pathway for post secondary students who wish to join our industry while simultaneously extending skills upgrading and professional qualifications to incumbent railway employees with limited formal education. In future, we envisage that similar courses in RTT will be offered at diploma and degree levels.

SMRT is collaborating with the Workforce Development Agency to develop a Workforce Skills Qualification (WSQ) framework for the railway engineering sector. This framework will be used to upgrade the skills of existing railway industry workers and attract new entrants to the industry.

Over time, this training programme and WSQ framework will create a pipeline of qualified and trained technical talents to plug the skills gap created by retiring employees while developing the competencies of our technical workforce.

Lifelong Learning

The Learning through Educational Advancement Programme (LEAP) provides deserving employees with opportunities to upgrade their educational qualifications through corporate sponsorship of certification programmes and material fees. Since its launch in July 2009, six employees from across SMRT have received the LEAP award following a thorough evaluation process.

SMRT's very first Learning Festival was organised and launched in late November 2009. The three-day festival

packed with talks, mini-workshops, booths and events like a book exchange and a public speaking competition saw the active participation of 700 employees from Bishan Depot and SMRT headquarters. Participants came away enlightened about best practices in areas like people management, coaching, strategic thinking, relationship management, and emotional intelligence.

Starting Right

SMRT's HR Department is pro-active in making sure that new employees start their careers with us on the right footing. In FY2010, HR launched O2, an in-house orientation initiative designed to welcome newcomers on board in an exciting and vibrant way.

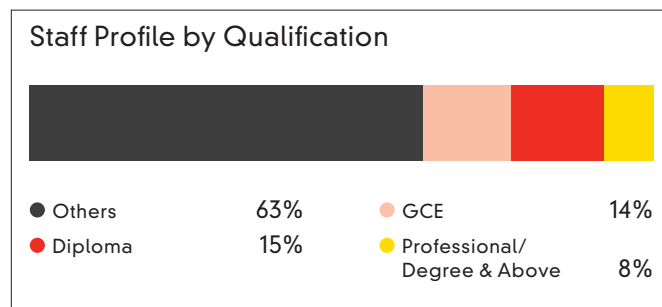
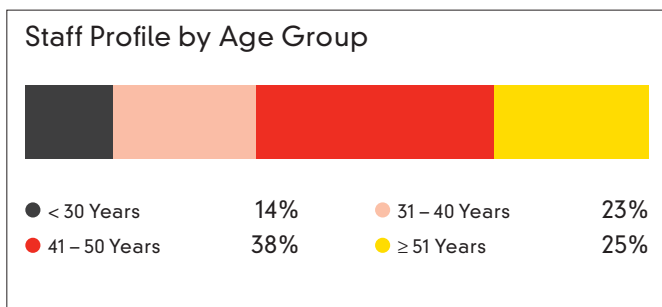
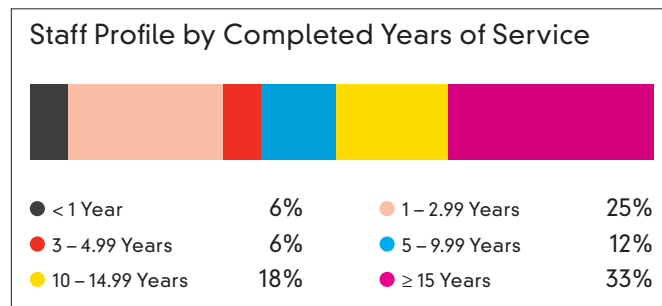
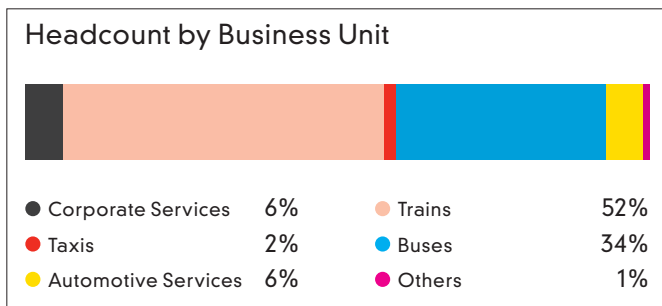
O2 cleverly employs varied platforms such as videos, interactive websites, workshops and social events to offer new employees the necessary information about the organisation and their role in it. At the same time, the programme connects newcomers with key people within the organisation whom they can go to for guidance. O2 effectively gives new employees a headstart at SMRT so they can adjust to their new environment smoothly and perform well in the shortest possible time.

Nurturing Leaders, Boosting Teamwork

SMRT's customised talent & leadership development programme, DNA, which stands for Devel@p, Nurture and A.C.E, is designed to bring out the best in all levels of talent.

Now into its second year, the Management Trainee programme, which comes under the Devel@p component of our DNA formula, saw us recruiting 17 trainees in FY2010. These trainees went through a week-long induction programme before embarking on an intensive 18-month training programme to equip them with an understanding of SMRT's core business and prepare them to assume management executive positions. Trainees will be posted to two business units for three to six month stints, where they will have the opportunity to be a part of actual operational projects. They will also attend management development courses and hold dialogue sessions with senior management.

Under the Nurture dimension of our programme, members of SMRT's Young Talent Pool and Executive Development Pool were given many opportunities to sharpen their leadership skills during the year. These programmes, which were conducted for various levels, encompassed financial and communication skills training and leadership



development programmes such as Young Leaders! 2009 and Global Leaders! 2009.

The Business Coaching Programme, under the A.C.E or Executive Development part of our training and development approach, was launched in August 2009. The programme is designed to prepare future Vice-Presidents of business units for their roles by sharpening their business acumen and training them in strategic forward thinking. The programme also provides a platform for the President to share insights and knowledge with those being groomed for leadership roles.

In Research & Development, SMRT has joined the renowned Massachusetts Institute of Technology's (MIT) Industrial Liaison Programme (ILP) to collaborate on key engineering projects. These projects aim to inject more innovation into our operational processes to achieve greater efficiency and improve customer experience.

SMRT is working with the Ministry of Manpower (MOM) and Hot Spots Institute on the Hot Spots Programme, which evaluates the ingredients of successful team work within organisations. The SMRT Hot Spots Multi Team report made recommendations to boost the productivity and innovative capability of our teams.

Three of our teams, namely, Ride & Win, Safety SHIELD and Bus Service Quality Team, have completed the 14- week programme. The fourth team, the Green Committee, has completed their Team Profiling and commenced their first Learning "webinar" in late December 2009.

A Healthy, Engaged Workforce

SMRT promotes staff health and well-being by creating a healthy work environment, implementing pro-health policies and providing health promotion activities at work.

SMRT adopts a holistic approach to workplace health which focuses on nutrition, fitness, health awareness, mental health, weight management and smoking cessation. We aim to empower our staff to improve their health by making healthy lifestyle choices in all these six core areas. A committee was formed to plan, execute and evaluate the effectiveness of the health promotion activities.

In FY2010, we sought to engage and promote mutual understanding between management and staff through dialogue sessions such as SMRT Leaders Exchange and Business Units Dialogue with Vice Presidents as well as organised activities including the Lunar New Year Walkabout and SMRT A.C.T.I.V.E Day.

The SMRT Intranet Forum "In Conversation" was launched in November 2009 as part of an on-going effort to actively engage our staff. "In Conversation", which promotes open communication between Management and staff, is in line with our goal of creating an "inclusive" culture at SMRT.

Enlightened People Management

Our human resources practices and processes were once again recognised at the HRM Awards Singapore 2010, where SMRT emerged as one of two top winners with

CORPORATE SOCIAL RESPONSIBILITY

three major awards for Best HR Team, Best HR Manager and Outstanding Contribution to HR.

In July 2009, some 966 employees were honoured at the SMRT Long Service Awards 2009. At the national level, 657 staff from SMRT were commended for service excellence at the Excellent Service Awards (EXSA) in 2009 and 21 staff clinched the Star Award. This is a significant improvement over 2008 when 471 staff received commendations and 19 clinched the Star Award.

To refresh our talent pool, SMRT will continue to participate in career fairs at Singapore's tertiary institutions and partner various agencies such as Contact Singapore, the Workforce Development Authority and Singapore National Employers Federation. These events are an essential part of our resourcing strategies and go a long way towards ensuring the continued success of the organisation.



We continue to enhance our harmonious working relationship with the National Transport Workers' Union and SMRT Union Branches through the Partnership-Alignment-Capability Development-Engagement (PACE) framework for labour management.

The Shared Labour Management Relations Vision and Practice (SLMRVP) provides Management and the unions with a code of conduct in the practice of industrial relations. This code aims to ensure the well-being of every employee and the success of SMRT through a proactive and collaborative partnership forged through openness and trust. Both the PACE framework and SLMRVP code of conduct have been effective since FY2008.

EMPOWERED BY TECHNOLOGY

In FY2010, the efforts of the Information Technology Department (ITD) to empower SMRT through technology were acknowledged within the IT industry.

In July 2009, the Information Technology Department's (ITD) eProcurement system project received the MIS IT Excellence Award 2009 for the Best Bottom Line IT (Private Sector). Rolled out in FY2009, the eProcurement system provides an electronic platform for the submission, processing and approval of quotations. Eliminating cumbersome manual practices, eProcurement simplifies evaluation and approval processes, augments transaction capacity and leads to productivity savings.

Information technology made a tangible difference to commuters in April 2009 when SMRT Taxis introduced IT-enabled cashless payment of taxi fares using VISA, Mastercard, Diners Club and American Express cards. This move expands on the use of ez-link cards for cashless payment introduced in 2008, increasing the payment options for commuters.

During the year, ITD launched initiatives in warehouse, asset and knowledge management which improved the efficiency and productivity of SMRT's administrative and operational functions.

ITD worked with the Central Supplies department to implement the RFID Warehouse Management System. The new system will improve end-user experience by allowing business units to make requests for supplies on a Just-in-Time basis. It will also improve warehouse productivity and inventory management.

FY2010 saw SMRT adopting an IT Asset Management System to manage software and hardware compliance more effectively. This move to manage our IT assets on an organisation-wide platform will prevent the purchase of unnecessary software licences, duplication in the tracking of software licensing across business units and inability to account for hardware equipment.

SMRT is working towards the implementation of a comprehensive Knowledge Management System across the organisation. As a first step towards this goal, ITD launched a web-based platform that allows business units to manage their documents electronically in a safe and secure manner. Other functionalities such as blogs and discussion forums will be added to the platform in future as SMRT looks towards effectively managing its organisational knowledge.

ITD's reach also extended to the area of on-the-job training and skills upgrading. During the year, ITD worked with the Engineering division to launch an eLearning System for competence management. The eLearning System allows for the effective management of the re-certification process through the conversion of common refresher courses like Work Safety into self-paced eLearning modules. The system also leads to better tracking of training records and staff competency audits.

In the area of accident claims, the Year in Review saw ITD working with NEC Solutions Asia Pacific to revamp the existing Accident Claims Management System. The new system for administering accident claims for SMRT buses and taxis is flexible enough to allow for changes in business processes and supports the decentralisation of on-line accident reporting in real time. It improves the work capacity of each claims staff and lowers administrative costs arising from accident claims.

Future Priorities

Looking ahead to FY2011, enhancing information management for better and faster business decision making will be key, while concerted efforts to improve staff productivity, cost savings and process efficiency will be among ITD's top priorities.

We are looking to automate the process of Service Leaders safety audit and enforcement to eliminate manual entry and are exploring solutions that would allow us to better monitor and improve the driving skills of our service leaders. This would help us achieve savings in maintenance and improve fleet fuel efficiency.

We will also take a fresh look at our Integrated Incident Management System, with a view to streamlining and consolidating vertical processes in areas such as hazard monitoring, failure and delay, among others. This will provide a seamless workflow and lead to benefits such as improved and faster information flow and expedited rectification and mitigation of incidents issues.

FUNDAMENTALS FIRST

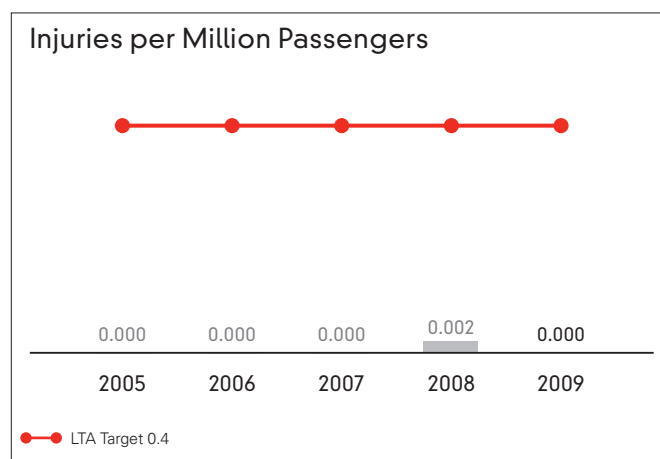
At SMRT, we view safety and security as a fundamental building block of our operations. It is only when safety and security standards are met that we can truly deliver the benefits of an efficient, reliable and affordable land transport system.

Management actively drives this culture of an uncompromising commitment to safety and security, working closely with a dedicated safety team.

Setting Standards

SMRT's System Safety Programme Plan (SSPP) is a rigorously developed safety management system. Since 2001, our SSPP has been audited by the American Public Transportation Association which has described some of our safety initiatives as industry best practices. At the end of FY2010, SMRT achieved the OHSAS 18001 certification, making SMRT SSPP probably the world's first and only safety management system for transit operators that meets the criteria of both OHSAS 18001 as well as US-MIL-STD 882.

On home turf, we have consistently surpassed passenger safety standards set by the Land Transport Authority, achieving less than 0.01 passenger injury rate per million customers throughout the last five years; a significant improvement on the 0.4 target set.

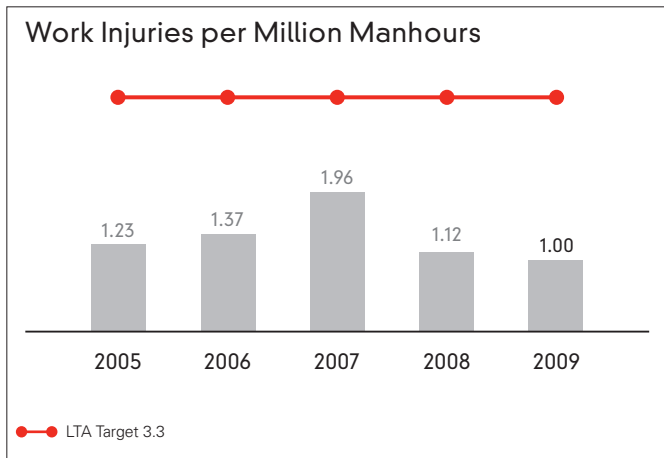


Staying On Track

Inculcating a safety culture requires constant effort. For this purpose, we inaugurated a safety awareness programme, SMRT SHIELD in 2008.

SMRT SHIELD runs a series of competitive events across different business units to inculcate the right service attitude and reinforce safety traits in our employees.

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Since the launch of SMRT SHIELD, we have seen a significant decline in the number of reportable incidents per million train kilometers from 2.71 (2007) to 1.35 (2009). This works out to a 50% reduction over a two-year period. While this decline in the incident rate may not be fully due to the SHIELD programme, the contribution of the SHIELD programme and its positive ripple effect cannot be underestimated.

The work injuries rate has also been at a level significantly lower than the target set by LTA.

Staying Vigilant

Events overseas have shown that public transport systems can easily become vulnerable to terrorist attacks. At SMRT, we make it a point never to underestimate the importance of staying vigilant to security threats on our trains, buses and taxis, in our stations and interchanges and throughout our network.

In January 2009, we launched our monthly in-house newsletter, Vigil, to raise security awareness throughout our organisation. Among other things, Vigil offers tips on detecting suspicious situations and managing them.



In March 2009, 126 staff attended the annual Security and Emergency Planning seminar where international and local security experts expounded on the latest security trends and challenges.

SMRT is also helping to inculcate a sense of vigilance in the community. During the year, Citizens on Patrol, a community policing scheme, was extended beyond the heartlands into the MRT system together with our security department. In a pilot project that commenced in August 2009, 12 Citizens on Patrol teams did their rounds at 11 stations in the West and North-West of the island such as Clementi, Yew Tee, Boon Lay and Joo Koon.

A culture of security and emergency preparedness within the community complements this sense of vigilance. To foster such public awareness, we introduced an SMRT Community Emergency Programme (SCEP) in 2006. This programme sets out to educate the community on Security, Safety & Emergency Awareness. Since then, the public education programme has been warmly received by grassroots, schools and the public. To date we have trained over 9,000 participants.

The contract for the provision of Transit Security Officers at our stations was awarded to a new service provider, G4S Security Services (S) Pte Ltd, with effect from December 2009. Additional training was provided for these new security officers. Our in-house security personnel also conducted checks on service levels and offered feedback for further safeguarding transit security.

Primed For Emergencies

Emergency preparedness is a cornerstone of our safety and security strategy. At SMRT, we go to great lengths to test our emergency response procedures and systems both internally and in collaboration with external agencies and partners.

Among other partnerships, our inter-agency collaborations have seen us working with the MINDEF Bomb Disposal Unit and the Singapore Armed Forces's Special Operation Force and the Chemical, Biological, Radiological and Explosives Unit. We also consulted the Singapore Police Force and the Singapore Civil Defence Force (SCDF) on the development and periodic reviews of our standard operating procedures.

SMRT routinely conducts several emergency exercises a year to test our response to emergencies and terror attacks, should they occur. Most of our exercises

are preceded by security awareness and practical training sessions for our staff and related participants.

As our network expands with the opening of the Circle Line (CCL), the need for a coordinated, swift and effective response to any crises is even more urgent. In March 2009, SMRT worked with the Police, Civil Defence Forces and members of the public to run the CCL3 exercise based on the scenario of a bomb blast on board a train. One month later, another simulation exercise, this time a Table Top Exercise, was conducted prior to the opening of Phase 3 of Circle Line.

In July 2009, SMRT was an active participant in Exercise Northstar VII, a multi-agency exercise led by the Singapore Police Force. Conducted at Raffles Place MRT, the exercise was based on the scenario of "swarm attacks" on several targets such as transport nodes, hotels and urban centres. SMRT took the opportunity to implement our Rail Incident Management Plan during the exercise.

Among other joint exercises, the Year in Review also saw us working with the SCDF on Ex Carina, based on a scenario of a chemical agent attack at Pasir Ris MRT station and White Sands Shopping Centre. SMRT staff practised their drills on the use of protective equipment and station evacuation.

Securing Our Future

Internally, efforts to strengthen our safety culture and enhance our processes and procedures will continue unabated. SMRT SHIELD will remain a strong impetus to encourage business units to take greater ownership of safety improvement for FY2011 and beyond. Business units who have implemented various safety initiatives and achieved their safety performance targets will be recognised before the entire company at the close of the SHIELD event.

When SMRT achieved the OHSAS 18001 certification on our SSPP at the end of FY2010, it marked a significant milestone in the development of our safety management system. Moving ahead, we will continue to enhance our SSPP with other internationally recognised standards. We recognise that an effective management system that meets various international standards is a competitive advantage for SMRT in its venture overseas.

On the Security front, we will be reviewing Standard Operational Procedures to enhance our level of preparedness in mitigating the effects of unforeseen incidents in our

operations. We will complete the security open tender and deployment of security officers at our depots, interchanges and HQ while concurrently training a minimum of 3,600 participants under the SCEP program.

In the year ahead we will be working to improve Security Questioning Techniques for frontline and HR staff and to complete the Woodland Bus Interchange security auto bollard project. We will also implement the Access Control Management System at all 53 of our stations.

Plans are underway to obtain the Business Continuity Management Certification (BCM) that is in compliance with the Singapore and British continuity planning standards. The implementation of SMRT's BCM will strengthen current approach to assessing our risk exposure, prioritising critical functions, and determining the recovery of resources and capabilities in the event of a disaster. We aim to conduct the required Table Top Exercises to prepare staff listed under the Business Continuity Management Plan.

Also on the agenda are plans to review and improve Counter Surveillance Plans for all our stations and to conduct awareness training for Transcoms Officers and subsequently managers in our bus and depot operations.

We will be reorganising our Red Teaming groups and equipping them with the necessary skills to conduct Red Teaming exercises with more scenarios.

With the launch of the Citizens on Patrol programme in South West Community Development Council (CDC), we plan to launch "Train Spot Check" exercises at stations before extending such checks to other CDCs.

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SMRT IS GREEN

Launched in April 2008, “SMRT is Green” is the Group’s formal pledge to embrace environmentally-friendly policies and practices in our business, operations and infrastructure. Today, green values and practices permeate every aspect of life at SMRT as well as our interactions with our partners, customers and staff.

We are encouraged that our drive towards sustainable development enabled by green practices has not gone unnoticed.

In March 2010, SMRT was included in the FTSE4Good Index, which measures the performance of companies that meet globally recognised corporate responsibility standards. SMRT made the grade for demonstrating transparency and good governance with strong environmental and social responsibility initiatives. SMRT was also conferred the “Most Energy Efficient Metro” award at The Metros Award 2010.

In July 2009, SMRT received the Top Achiever, Singapore Environmental Achievement Award 08/09 from the Singapore Environmental Council. Touted as the Green Oscars, this award is the only environmental honour in Singapore to address the full spectrum of environmental initiatives and awareness within an organisation.



SMRT’s green credentials also earned the Group two awards at the Land Transport Excellence Awards (LTEA) 2010. We were named the most Eco-Friendly Transport Partner for our adoption of eco-friendly initiatives, technologies and green vehicles, while our Go Green with SMRT campaign was named the Most Creative Promotion/Campaign for creative excellence in land transport promotions.

In line with our green consciousness, the SMRT HQ building, our six trains and bus depots, Bukit Panjang LRT Depot, 53 MRT stations and six bus interchanges have been certified water efficient by the Public Utilities Board.

Greening Our Systems

In FY2010, all our business units kept up the push to improve their environment management systems for better and greener operations. In Jan 2010, SMRT passed the ISO14001 surveillance audit.

In waste management matters, the Engineering and Automotive Services units engaged licensed contractors to collect toxic wastes. In a further measure, solid waste are segregated at source into coloured bins at workshop level.

We also made progress in water management. SMRT engineers raised the water handling capacity of the water treatment system at SMRT Bishan Depot Rolling Stock Workshop. This allows more waste water from the component washing plant and air conditioning washing area to be channelled for further processing. In another water management initiative, SMRT Buses refined the bus washing regime to use detergent once a week rather than for every bus wash. This move reduces the environmental impact from detergent usage.

The Year in Review saw SMRT making progress in acquiring and maintaining more eco-friendly resources. During the year, SMRT purchased its second batch of Euro V buses comprising 67 vehicles, bringing the total number of Euro V buses in our fleet up to 134.

Euro V buses are purpose-engineered to incorporate green features. The use of BlueTec Selective Catalytic Reduction (SCR) Engine Technology optimises engine combustion, leading to reductions in emissions of fine particulate matter of no more than 2.5 microns in size. At the same time, the SCR catalytic converter changes harmful nitrous oxide emissions into mostly nitrogen and water vapour. Consequently, the Euro V bus emits 42% less nitrous oxide pollutants compared to the Euro IV bus.

In March 2010, SMRT launched a one-year trial for Southeast Asia’s first full low-floor Euro V Citaro bus. The Citaro bus is one ton lighter than SMRT’s current fleet of Euro V buses and seven per cent more fuel efficient. Better insulation also makes the Citaro quieter, thus minimising the impact of noise pollution on our urban environment.

Several energy management practices were adopted at our Circle Line Stations and at Kim Chuan Depot. The out-stabling of trains on tracks helps save electricity as these trains need not return to the depot after revenue hours. Energy saving measures at Kim Chuan Depot include the use of day lighting for the underground office



and workshop, and switching off 50 per cent of high bay lighting in stabling areas for trains, among others. Energy saving practices for lighting were also implemented at Bartley, Serangoon, Lorong Chuan, Bishan and Marymount stations on the Circle Line. Among other things, selected escalators are switched off during off peak hours.

The chillers at our stations offer the greatest potential for improvements in energy efficiency as they are switched on for the entire duration of our daily operations. During the year, the central chiller at the SMRT Trains Operations Control Centre was replaced, leading to a 30% improvement in cooling efficiency. The air conditioning systems in the Communication Equipment room for 11 stations were replaced with more energy efficient inverter units.

SMRT's progressive switch to recycled paper for office supplies is underway. In January 2010, SMRT made the switch from paper cups to biodegradable cornware cups, resulting in cost savings of 24%.

An Earth-Friendly Mindset

Reflecting an organisation-wide environmental consciousness, a green framework has been established to look into delivering IT services, solutions and resources in eco-friendly ways. Among other initiatives, IT solutions are now designed with environmental sustainability in mind, while IT systems resources are now consolidated to be delivered using multi-function software and hardware instead of running multiple appliances for each service. SMRT's eProcurement system launched in 2008 is a cost efficient and sustainable way of processing quotations in a productive manner.

SMRT's pro-environment mindset flows from concerted efforts to cultivate a green corporate culture among staff. These efforts include activities and competitions to build up green consciousness among our people.

The inaugural SMRT Eco Hero competition, which ran from May 2008 to April 2009, was one such activity designed to get business units to compete against each other in a race to reduce, reuse and recycle key resources. With continued focus on cutting down electricity, water and paper consumption as well as increasing paper recycling, the competition ran again from June 2009 to March 2010. The two initiatives brought about savings of about \$155,000, with more than 74 tonnes of paper recycled.

Through a lively line-up of eco activities, SMRT staff were encouraged to adopt a green mindset in their daily routine. Activities included a Bring Your Own Mug and Cutlery drive, Be Spotted with Your Own Mug and Cutlery contest in September 2009, and the SMRT Earth Hour Lunchtime Lights-Off programme in March 2010.

More than 6,000 sets of SMRT Eco Cutlery and eco pins were distributed to staff in June 2009. The gift sets marked the success of the inaugural SMRT Eco Hero Competition and serves as a reminder to staff to keep up their good work in supporting the green movement.

SMRT continued to engage the community in its green mission through public education campaigns, and community outreach programmes and events. From May to September 2009, we ran the second public transport education campaign, Join the Green Revolution, to promote public transport as a green mode of travel. Commuters were rewarded with free travel for choosing to travel by public transport. About 40,000 people pledged to go green and an independent survey showed that 24.8% of those who are aware of the campaign made a choice to include public transport in their travel mix.

During the year, SMRT actively engaged the community through independent initiatives and by working with government agencies like the Southwest Community Development Council and the National Environment Agency, and non-governmental organisations like the Singapore Environment Council and World Wildlife Fund for Nature. We participated in 17 green community events which reached out to about 10,000 people. SMRT also contributed about \$170,000 worth of cash and in-kind sponsorship to support green causes within the community.

International Benchmarking

In the latest railway benchmarking exercise conducted by Nova and Community of Metros (CoMET), made up of leading metros from around the world, SMRT is the most

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efficient metro in terms of traction energy per capacity-km and rated amongst the most efficient metro in terms of traction energy usage per passenger journey.

In terms of train carbon footprint, SMRT has successfully reduced our carbon emission in the last four years, from 13.5g to the current 13.2g.

We have also reduced our bus carbon footprint to 73g in FY2010 compared to 74g in FY2006. This is a result of our fuel-efficiency practices and public transport promotion programmes.

Looking Ahead

In the coming year, we will be embarking on a trial to use low energy LED lighting in our offices and workshops. Plans are also underway to put together a green driving programme for our bus Service Leaders to improve fuel efficiency. SMRT Buses is also looking to add greener vehicles to its fleet.

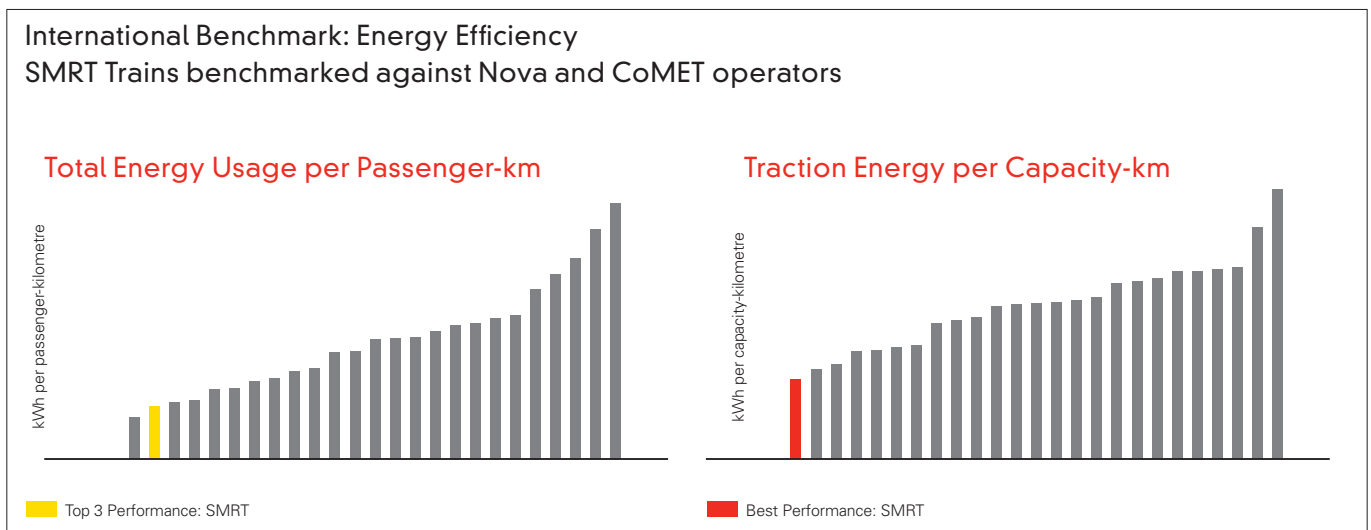
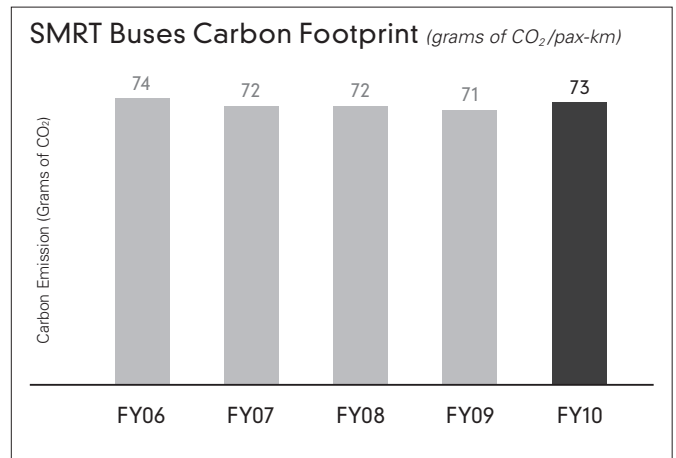
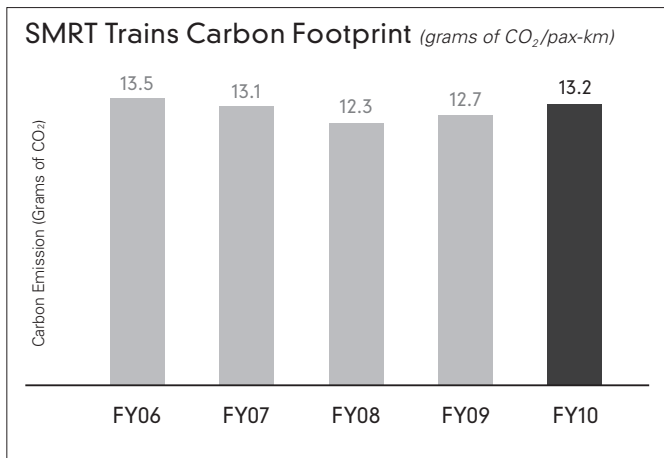
SMRT IN THE COMMUNITY

At SMRT, we believe in working towards the greater good of the community. Living out our corporate mission “Moving People, Enhancing Lives”, we aim to make a positive impact on the economic, social and environmental well-being of those we serve through our corporate social responsibility programmes.

Giving is an integral part of SMRT’s corporate culture. In FY2010, we contributed over \$13.2 million to various causes, charities and community projects through donations in cash and kind.

Launched in 2006, the SMRT Silver Tribute Fund (STF) is SMRT’s biggest corporate social responsibility initiative to date. The fund is a holistic corporate philanthropy and outreach effort focusing mainly on beneficiary organisations that work with abandoned, lonely and needy elderly as well as caregivers.

2009 was a particularly challenging year for fund-raising,





given the global economic downturn and stiff competition among Singapore's many charities.

Nonetheless, SMRT STF managed to raise over \$1.3 million from corporate partners, the public and staff in its third year of operations. This sum represents an increase of 26.78% over the amount raised the previous year.

One of the year's highlights was the visit by Taiwanese Rock Band, Mayday, to Geylang East Home for the Aged, one of the beneficiaries of SMRT STF. The visit raised awareness among Mayday's large fan base about sick and needy seniors in our midst. In March 2010, the Photographic Society of Singapore lent its support to SMRT STF through the launch of a photo exhibition and coffee table book *Birds in a Garden City*. All proceeds from the sale of the book were donated to SMRT STF.

Another philanthropic community initiative by SMRT is the SMRT Gift of Mobility programme. This community initiative was set up in 2008 and helps meet the transport-related needs of the disabled and needy. In FY2010, SMRT donated \$480,000 to various charities under the SMRT Gift of Mobility scheme. Of this sum, \$171,000 was donated to Trailblazer Foundation to set up the Chan Chiew Ping Special Schools Fund in aid of special needs children who require assistance with transportation. Needy children at Assumption Pathway School also received donations to help them pay for their transport needs.

SMRT donated a de-commissioned taxi to Bright Vision Hospital in November 2009. The taxi is used to train caregivers in the recommended ways to move patients in and out of vehicles.

SMRT supports Singapore's social services in a variety of ways.

To mark the 10th anniversary of The President's Challenge, SMRT sponsored a specially designed train dedicated to publicising the event. President S R Nathan

launched this first-of-its-kind train, which subsequently took 130 beneficiaries and sponsors on a very special train ride. The sponsorship for this initiative was valued at \$236,200.

Renewing our successful working relationship with the Singapore Heart Foundation, we once again supported the Singapore Heart Foundation – Go Red For Women campaign in FY2010. Media spaces worth \$73,200 within our network were used for this annual campaign supporting the prevention of heart disease among women.

SMRT has been a stalwart supporter of the Community Chest over the years. In FY2010, we extended sponsorship of more than \$1.1 million in media space to the non-profit organisation. Our hope is that commuters will be moved to support the Community Chest through these messages placed throughout our network.

In the same way, SMRT has also been a loyal supporter of Bizlink Centre Singapore Ltd's These Aabled People Season's Greeting Cards. The Group sponsored \$192,000 worth of media space for the campaign which creates employment for people with disabilities through the production of greeting cards.

As a transport operator with a green mission, SMRT lends its support to environmental and wildlife conservation efforts. Our green outreach during FY2010 included three major community events, namely Singapore Environmental Council-SMRT Green Transport Week; the national green programme Clean & Green Singapore; and SMRT-South West Ride for Charity and South West CDC's Eco Day Out. SMRT keeps up its support for wildlife through its adoption of the Cotton-Top Tamarin exhibit at the Singapore Zoological Gardens and the Great Pied Hornbill exhibit at Jurong Bird Park.

SMRT's support for the Arts and education is on-going and diversified. In the Arts, we support groups like the Life Art Society, SMU Symphonia and Singapore Symphony Orchestra. Where feasible, SMRT plays its part to bring the Arts to commuters. One such example is the Singapore Arts Festival's "Arts on the Move" programme at our MRT stations. In education, we contributed course medals for outstanding graduating students from Institute of Technical Education, Singapore Polytechnic and Temasek Polytechnic.

Corporate Volunteerism

The SMRT Corporate Volunteer Programme was formalised in 2004 to provide staff with a regular platform to serve the community in the spirit of volunteerism.

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The programme encompasses SMRT's three adopted charities, namely, Singapore Red Cross Blood Donor Recruitment Programme, Ang Mo Kio Family Service Centres (AMKFSC) and Geylang East Home for the Aged. Through its programmes, SMRT hopes to make these beneficiary organisations stronger and more self sufficient.

In FY2010, we saw an increase of 2.7% in the number of staff who contributed their time and effort to our chosen charities.

During the Year in Review, SMRT pushed ahead with its bloodmobile drive in support of the Singapore Red Cross Blood Donor Recruitment Programme. Four bloodmobile drives were conducted at Raffles Place MRT Station and 191 staff volunteered for the drives. In total, we collected 892 units of blood for the National Blood Bank. A new series of posters and mini-cards were launched to inject fresh publicity about SMRT's Bloodmobile Drive.

As part of our support for AMKFSC, we organised four activities for the Ang Mo Kio-Yio Chu Kang Community Carers' Scheme. Taking place over the Mid Autumn Festival and the Lunar New Year, these events saw the active participation of 210 elderly with the support of 210 SMRT volunteers. We also sponsored the buses used for the outings by AMKFSC.

During the year, we worked to improve the living environment of the needy. The SMRT Home Improvement Project saw 29 staff volunteers transforming the homes of three needy senior citizens through cleaning, painting and home improvement projects.

Mindful of the challenges of low-income families in the economic slowdown, SMRT adopted 11 such families and helped them cope with living expenses in 2009. Volunteers visited these families over the festive period and gave away red packets and hampers.

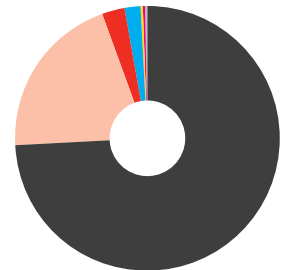
The SMRT-AMKFSC committee launched the SMRT Heart Project in September 2009 to provide food rations on a quarterly basis for 100 financially-strapped families.

Children in need were not forgotten, and a total of 84 children from AMKFSC benefitted from the SMRT Children's School Transport Fund. In February 2010, we launched the SMRT Volunteer Tutor Programme together with AMKFSC. This programme provides for SMRT staff volunteers to coach needy children who are under-performing in school. SMRT is also funding the cost of materials for the programme, which is expected to benefit 60 children.

During the year, SMRT kept up its support for the

Corporate Giving FY2010

● Corporate	74.36%
● Social Services	20.19%
● National Events	2.82%
● Environment	1.90%
● Arts	0.41%
● Sports	0.15%
● Education	0.13%
● Grassroots	0.04%



Geylang East Home for the Aged (GEHA) through a series of activities supported by more than 400 SMRT staff volunteers.

We launched the Monthly Painting Programme, where our volunteers paint the homes of GEHA befriendeds living in one- or- two-room flats in the neighbourhood. Residents of GEHA were also treated to three outings during the year, a Mid-Autumn outing to the Esplanade, a visit to the HortPark and a Chingay outing. We also kept up our regular Sunday dinner for GEHA residents on the first Sunday of every month.

In keeping with tradition, we organised Lunar New Year celebrations for the 37 residents and also distributed red packets and oranges to 27 befriendeds we support through our various activities.

Community Outreach

SMRT is pleased to be a participating organisation of the Ministry of Education's Learning Journeys Programme. In 2001, SMRT set about developing two programmes for Learning Journeys, one for primary schools and another for secondary and tertiary institutions.

In FY2010, about 1,000 students participated in SMRT's Learning Journeys programme, which aims to introduce the students to the organisation, MRT operations and instill in them the importance of courteous and safe behaviour on public transport.

The SMRT Courtesy and Safety Programme is an annual public education initiative to promote courteous acts and safe behaviour among commuters. The highlight of the programme is the SMRT Challenge, which sees rival teams performing courtesy and safety related tasks as they travel on SMRT's island-wide transport network. This year's SMRT Challenge was transformed into a reality television travel show that had MediaCorp artistes



partnering commuters in a race to the finishing line. The reality race was aired as two one-hour episodes on MediaCorp Channel 8. Over a million viewers tuned in to the television special.

The 2009 Courtesy and Safety Programme also featured roadshows targeting children, youth and families. The roadshows were lively affairs with activities such as games, an escalator safety exhibition and an e-pledging segment where the public could pledge to be courteous and safe.

Another popular SMRT tradition that is now into its seventh year is the annual “Spring Celebrations” designed to welcome the Lunar New Year and promote the Arts. This year’s event, held at Tanjong Pagar Xchange on 5 February 2010, saw more than 2,000 pieces of Chinese calligraphy and paintings being completed on-the-spot by about 30 artists from the Life Art Society. The artworks were given out to lucky commuters and shoppers for free. As a goodwill gesture, each artwork was encased in a specially created red and gold paper frame.

The highlight of the festivities was the creation of the 186-metre “Longest Calligraphy Scroll”, which set a new record in the Singapore Book of Records. This feat marked the joint efforts of SMRT staff, Life Art Society artists and members of the public, who were invited to write the Chinese character symbolising luck (吉: “ji”) on the scroll.

In December 2009, we held our fifth annual story telling session, Tales on SMRT Trains. Close to 600 children and parents were enthralled by tales of happy journeys as the train wound its way from Ang Mo Kio station towards Woodlands station.

Partnering For Success

SMRT works tirelessly to build enduring relationships with partner organisations so as to effectively engage the community and our stakeholders through our outreach

programmes. Our key partner organisations include schools, community development councils and grassroots organisations. In the new financial year, we will continue to grow relations with existing partner organisations and invite more to join us on this journey to create meaningful outreach activities for the community and programmes that will benefit the needy amongst us.

AWARDS & ACCOLADES

2010

Land Transport Excellence Awards 2010

Most Eco-Friendly Transport Planner

Most Creative Promotion/Campaign (Land Transport)

The Metro Awards 2010

Best Metro Asia-Pacific

Most Energy Efficient Metro

Most Innovative Use of Technology

HRM Award 2010, HRM Singapore

Best HR Team

2009

Patron of the Arts Award 2009, National Arts Council

Distinguished Patron of the Arts

Community Chest, National Council of Social Service

Special Events Platinum Award

Partner Platinum Award

10th Investors’ Choice Awards, Securities Investors Association (Singapore)

Board Diversity Award 2009 (Co-Winner)

Singapore Corporate Governance Award 2009
Mainboard Category (2nd)

Most Transparent Company Award in the Transport /
Storage / Communications Category (Runner Up)

2009 Workplace Safety & Health Awards

Workplace Safety and Health Performance Silver Award

Outstanding Achievement and Innovation Award

The Singapore Environmental Achievement Awards 2008/09, Singapore Environmental Council

Top Achiever

Singapore Corporate Awards 2009, The Business Times

Best Managed Board Award (Gold)

Best Annual Report Award (Bronze)

SIGNIFICANT EVENTS

2009

April

SMRT encouraged commuters to reduce their carbon footprint by taking public transport with the launch of Join the Green Revolution, a promotion featuring monthly draws and a grand prize of one-year free travel for four people.

May



SMRT opened five Circle Line stations and celebrated with commuters with two 10-hour free-for-all parties at Bishan Circle Line Interchange Station.

SMRT introduced seven Wheelchair Accessible Bus (WAB) services to better meet the needs of wheelchair-bound passengers.

SMRT launched the 2010 SMRT Silver Tribute Fund by pledging to donate fares from the first 22 days of Circle Line operations to the fund. This is in commemoration of SMRT's 22 years of rail operations in Singapore.

June

SMRT Taxis introduced Book and Win with SMRT Taxis, a promotion to reward customers who paid for their taxi bookings with an ez-link card.

July

SMRT gained a strong foothold in the China public transport market with its 49% equity interest in Shenzhen Zona Transportation Group Co. Ltd.

SMRT introduced the SMRT Silver Tribute Fund mascots with help from popular Taiwanese band, Mayday.

SMRT Media was the platform of choice for Singapore's first Mandarin subway opera, *A Starry Night*. The 50-parter was aired on more than 250 television displays in the train stations along the North-South, East-West and Circle Lines.

SMRT was named Top Achiever at the Singapore Environmental Achievement Awards 08/09.

SMRT won four individual and two company awards at the 2009 Workplace Safety & Health Awards including Outstanding Workplace Safety & Health Officer, Workplace Safety & Health Supervisor (Inaugural), Workplace Safety and Health Performance, and Outstanding Achievement & Innovation.



SMRT sponsored a specially designed train to mark the 10th anniversary of The President's Challenge. Singapore's President S R Nathan launched the first-of-its-kind train which subsequently took 130 beneficiaries and sponsors on a very special train ride.

August

SMRT celebrated Singapore's 44th birthday with more than 600 SMRT staff and commuters reciting the pledge as it was broadcast over the public announcement system in all SMRT MRT stations and bus interchanges.

October

SMRT launched Ride Free with SMRT, its annual commuter rewards campaign offering over \$20,000 worth of prizes to encourage the use of public transport.

SMRT Taxis offered EZ-Reload, an auto top-up service that allows customers to use their ez-link cards to pay for their taxi fares without having to worry about insufficient card value.

November



SMRT donated a decommissioned taxi to Bright Vision Hospital as part of the SMRT Gift of Mobility programme.

SMRT inaugurated SMRT Institute to raise the competency standards of the rail industry and provide employability enhancement for Singaporeans seeking to enter the industry, switch or advance their careers.

SMRT Buses introduced *Explore Singapore with SMRT Buses*, a travel guide to places of interest, sports and adventure, culture and history, and places of worship in Singapore.

SMRT was named Distinguished Patron of the Arts by the National Arts Council for its contribution of more than \$1.5 million over the last five years toward the promotion and development of the Arts.

December

SMRT Challenge, an annual network race that has participants learning about courtesy and safety on public transport, made its national television debut. Over a million viewers tuned in to the two-episodes that were aired on Channel 8.

SMRT staff brought Christmas cheer to residents of Bright Hill Evergreen Home as part of its SMRT Silver Tribute Fund outreach efforts.



SMRT held its fifth annual story telling session, Tales on SMRT Trains, where 600 children and parents enjoyed stories told by professional storytellers as they rode the train from Ang Mo Kio station towards Woodlands station.

2010

January

SMRT Buses introduced three Shuttle Bus Services and an Express Bus Service, and extended two NightRider Services to Resorts World Sentosa.

SMRT secured a two-year contract with Shinbundang Metro Line to help establish South Korea's first fully automated driverless people mover system.

SMRT reviewed the design changes and cost feasibility for the construction of the Ben Thanh – Suoi Tien section (Line 1) in Ho Chi Minh City, Vietnam.

SMRT achieved ISO 14001, the internationally recognised standard for environmental management.

SMRT received the Occupational Health and Safety Assessment Series 18001 Certification, a standard developed to enable organisations to systematically control occupational health and safety risks, and improve performance.

February

SMRT celebrated the annual Hui Chun Ying Xin event with members of the public, who were also invited to set the record for the longest calligraphy scroll at 186 metres, in the Singapore Book of Records.

SMRT emerged as one of two top winners at the Human Resource Management Awards 2010 with three major awards – Best HR Team, Best HR Manager and Outstanding Contribution to HR.

March

SMRT was included in the FTSE4Good Index for demonstrating transparency and good governance with strong environmental and social responsibility initiatives.

SMRT began a one-year trial of Southeast Asia's first full low-floor Euro V bus which offers greater fuel efficiency and better accessibility for passengers.

SMRT added another 150 train trips to improve the ride and shorten waiting times in response to increasing ridership. This is the sixth time SMRT has enhanced its train services since February 2008, bringing the total number of additional train trips to around 1,110.

SMRT Silver Tribute Fund 2010 raised \$1.3 million to support programmes for over 5,000 beneficiaries made up of needy elderly and their caregivers.



SMRT walked away with the Best Metro Asia Pacific, Most Energy Efficient Metro and Most Innovative Use of Technology awards at the International Metro Awards 2010 in London.

SMRT was named Most Eco-Friendly Transport Partner and won the Most Creative Promotion/Campaign (Land Transport) award at the Land Transport Excellence Awards 2010.



Passion
cannot be
proven.
But it can
be seen.

PRINCIPLES AND PRIORITIES



“SMRT will continue to be a strong player in Singapore’s transport landscape. In everything we do, we will not lose track of the fundamentals of our business – to provide safe, reliable and comfortable trips on our trains, buses and taxis. It is not acceptable to falter, we must continue to upkeep the best global standards of a rail operator.”

Saw Phaik Hwa
President & CEO

The global economic downturn saw business activity in Singapore contracting at the end of 2008 and the economy continued sliding well into 2009.

SMRT was affected on two fronts.

In support of Singaporeans who lost their jobs and those who suffered pay cuts or financial difficulties, we lowered our fares across our network. These fare reductions, including our support of through fares, worked out to 4.6 per cent. Taking this 4.6 per cent off our bottom line had a tremendous impact on our business given our narrow margins.

The silver lining during the year was the movement of oil prices from \$140 a barrel to \$60 then \$80 a barrel, leading to sizeable reductions in our fuel bills. Our train operations benefitted from less fluctuation in their energy bills while our bus and taxi operations improved their profitability.

Notwithstanding the challenges in our business environment, SMRT remained strong during the year, focussing on our operational priorities.

The year saw SMRT opening the Circle Line, the first new line to be launched by SMRT in 22 years of operations. Stage 3 of Circle Line, covering five stations between Mountbatten and Bartley commenced revenue service in May 2009. Stage 1 and 2 of the line covering 11 stations will open in April 2010.

The Circle Line is a pivotal development for SMRT and for Singapore’s transport landscape. As a circular urban line that connects all the other radial rail lines, it will change the way Singaporeans travel and significantly cut down travelling time.

Circle Line extends SMRT’s rail network by 33 kilometres (km), offering us numerous opportunities to integrate our operations and experience across the organisation. Among other things, we have successfully synergised our wealth of engineering expertise across the three rail lines we operate. With 22 years of experience from operating the North-South and East-West lines, our engineering teams are ready to do a great job operating the Circle Line.

We maintain a warm rapport with train commuters

and continue to address their concerns including those about crowdedness in our trains during peak hours. Between 2008 and 2010, we added more than 1,100 train rides a week to cope with peak hour passenger volumes. We are currently running as many trains as we can and as quickly as we can during peak hours. We also recently introduced service ambassadors to help manage the crowds and encourage good commuter etiquette during the peak hour rush.

During the year, our taxi operations turned profitable. We have now achieved full take-up rate for our vehicles and are looking to acquire new taxis.

Our bus operations have 26% of market share in terms of ridership, which leaves us with ample opportunity to increase our routes and improve the profitability of existing routes, provided we manage fuel costs well.

As an industry leader among Singapore's transport operators, SMRT is committed to the development of a pool of rail industry professionals. These professionals will form the backbone of the rail industry as Singapore looks to double its rail network by 2020. Thus, in November 2009, we launched SMRT Institute to raise competency standards in the rail industry by training new entrants into the industry and enhancing the employability of existing industry professionals. An accredited educational institution for the public transport industry, SMRT Institute will be a resource to transport operators, institutions and government agencies looking to establish a world-class transportation system. At the same time, SMRT is collaborating with strategic partners such as the Workforce Development Agency, the Institute of Technical Education and the Land Transport Authority Academy to develop and offer best-in-class programmes at SMRT Institute.

In transport engineering, SMRT is turning to product innovation to enhance the commuter experience on our trains and within our stations. Building on its experience in rail technology, SMRT Engineering designed and built new and improved fare gates for our stations. Designed to be low in energy

consumption, the Titan-E gates have passenger friendly features such as an intelligent sensor system. Over the next four years, Titan-E gates will progressively replace all existing gates within SMRT's network of stations.

Another in-house innovation, SMRT Active Route Map Information System (STARiS™), made its debut across our fleet of trains. STARiS™ is a standalone system that disseminates information on board trains through an electronic route map with real time updates, running text displays as well as indicators on the side of the carriage as to which train doors will open. Particularly useful to the hearing impaired, the system goes a long way towards addressing passenger anxieties and improving access for all especially during the peak rush hour. All trains should be fitted with STARiS™ by the third quarter of FY2011.

Looking ahead, SMRT will continue to be a strong player in Singapore's transport landscape. We will grow our coverage of public transport offerings, pursuing opportunities as they present themselves. We will also continue to grow the commercial potential of our network of stations and strive to gain a beachhead in important markets for our overseas operations. In everything we do, we will not lose track of the fundamentals of our business – to provide safe, reliable and comfortable trips on our trains, buses and taxis. It is not acceptable to even falter, we must continue to upkeep the best global standards of a rail operator.

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. SMRT Trains has commenced operations of Circle Line Stage 3 in May 2009 and Stages 1 and 2 in April 2010.

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 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, and operations and maintenance services while SMRT Automotive provides fleet maintenance services and diesel sales. 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.

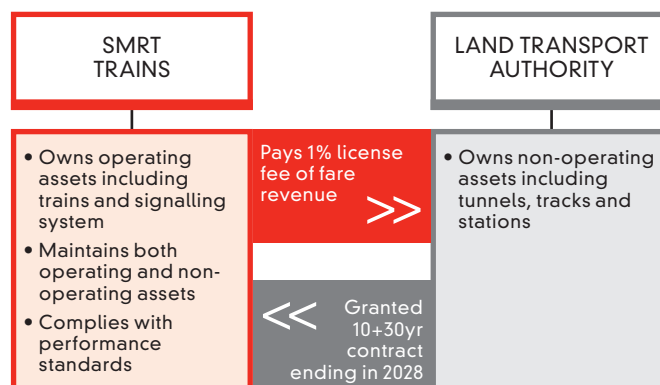
Background – Regulatory Framework

Licence and Operating Agreements

North-South and East-West lines

SMRT Trains’ first Licence and Operating Agreement (LOA) to operate the 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 period of 30 years came into force on 1 April 1998. On 28 February 2009, SMRT commenced operations of the Boon Lay Extension.

Pursuant to the NSEWL LOA, SMRT Trains purchased the NSEWL’s operating assets from LTA on 1 April 1998 for approximately \$1.2 billion. These assets include trains,



Business Objectives and Strategies

Business Objectives	Strategies in Action in FY2010
To be a leading multimodal transport operator differentiated by competitiveness, innovation and creativity	<ul style="list-style-type: none"> Continued to grow rental revenue through the refurbishment of MRT stations in the network Launched innovative initiatives to promote ridership across the transport network and also successfully commenced revenue operations for the new Circle Line Stage 3 in May 2009 Clinched the “Best Metro (Asia Pacific)”, “Most Energy Efficient” and “Most Innovative Use of Technology” awards at the international MetroRail 2010
To be a global brand that epitomises excellence in service standards, environmental practices and social responsibilities	<ul style="list-style-type: none"> Met and exceeded stipulated operational performance criteria for Train, LRT and Buses Received the OHSAS 18001 certification, an international occupational health and safety management specification Continued to serve the community by contributing to various causes, charities and community projects and organising corporate social responsibility initiatives
To be a premium organisation which delivers sustainable value to our stakeholders	<ul style="list-style-type: none"> Achieved Group PATMI of \$162.9 million despite challenges Proposed full-year dividend of 8.5 cents per share, tax exempt one-tier Established Board Risk Committee to oversee risk management within the Group Won “Corporate Governance Award” (second) and “Board Diversity Award” presented by Securities Investors Association (Singapore) Awarded “Best Managed Board” (Gold) at Singapore Corporate Awards Included in the FTSE4Good Index, which tracks companies that meet globally recognised corporate responsibility standards
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"> Acquired a 49% equity interest in Shenzhen Zona for an aggregate purchase consideration of RMB 320 million Secured a contract to provide project management and consultancy services to Seoul’s Shinbundang Metro Line
To be an employer-of-choice recognised by our inclusive culture of excellence and maximising each individual’s potential	<ul style="list-style-type: none"> Partnered with Institute of Technical Education (ITE) to develop the industry’s first-ever National ITE Certificate in Rapid Transit Technology Continued to roll out SMRT’s customised talent and leadership development programme (DNA) to bring out the best in all levels of talent

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 instalments by April 2002.

While SMRT Trains now owns and maintains the operating assets, the infrastructure of the NSEWL, which includes tunnels, tracks, viaducts and station structures,

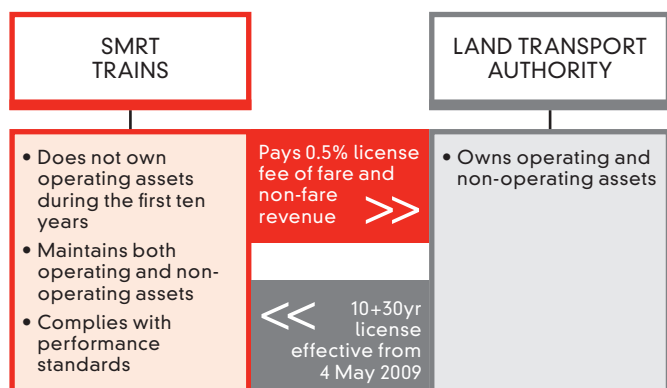
remains the property of LTA and is leased to SMRT Trains at a nominal annual fee or such other amount which LTA may stipulate in the future on the first working day of each calendar year during the term of the lease. SMRT Trains is required to repair and maintain the infrastructure as stipulated in a 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 and from 1 April 2003 to 31 March 2010, it is at 1.0%. The licence fee payable after 31 March 2010 for the next ten years will remain at 1.0% of the aggregate annual passenger revenue. At least 12 months prior to the expiry

COMPANY OVERVIEW & BACKGROUND

of such licence on 31 March 2028, SMRT Trains may request LTA to extend the NSEWL LOA for a further period of 30 years, which 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 Agreement* section in the *Notes to the Financial Statements*.

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 period of 30 years, which extension 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 License are stated under the *Licence and Operating Agreement* section in the *Notes to the Financial Statements*.

The stretch of the Circle Line from Bartley to Marymount (“Circle Line Stage 3”) commenced revenue operations on 28 May 2009, while Circle Line Stage 1 and 2 will commence operations on 17 April 2010. The rest of the line, Stage 4 and 5, is expected to commence in 2011.

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 the BPLRT. The salient terms and conditions of the LOA for the BPLRT are found in the *Licence and Operating Agreement* 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.

For SMRT Buses to be equipped with an operationally ready bus fleet, SMRT Automotive performs regular preventive maintenance on the buses in the three bus depots.

SMRT Taxis

In June 2003, the Government introduced a new licensing framework for taxi operators to allow greater competition within the taxi industry and to improve taxi services for the benefit of commuters. Under the taxi licensing 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 taxi fleet is also maintained by SMRT Automotive.

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:

Maximum Fare Adjustment

$$0.5\text{CPI} + 0.5\text{WI} - 1.5\%$$

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 the 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 the 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.

With effect from 1 April 2009 to 2 July 2010, a 4.6% average fare reduction, comprising a 1.6% reduction due to an increase in transfer rebate from 40 cents to 50 cents and a 3.0% discount on fares, was implemented.

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, children, 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 (CSC). When travelling with CSC, they may enjoy transfer rebates for the first, second and third valid transfer on a single journey between Bus, LRT and Train services regardless of operator. Since April 2009, the rebates have been increased to 50 cents from 40 cents for adults and senior citizens, and are maintained at 10 cents for children and students. The rebates, provided by the operators, reduce the transfer penalties, thus lowering the fares which would otherwise be payable by passengers making such subsequent legs of their journeys.

From 3 July 2010 onwards, the full implementation of the distance-based fares will take 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. From 3 July 2010 onwards, train and bus fares will be reduced by 2.5% on account of the fare formula for 2010 and the implementation of distance fares. The 2.5% fare reduction will be applied to overall fares once the 15-month fare discount of 3.0% ceases on 2 July 2010.

GROUP PERFORMANCE

Overview

Group revenue in FY2010 increased 1.8% to \$895.1 million due mainly to higher MRT ridership, Circle Line Stage 3 contribution, higher rental revenue and fees from overseas projects, partially offset by the fare reduction package.

Total operating expenses was \$741.0 million, 3.4% higher as compared to FY2009. Operating profits were higher by \$8.5 million or 4.5% at \$197.2 million in FY2010 due mainly to higher revenue, other operating income and lower energy costs and other operating expenses, partially offset by higher staff and related costs, scheduled repairs and maintenance costs and impairment of goodwill.

Group net profit was higher by \$0.2 million or 0.1% at \$162.9 million in FY2010 as a result of higher operating profits, partially offset by lower interest and investment income and higher income tax expenses. Over a five year period from FY2006 to FY2010, PATMI grew at a compounded annual growth rate of 12.0%.

Earnings per share of 10.7 cents in FY2010 was comparable to FY2009. Return on equity was lower at 21.8% as compared to 23.3% in FY2009. Economic Value Added was \$121.0 million, 8.8% above FY2009.

Cash and cash equivalents at end of FY2010 increased from \$245.6 million to \$326.0 million mainly as a result of higher net cash inflow from operating activities and lower net cash outflow from investing activities.

The Board of Directors is proposing a final dividend of 6.75 cents per share. Including the interim dividend, this will bring the total gross dividend for FY2010 to 8.5 cents per share or \$129.0 million, about 79.2% of PATMI in FY2010.

Segmental Performance

Revenue from **fare business** (comprising of revenue from Train, LRT and Bus operations) contributed 77.0% of FY2010 total revenue (FY2009: 78.6%) and 64.6% of FY2010 EBIT (FY2009: 66.5%).

Fare Business

Revenue from **NSEWL and CCL (collectively, Train operations)** increased by 1.4% to \$480.7 million due mainly to higher MRT ridership from the NSEWL and contribution from Circle Line Stage 3, partially offset by lower average fare for MRT. Operating profits was \$0.8 million lower at \$129.7 million, attributed mainly to higher repairs and maintenance costs, staff and related expenses and

electricity cost, partially offset by higher revenue and other operating income.

Revenue from **LRT operations** was 4.9% lower at \$8.7 million and operating loss was 79.9% higher at \$0.4 million due mainly to lower average fare partially offset by lower staff and related costs.

Bus operations contributed \$199.7 million to the Group's revenue, 3.6% lower as compared to FY2009 due mainly to lower average fare. For FY2010, Bus incurred a lower operating loss of \$1.9 million as compared to \$4.9 million in FY2009 due mainly to lower diesel cost partially offset by lower revenue, provision for fuel equalisation account, higher repairs and maintenance expenses and higher depreciation.

Non-fare Business

On the back of smaller average holding fleet, partially offset by the higher average hired out rate, **taxi operations** in FY2010 posted slightly lower revenue of \$71.0 million. Taxi however posted a turnaround in operating profit at \$1.8 million in FY2010 as compared to an operating loss of \$6.3 million in FY2009. This was a result of lower depreciation, lower loss on disposal of taxis, and lower other operating expenses as a result of a smaller average holding fleet.

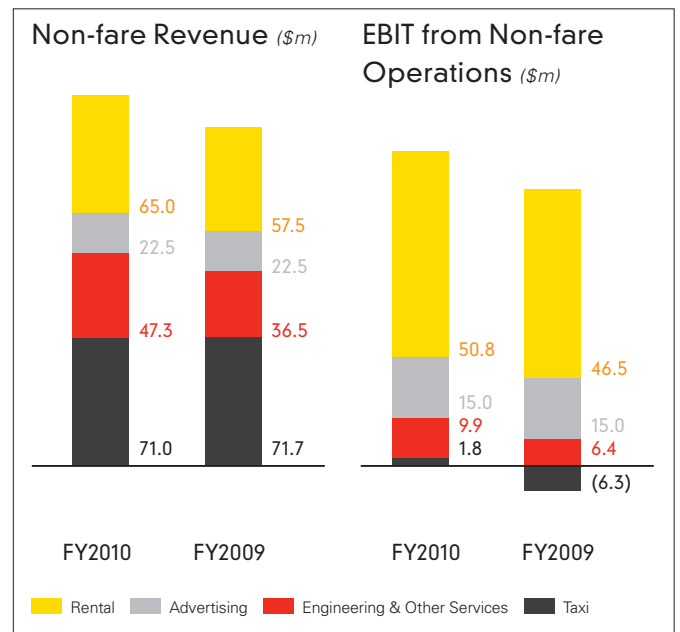
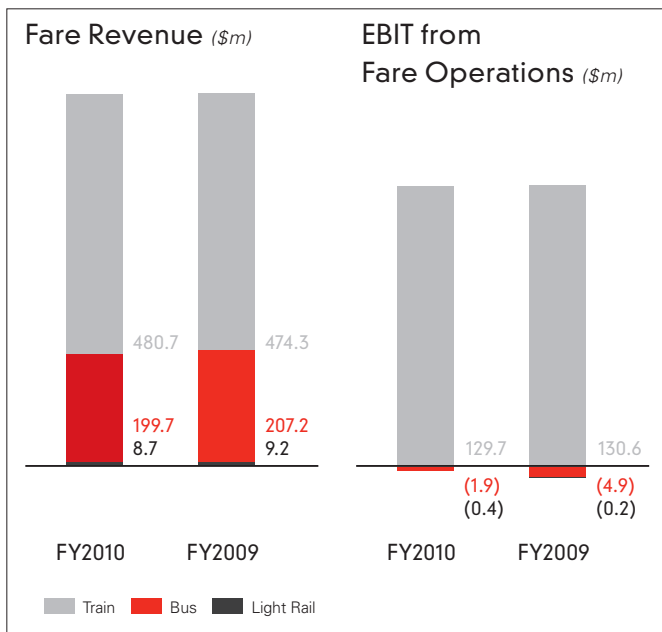
In FY2010, we achieved our **rental** revenue target of \$5.0 million more over FY2009. On account of an increase in lettable space combined with better rental yield, rental revenue rose 13.0% to \$65.0 million in FY2010. EBIT from rental was up 9.4% to \$50.8 million as compared to FY2009.

Advertising revenue and operating profits in FY2010 were comparable to FY2009 at \$22.5 million and \$15.0 million respectively, despite an economic downturn in the year.

Revenue from **engineering and other services** rose 29.8% to \$47.3 million due mainly to increased consultancy revenue and fees from overseas projects partially offset by lower revenue from diesel sold to taxi hirers. As a result, operating profit for the full year increased 55.9% to \$9.9 million. The increase in profit was however partially offset by higher allowance for doubtful debts.

Discussion and Analysis on Profit and Loss Statement Other Operating Income

Other operating income increased by \$16.5 million or 62.0% to \$43.2 million in FY2010 due mainly to higher other maintenance and related income.



Operating Expenses

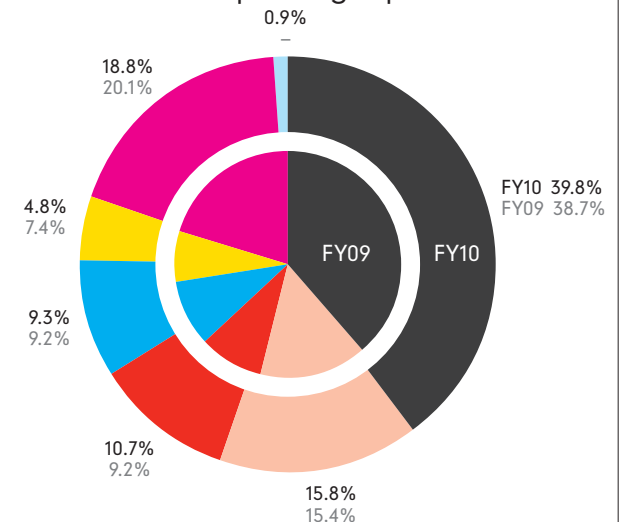
Total operating expenditure in FY2010 increased by 3.4% or \$24.1 million to \$741.0 million, impacted by increases in staff and related costs and repairs and maintenance costs. The following graph and table provide a breakdown of the operating expenditure in FY2010 as compared to FY2009.

As at end FY2010, SMRT's staff strength was 6,651, as compared to 6,226 as at 31 March 2009. The 6.3% increase in staff and related costs to \$294.8 million in FY2010 was due mainly to increased headcount and salary adjustments, partially offset by higher jobs credit. The higher headcount is mainly attributed to the operation of Circle Line Stage 3, preparations for Circle Line Stages 1 and 2 and increased train runs. Jobs credit was part of the contributions from the Government Budget Measures as announced in the Budget Speech 2009 and amounted to \$15.7 million for the year. The jobs credit was however extended at stepped down rates for six months from January to June 2010.

Depreciation of property, plant and equipment net of amortisation of asset-related grant was 6.1% or \$6.7 million higher due to higher depreciation costs from trains and buses and the redevelopment of commercial spaces.

Repairs and maintenance costs increased by \$12.9 million or 19.4% in FY2010 due mainly to more scheduled repairs and maintenance for Bus and MRT. Higher repairs and maintenance costs were also incurred

% Contribution of Operating Expenses



Operating Expenses Breakdown

	\$m	FY2010	FY2009	% chg
● Staff costs		294.8	277.4	6.3
● Depreciation ¹		117.1	110.4	6.1
● R&M ²		79.2	66.3	19.4
● Electricity		68.8	65.9	4.4
● Diesel		35.4	52.9	(33.1)
● Other op costs		139.2	144.1	(3.4)
● Impairment ³		6.6	-	n.m
Total		741.0	716.9	3.4

¹ Depreciation of property, plant and equipment net amortisation of asset-related grant

² Repairs & maintenance costs

³ This relates to the impairment of goodwill on bus operations

GROUP PERFORMANCE

for the operation of Circle Line Stage 3 and preparation for Circle Line Stages 1 and 2.

Electricity and diesel costs was \$104.1 million, a decrease of \$14.6 million or 12.3% from FY2009.

Electricity cost for the year was higher by \$2.9 million at \$68.8 million. This was due mainly to higher electricity consumption from increased train runs and the operation of Circle Line Stage 3. To mitigate the rising cost of electricity, SMRT Trains had negotiated a one-year fixed-rate contract from 1 October 2009. The existing contract will end in September 2010 and a tender will be called in due course to source for another competitive contract for future electricity supply.

Diesel cost was lower at \$35.4 million as a result of lower diesel price compared to FY2009, partially offset by the provision for Fuel Equalisation Account (FEA) as required by the Public Transport Council (PTC). In FY2009, a new tender for the supply and delivery of diesel was awarded and would last for two years. With the contract, diesel rates are at a contracted discount off market prices.

The purpose of FEA is described in the *Notes to Financial Statements*. Actual electricity tariff in FY2010 was above the reference rate set yearly by PTC. However, there was no release of the FEA to the profit and loss account as the outstanding balance in the electricity FEA was below the cap of one year's consumption based on the current year's consumption level.

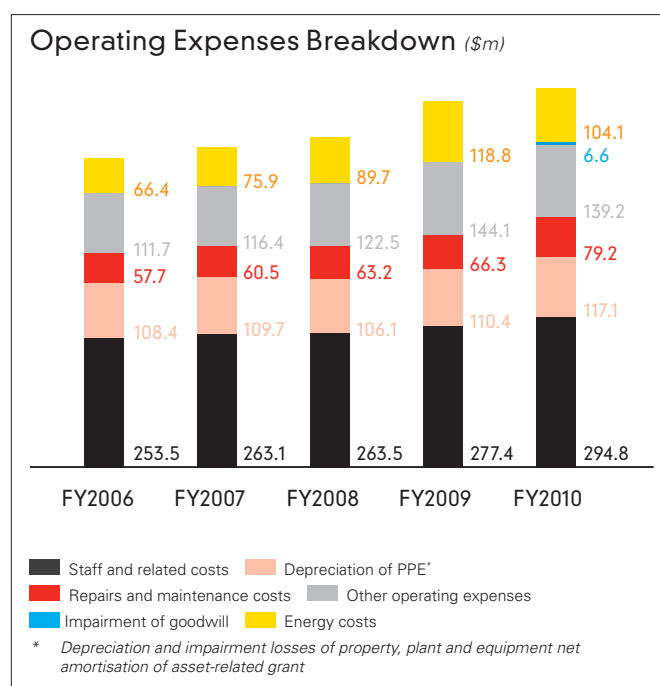
Actual diesel price in FY2010 was below the reference rate set yearly by PTC. As such, there was a contribution of \$1.2 million to the FEA for diesel.

As at 31 March 2010, the electricity and diesel amounts standing in the credit of the FEA were approximately \$10.7 million and \$9.6 million respectively.

Impairment of goodwill on bus operations of \$6.6 million was provided in the third quarter of FY2010. This arose as the long term bus ridership growth trend is expected to decline. The projection had taken into account the expansion of the rail network and the increase in transfer rebates in 2008 and 2009. The increase in transfer rebates reduces the cost to the commuters in transferring between buses and trains. As a result, the travel pattern of commuters is expected to shift in favour of journeys by train and shorter bus trips. In addition, the requirement to provide additional services under the Quality of Service standards increased operating costs which are not fully offset by incremental bus revenue from these services.

Other operating expenses was \$4.9 million lower at \$139.2 million due mainly to lower loss on disposal of taxis, lower cost of diesel sold and lower operating fees associated with a smaller taxi fleet. These were partially offset by higher allowance for doubtful debts under the engineering and other services segment.

Over a five-year period, total operating expenses has grown from \$597.7 million in FY2006 to \$741.0 million in FY2010. 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 lower in FY2010 due mainly to lower interest rates for fixed deposits and lower investment income.

Share of results of associates in FY2010 related to the results of Shenzhen Zona and Transit Link Pte Ltd for the period.

The **income tax expense** was higher by \$5.8 million at \$28.8 million in FY2010 due mainly to an adjustment of deferred tax done in prior year arising from the reduction of tax rate in FY2009.

Quarterly Results

As seen from the following table, all the quarters in FY2010, except for the first quarter, reported higher revenue as compared to their corresponding quarters in

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total (year)
	\$m	% of FY10	\$m	% of FY10	\$m	% of FY10	\$m	% of FY10	\$m
Revenue									
2010	215.8	24.1	229.4	25.6	224.7	25.1	225.1	25.1	895.1
2009	215.9	24.6	227.0	25.8	219.0	24.9	216.9	24.7	879.0
Operating profit									
2010	57.8	29.3	63.2	32.1	49.2	24.9	27.0	13.7	197.2
2009	48.2	25.6	52.6	27.9	50.5	26.7	37.4	19.8	188.7
Net profit after tax									
2010	48.2	29.6	52.8	32.4	39.2	24.1	22.7	13.9	162.9
2009	40.3	24.8	42.6	26.2	41.2	25.3	38.7	23.8	162.7

FY2009 driven by higher MRT ridership, Circle Line Stage 3 contribution, increased rental business and fees from overseas projects, partially offset by the fare reduction. For the first quarter, revenue was lower due mainly to the fare reduction package and smaller average hired out fleet for taxis. For the first half year, higher operating profits were recorded in FY2010 as compared to the corresponding period in FY2009 due mainly to higher revenue, other operating income and lower energy costs and other operating expenses. For the third quarter in FY2010, operating profits decreased due mainly to higher staff and related costs, scheduled repairs and maintenance costs and impairment of goodwill. For the fourth quarter in FY2010, operating profits decreased due mainly to higher staff and related costs and scheduled repairs and maintenance costs.

As a result, net profit after tax was higher in the first half year. In the third quarter, net profit was lower due to lower operating profits and lower interest and investment income. In the fourth quarter, net profit was impacted by lower operating profits and higher income tax expense.

Discussion and Analysis on Balance Sheet

Balance Sheet Highlights (as at 31 March 2010)	\$m	Var (\$m)
Total Assets	1,583	82 ▲
Cash and cash equivalents	80	▲
Interest in associates	65	▲
Inventories	19	▲
Other investments	24	▼
PPE	25	▼
Trade and other receivables	17	▼
Tax recoverable	11	▼
Intangible assets	7	▼
Total Liabilities	813	34 ▲
Total Equities	770	48 ▲

Total assets increased by \$81.7 million or 5.4% due mainly to higher cash and cash equivalents of \$80.4 million, higher interests in associates of \$64.9 million and higher inventories of \$18.8 million. These were partially offset by lower other investments of \$24.3 million, lower property, plant and equipment of \$24.9 million, lower trade and other receivables of \$17.3 million, lower tax recoverable of \$11.0 million and lower intangible assets of \$6.6 million.

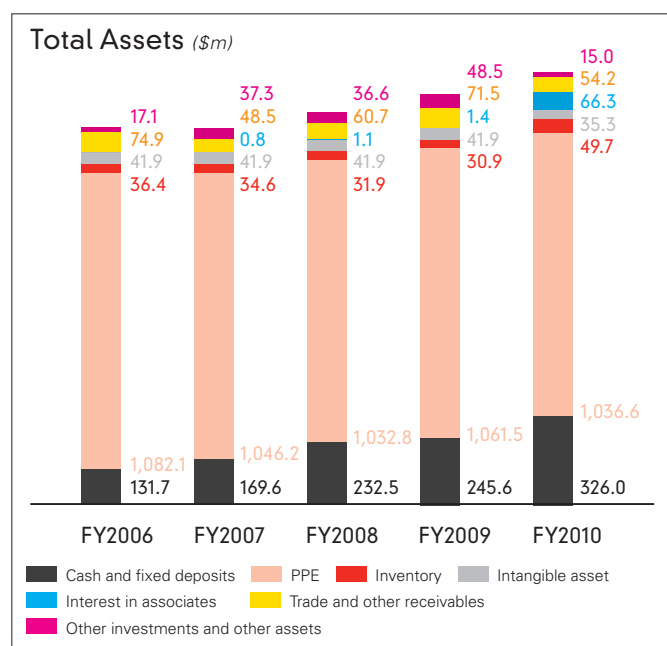
Interests in associates increased due mainly to the acquisition of a 49% equity interest in Shenzhen Zona Transportation Group Co. Ltd ("Shenzhen Zona") on 30 October 2009. The consideration of RMB 320 million (approximately S\$65.5 million) was paid over two tranches, with the first tranche of RMB 240 million paid on 30 October 2009 and the second tranche of RMB 80 million paid on 25 February 2010. Inventories increased as a result of the purchase of inventories for Circle Line.

Other investments classified as current decreased due mainly to the maturing of promissory notes and fixed rate bonds in the second quarter of FY2010. The decrease in property, plant and equipment was due mainly to depreciation charges. Trade and other receivables decreased due mainly to payments received from the sale of property, plant and equipment. The decrease in tax recoverable was due mainly to tax refund received. Intangible assets decreased as a result of the impairment of goodwill on bus operations.

As at balance sheet date, interests in associates relating to the 50% equity in Transit Link Pte Ltd has been classified as assets held for sale.

Total liabilities increased by \$33.8 million or 4.3% due mainly to higher trade and other payables of \$38.6 million and higher fuel equalisation account of \$1.2 million. Trade and other payables increased due mainly to higher accrued operating expenses and payables for the purchase of property,

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plant and equipment. Fuel equalisation account increased due mainly to additional provision as required by PTC.

Over the five years, total assets has increased from \$1.38 billion in FY2006 to \$1.58 billion in FY2010. This was due mainly to higher cash and fixed deposits, higher other investments, higher inventories and higher interests in associates.

Discussion and Analysis on Financial Margins

	FY10	FY09
EBITDA* margin (%)	35.9	34.0
EBIT margin (%)	22.0	21.5
Profit after tax margin (%)	18.2	18.5
Interest cover (times)	40.6	40.5
ROE (%)	21.8	23.3

* EBITDA excludes impairment of goodwill

EBIT margin in FY2010 was comparable to FY2009. PAT margin was lower in FY2010 as a result of higher income tax expenses and lower interest and investment income. ROE was lower in FY2010 at 21.8% due to higher average equity.

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. The cash and cash equivalents as at year end is adequate to fund the committed and planned capital expenditure as well as to service interest on the Group's borrowings.

On 15 September 2009, SMRT Capital established a S\$1 billion multicurrency guaranteed medium term note ("MTN") programme guaranteed by SMRT Corporation. The MTN programme has been rated AAA by Standard & Poor's Rating Services. From this MTN programme, S\$150 million 5-year fixed rate notes were issued on 7 October 2009 at 2.42% per annum. SMRT Corporation's \$100 million 3.30% fixed rate notes due in December 2009 and \$50 million floating rate notes due in January 2010 were repaid in FY2010. As at 31st March 2010, the Group's total borrowings stood at \$250 million.

Of the \$250 million borrowings outstanding, the \$100 million 3.27% fixed rate notes would be repayable in December 2011. The remaining \$150 million 2.42% fixed rate notes would be due in October 2014. The Group will evaluate all viable options on repaying the loans.

Net Gearing

Equity or capital employed as at end of FY2010 was \$770.0 million, higher than \$722.1 million as at end of FY2009. The Group was at a net cash position of \$76.0 million as at end FY2010 as compared to a net debt (total borrowings less cash and fixed deposits) position of \$4.4 million as at end of FY2009.

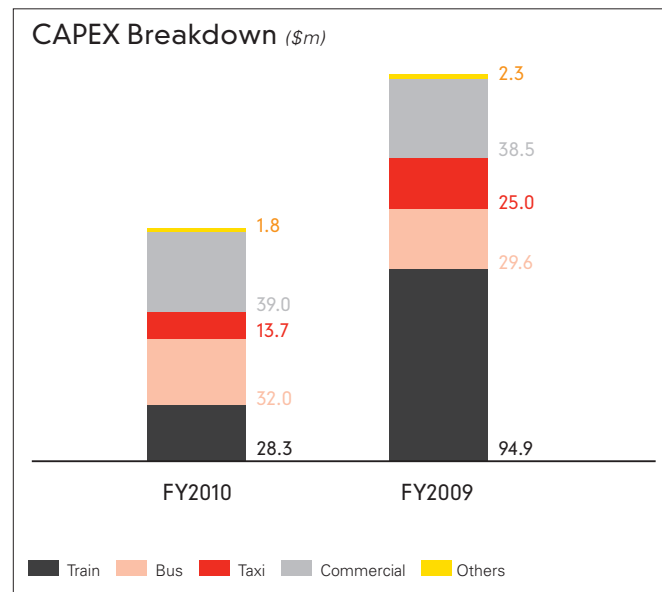
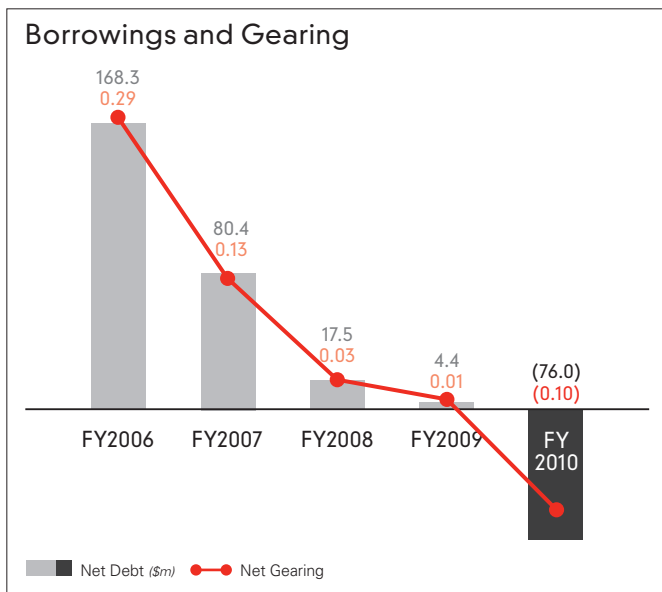
Capital Expenditure (CAPEX)

CAPEX of \$114.8 million, a decrease of 39.7% or \$75.6 million over FY2009, was incurred in FY2010. The graph on the following page shows the breakdown in CAPEX for FY2010 as compared to FY2009. CAPEX for Train was lower in FY2010 as compared to FY2009 due to the mid-life upgrade for trains in FY2009.

Cashflow

Net cash inflow from operating activities of \$209.1 million for FY2010 was higher compared to \$163.4 million for FY2009 due mainly to higher cash generated from operations and lower payment of income taxes.

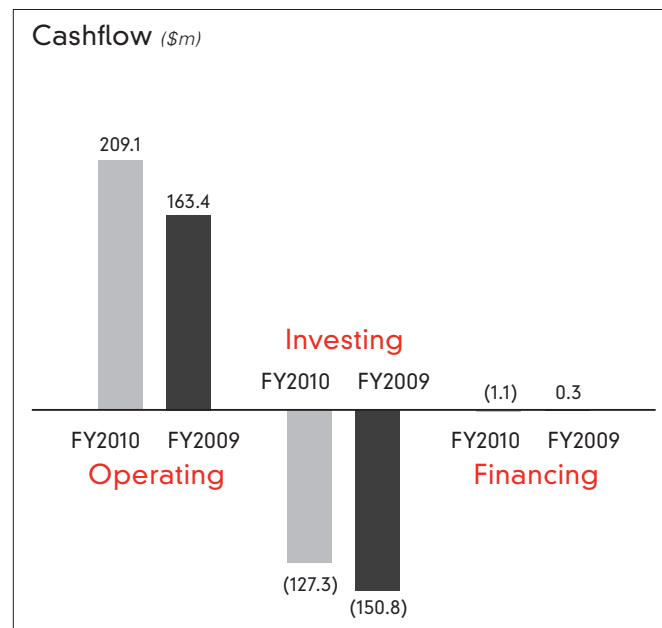
Net cash outflow from investing activities in FY2010



was lower by \$23.5 million compared to FY2009 due mainly to lower purchase of property, plant and equipment and other investments and higher proceeds from the sale of property, plant and equipment and other investments, partially offset by payment for investment in an associate.

Net cash outflow from financing activities of \$1.1 million in FY2010 was due mainly to the repayment of \$100 million fixed rate notes in December 2009 and \$50 million floating rate notes in January 2010 and payment on settlement of derivatives, partially offset by proceeds from the \$150 million fixed rate notes issued in October 2009.

Net increase in cash and cash equivalents in FY2010 was higher than in FY2009 due mainly to higher net cash inflow from operating activities and lower net cash outflow from investing activities. Free cash flow also increased from \$24.8 million last year to \$122.2 million in FY2010. Cash and cash equivalents stood at \$326.0 million as at 31 March 2010 compared to \$245.6 million as at end FY2009.



VALUE ADDED & ECONOMIC VALUE ADDED ANALYSIS

VALUE ADDED STATEMENT

\$'000	FY2010	FY2009
Revenue	895,053	878,951
Less: Cost of bought-in goods and services	(275,923)	(284,932)
Gross value added	619,130	594,019
Share of results of an associate	752	331
Investment income	182	1,250
Interest income	1,483	2,894
Loss on disposal of property, plant and equipment	(1,013)	(6,089)
	620,534	592,405
<i>Applied as follows:</i>		
To Employees – staff and related costs	293,213	276,146
To Government – income and other taxes	39,459	35,792
To Providers of capital:		
Interest on borrowings	7,899	7,376
Dividends to shareholders	117,527	117,450
Balance reinvested in business:		
Depreciation of property, plant and equipment	134,769	128,957
Profit retained by the Group	45,358	45,281
Others	(17,691)	(18,597)
	620,534	592,405

ECONOMIC VALUE ADDED STATEMENT

\$'000	FY2010	FY2009
Profit from ordinary activities before taxation	191,727	185,779
Adjustments for:		
Interest expense	7,899	7,376
Others	7,844	–
Adjusted profit before interest and taxation	207,470	193,155
Economic tax	(30,105)	(29,847)
Net Operating Profit After Tax (NOPAT)	177,365	163,308
Average capital employed ^(Note 1)	913,301	866,296
Weighted average cost of capital ^(Note 2)	6.175%	6.022%
Capital Charge (CC)	56,396	52,168
Economic Value Added (EVA = NOPAT - CC)	120,969	111,140

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

Major capital components	FY2010 \$'000
Long-term debt	250,000
Equity	663,301
	<u>913,301</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 2.7% (FY2009: 2.7%);
- (iii) Ungeared beta at 0.64 based on peer analysis; and
- (iv) Pre-tax Cost of Debt at 3.3% (FY2009: 3.2%) based on Pre-tax Risk-free rate plus credit spread.

PRODUCTIVITY ANALYSIS

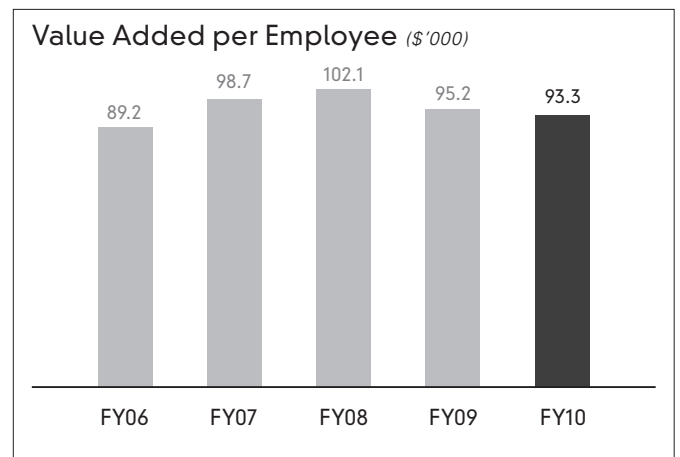
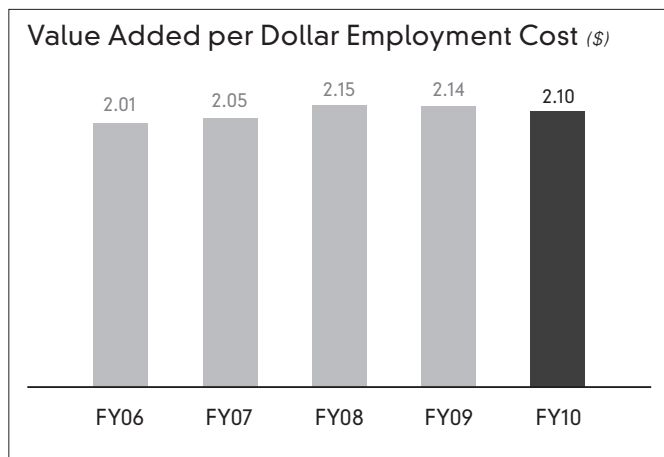
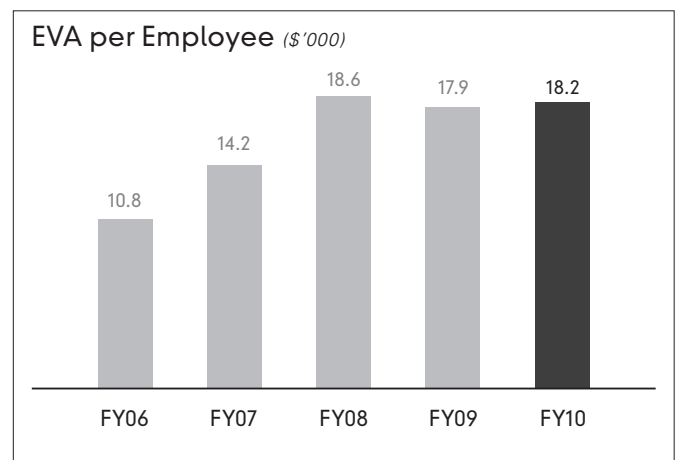
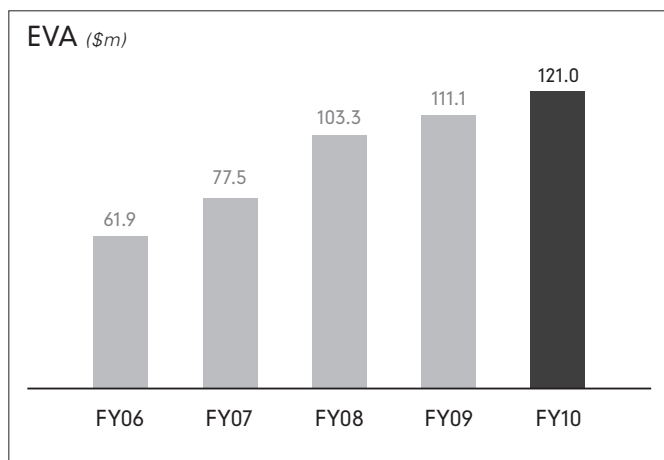
	FY2006	FY2007	FY2008	FY2009	FY2010
Employment costs per \$ of turnover (\$)	0.36	0.35	0.33	0.32	0.33
Economic value added (\$m)	61.9	77.5	103.3	111.1	121.0
Economic value added per employee (\$)	10,829	14,205	18,597	17,851	18,188
Value added (\$m)	509.7	538.8	567.1	592.4	620.5
Value added per employee (\$)	89,181	98,738	102,095	95,150	93,299
Value added per \$ of employment costs (\$)	2.01	2.05	2.15	2.14	2.10
Value added per \$ of gross fixed assets (\$)	0.25	0.25	0.26	0.25	0.26
Value added per \$ of turnover (\$)	0.72	0.73	0.71	0.67	0.69

VALUE ADDED & ECONOMIC VALUE ADDED ANALYSIS

In FY2010, total value added by the Group was higher at \$620.5 million. The amount applied to the employees (staff and related costs) was \$293.2 million, income and other taxes to the government was \$39.5 million, and interest and dividends to the providers of capital was \$125.4 million leaving a balance of \$162.4 million reinvested in the Group.

We achieved higher EVA at \$121.0 million in FY2010, 8.8% over FY2009. This improvement in EVA was driven largely by better operating profit. Over five years as shown

in the graph below, EVA has grown at an annualised rate of 18.2%. 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 FY2010 was higher over FY2009, VA per dollar of employment costs and VA per employee were lower in FY2010 due to the increased headcount as at end FY2010. SMRT's staff strength was 6,651, as compared to 6,226 as at 31 March 2009.



KEY DYNAMICS & RISK MANAGEMENT

In SMRT, we believe that a robust risk management framework at an enterprise level is essential so as to continually deliver reliable, innovative and progressive transport services to our customers.

The risk management section in the *Corporate Governance* Report describes the enterprise risk management structure that is adopted by the Group. This section will begin with a description on the Group's risk management process, followed by a discussion on how the risks are managed within SMRT.

Risk Management Process

The Risk Management process adopts a standard methodology throughout the Group in which objectives are outlined and key risks are reviewed together with the associated impact and likelihood. Mitigating strategies and action plans are then developed in response to the risks. The process is carried out twice a year at the Risk Management Committee (RMC), individual department and project levels. The RMC focuses on top risks at the Group level that have significant impact on the long term financial health or survival of the Group whereas the business units and corporate functions are concerned with risks relating to their respective business and functions. All investments and overseas projects are subject to due diligence processes and also undergo the risk management process at each major milestone of the project life cycle.

All the key risks are integrated at the Group level and monitored closely by the business units and corporate functions. The Board Risk Committee (BRC) and RMC periodically review the risk profile to ensure the key risks are within the Group risk appetite. In addition, the BRC will highlight risks relating to information technology and other significant matters that may have an impact on financial reporting and internal controls to the Audit Committee (AC). The Group also continuously scans the environment and landscape so as to respond in time to emerging risks.

In the year, the Group continued its initiatives to strengthen the risk-centric culture through workshops on the risk management methodology. New staff also undergoes training to be familiar with the importance of risk management.

Managing Our Risks

Energy Cost Risks

The Group is exposed to energy cost risks that are outside its control, such as fluctuations in oil and diesel prices,

which affect its energy costs. The Group mitigates rising electricity costs by entering into electricity contracts for at least half a year or longer at fixed rates. In addition, the supply and delivery of diesel is currently at fixed discounts off market rates. The Group may, where deemed suitable, engage in short-term diesel hedging contracts to partially mitigate the diesel price fluctuations in the market. 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 coming from purchase of diesel in foreign currency, forward exchange contracts are used.

Security and Epidemic Risks

The Group's facilities may be exposed to the effects of natural disasters and other potentially catastrophic events, such as major accidents, terrorist attacks and epidemic outbreaks.

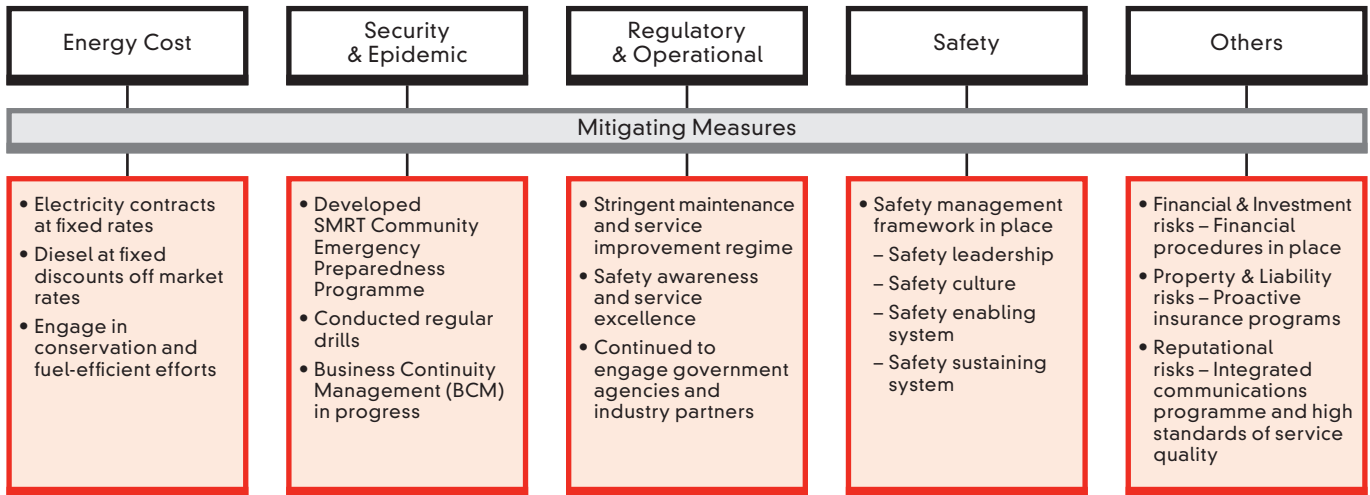
The Group does its best to ensure the safety and security of its transport system by having a safety and security management strategy covering assessment of threats and vulnerability, prevention, protection, response and recovery aspects.

To counter terrorism threats, SMRT Community Emergency Preparedness Programme (SCEP) was developed. The programme was endorsed by Ministry of Home Affairs and LTA in July 2006 and officially launched on 22 December 2006. SCEP was developed with the aim of involving community participation in its efforts to combat terrorism and to minimise the potential damages which terrorist attacks may cause. To date, over 10,000 participants (including community members and students) have been trained under the SCEP.

Regular drills such as bomb threat mitigation exercises were conducted at selected rail stations and bus interchanges to allow staff to be familiar with the Group's emergency evacuation procedures. CCTV improvements are currently being studied and access controls are being installed in the headquarters and depots to prevent unauthorised access. In 2010, there are plans to extend the security system to the restricted areas in all train stations. In addition, the Group conducts counter surveillance exercises, security audits and other security initiatives to heighten the level of security awareness and to highlight gaps and weaknesses in SMRT's transport system against terrorist threats.

KEY DYNAMICS & RISK MANAGEMENT

KEY RISKS



The Group is also mindful of the importance of Business Continuity Management (BCM) in view of the ever-increasing threat of a terrorist attack, fire, pandemic and other man-made or natural disasters. Business continuity management is a holistic management process, which identifies potential impacts that threaten SMRT core business processes and provides a framework for ensuring resilience, contingency and capability of effective responses that secures and safeguards the commitments to our customers, shareholders and reputation.

The Group has embarked on its journey to develop a holistic approach towards Business Continuity Management for the various business units to support the critical business functions. In 2010, we have targeted to attain the Business Continuity Management Certification SS540 for SMRT so as to enable SMRT to assess its risk exposure, prioritize its critical functions, and determine the recovery resources and capabilities in the event of a disaster.

Regulatory and Operational Risks

The Group’s rail, bus and taxi operations are subject to extensive regulation by LTA and PTC. It is dependent on the retention of its rail, bus and taxi licenses from LTA and PTC for the conduct of its business. The terms in the current Licence and Operating Agreement (“LOA”) for NSEWL and BPLRT, License to Operate Circle Line, and the Bus Service Operator’s Licence (“BSOL”) are described earlier in the *Background – Regulatory Framework* section of the *Operating and Financial Review* section and further detailed in the *Notes to Financial Statements*. The rail,

bus and taxi operations are also regulated by operating performance and service standards. For example, the rail operations 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, which among other areas, also focus on reliability, safety and availability. Taxi operations are also subjected to regulatory operating standards relating to various aspects of service quality and safety performances. These business units mitigate non-compliance risks by carrying out stringent maintenance and service improvement regime every year. The importance of safety awareness, service excellence and adherence to strict operating procedures are also inculcated to every staff through incentive schemes and other programmes.

In addition, the 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 in the *Operating and Financial Review*.

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 by issuing shorter operating licenses for future lines. LTA will also take on central planning of the bus service network, which is currently planned by the public transport operators. There will also be greater contestability in the bus industry where operators 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 government agencies and industry partners including 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 a safe and healthy work environment for our employees, customers, business partners and the public. Our holistic approach towards safety encompasses the 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 organization to achieve excellent safety performance. At SMRT, the President & CEO has the overall and final responsibility for safety. The Deputy President & COO oversees the Safety Services Department so that safety consideration is embedded in every operation decision.

Safety Culture

Our safety culture is built upon a firm foundation of visionary leadership and employee engagement where safety is embraced and practised by every employee as a way of life. With a strong leadership and employee involvement, the entire SMRT functions like a big safety organisation.

Safety Enabling System

To facilitate the organization in meeting its 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 the SMRT's SSPP was benchmarked against a number of international standards for safety in transit operations. SMRT also has a well-structured training and competency management framework that identifies and analyzes the learning needs of our employees in the area of operations safety as well as 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 for an operating railway and thus, provides assurance for a safe and reliable railway network.

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 operations audits, a control self-assessment (CSA) programme has also been instituted for greater ownership on 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 launched in 2008. Since then, SMRT SHIELD has continued to be a successful platform to instill the right value of service excellence and reinforce safety behavior in our employees through competitive events across different business units.

Reputation 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 puts in place an integrated communications programme to ensure effective communication and continuously maintain close relations with our stakeholders at all times. In addition, the Group constantly upholds high standards of service quality in all of our business areas and ensures that service standards are met at all times. We strive to improve and exceed our own performance standards and benchmark ourselves against the world's top transport operators.

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 also 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.

KEY DYNAMICS & RISK MANAGEMENT

The business proposals for such activities are also guided by operational and financial procedures and presented to senior management and Board of Directors for approval.

On 16 July 2009, the Group announced that its wholly-owned subsidiary, SMRT Hong Kong Limited (“SMRT Hong Kong”) has entered into a new sale and purchase agreement to acquire a 49% equity interest in Shenzhen Zona. The aggregate purchase consideration of RMB 320 million was paid in two tranches: the first tranche of RMB 240 million was made on 30 October 2009 while the second tranche of RMB 80 million was made on 25 February 2010. Following this, Shenzhen Zona became an associated company of the Group.

The investment is subject to a number of risks, which may impact its contribution to the Group’s profits in the near future. The risks include the following:

- regulatory risks in the form of changes to transport policies, fares to be charged and other operational performance requirements;
- increase in operating costs due to factors beyond its control such as compliance with regulatory obligations to maintain, renew and/or replace operating assets and/or licences; and
- having to comply with safety and operating performance standards.

To mitigate these risks, the Group has carried out project risk assessments and continuously monitored the action plans. Prior to the acquisition, rigorous due diligence was carried out and in addition, external expertise was also engaged in evaluating the relevant risks from a quantitative risk management approach. Some of the mitigating measures include reviewing internal controls and approving authorities and limits, and ensuring proper communication at all levels. A detailed integration plan is also put in place by the Management of Shenzhen Zona so as to better review and align the work processes. Also, the Management of Shenzhen Zona will continue to build strong relationships with local authorities, industry players and related associations to mitigate the regulatory risks.

Financial Risks

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. The management continually monitors the Group’s risk management process to ensure that an appropriate balance between risk and control

is achieved. Risk management policy and system are reviewed regularly against best practices in the market and to reflect changes in the Group’s risk management requirements.

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 main financial risks arising from the Group’s operations and the use of financial instruments are credit, foreign currency, interest rate, liquidity and market risks. Management of these risks are 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 in place an insurance programme to insure its 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 that our insurance programme continues to be adequate for the risk exposures which are identified.

Sensitivity Analysis

MRT Ridership

Every one percentage point change in annual MRT ridership will result in a \$4.7 million change in revenue. This is assuming MRT fare structure remains at FY2010 levels.

Bus Ridership

Every one percentage point change in annual bus ridership will lead to a \$1.9 million change in revenue. This is assuming the bus fare structure remains at FY2010 levels.

Electricity Costs

Every one percentage point change in the rates of electricity for MRT, using FY2010 rates as a basis, will lead to a \$0.6 million change in operating profit per year. This is assuming the MRT electricity usage is maintained at FY2010 levels.

Diesel Costs

Every one percentage point change in the rates of diesel, using FY2010 rates as a basis, will lead to a \$0.3 million change in operating profit per year. This is assuming the diesel usage is maintained at FY2010 levels.

Accounting Policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting periods compared with the audited financial statements for the year ended 31 March 2009, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2009.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on or after 1 April 2009. The adoption of these new/revised FRSs and INT FRSs does not have material effect on the amounts reported for the current or prior period.

The adoption of FRS 1 – Presentation of Financial Statements (Revised) has changed the presentation of the statement of changes in equity and includes the consolidated statement of comprehensive income. The adoption of FRS 108 – Operating Segments will disclose segment information to enable management and external stakeholders to evaluate the nature and financial effects of the business activities.

Outlook for FY2011

In the year ahead, we will continue to grow our revenue and profit contributions in both fare and non-fare operations.

Group revenue is expected to be higher in FY2011 as compared to FY2010 due mainly to commencement of Circle Line Stage 1 and 2 in April 2010. Higher MRT and Bus ridership are also expected to contribute to the higher Group revenue.

For the taxi segment, we will continue to focus on the higher-margin niche taxi segment and deliver excellent service and develop initiatives to help our taxi partners to increase their earnings.

Rental revenue is expected to grow by \$6.0 million with increased lettable space from the refurbishment of six more stations along NSEWL and Circle Line. We will continue to roll out exciting advertising mediums and platforms with the most up-to-date technology to offer advertisers more interactive ways to better engage our commuters.

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. Staff and related costs will be higher as headcount has increased with the operation of Circle Line Stage 1 and 2 from 17 April 2010. In addition, increased train runs and Circle Line operations will result in higher energy costs. Repairs and maintenance costs are also expected to be higher with more scheduled repairs and maintenance and with the operations of Circle Line Stage 1 and 2.

The profitability of the Group is expected to be impacted by volatility in energy prices and the cessation of Government Budget measures as announced in the Budget speech 2009. From July 2010 onwards, Train and Bus fares will be reduced by 2.5% on account of the fare formula for 2010 and the implementation of distance fares. The 2.5% fare reduction will be applied to overall fares once the 15-month fare discount of 3% ceases on 2 July 2010.



Diversity
cannot be
limited.
But it can be
focused.

SMRT TRAINS & SMRT LIGHT RAIL



“The SMRT network is an essential building block of daily life in Singapore, enhancing the lives of millions through its transport services, stations and amenities. With the opening of the Circle Line, improved operational efficiency and network safety and security, our ridership will be boosted and commuter travel experience enhanced.”

Vincent Tan Peng Hock
Vice President, Rail Operations,
SMRT Trains Pte Ltd

The SMRT network is an essential building block of daily life in Singapore, enhancing the lives of millions through its transport services, stations and amenities.

The Group maintains a fleet of 106 trains which operates along a 93.2km route spanning 53 stations along the North-South and East-West lines. In addition, SMRT also currently operates five stations and 5.7km of the 33-km Circle Line, which opened in May 2009.

SMRT trains are the primary mode of public transport for many, with ridership standing at 1.57 million trips daily in FY2010, up from 1.5 million in FY2009. This 5.2 per cent increase in ridership is attributed to the start of revenue service on the Boon Lay extension in February 2009 and along the first five stations of the Circle Line in May 2009. The opening of several destination retail developments such as ION Orchard and 313@Somerset on Orchard Road during the year also contributed to this increase in train ridership.

The Circle Line Opens

The highlight of financial year 2010 was the much-awaited opening of the Circle Line. Five stations from Phase 3 of the Circle Line, namely Marymount, Bishan, Lorong Chuan, Serangoon and Bartley commenced revenue operations in May 2009.

Much fanfare heralded the opening of the Circle Line including non-stop community celebrations at Bishan Circle Line Interchange Station over the weekend of 30-31 May. Party! SMRT Circle Line saw a 2,000-strong crowd joining in the festivities headlined by MediaCorp artistes from the hit drama series, *The Little Nyonya*, as well as megastars of Taiwanese rock, Super Band.

Sharing the joy of the occasion, SMRT pledged to donate the fares collected from the first 22 days of the Circle Line operations to the SMRT Silver Tribute Fund. Singapore Post launched a set of four commemorative circular stamps to mark the opening of the Circle Line. The stamps depicted key elements of the Circle Line system such as a system map, a station, the three-car CCL trains and Kim Chuan Depot, the world’s largest underground depot.

Key Operating Data	FY2006	FY2007	FY2008	FY2009	FY2010
Total ridership <i>(to nearest million)</i>	413.8	434.9	469.3	510.2	536.6
Growth in ridership (%)	2.8	5.1	7.9	8.7	5.2
Total car-kilometres operated <i>(to nearest million)</i>	75.5	77.1	78.0	85.2	91.9
Growth in car-kilometres operated (%)	0.6	2	1.2	9.2	7.9
Average weekday ridership <i>(to nearest '000)</i>	1,212	1,279	1,381	1,502	1,579
Growth in average weekday ridership (%)	3.5	5.5	8	8.8	5.1
Total passenger-kilometres <i>(to nearest million)</i>	5,058	5,288	5,714	6,223	6,444
Growth in passenger-kilometres (%)	2.6	4.6	8.1	8.9	3.5
Average car occupancy	67.0	68.6	73.3	73.1	70.1
Growth in average car occupancy (%)	2.1	2.4	6.8	(0.3)	(4.1)

SMRT is now gearing up for the Circle Line's next major milestone – the launch of Stage 1 and 2 on 17 April 2010. This leg of the Circle Line stretches over a 10.5km distance between Orchard Road and Upper Payar Lebar Road. It is served by 11 underground stations, namely Dhoby Ghaut, Bras Basah, Esplanade, Promenade, Nicoll Highway, Stadium, Mountbatten, Dakota, Paya Lebar, MacPherson and Tai Seng. This portion of Circle Line will connect to the East-West line at Paya Lebar Station and to the North-East line at Dhoby Ghaut station.

During the year, SMRT Trains actively recruited and trained staff to acquire the necessary competencies to run Stage 1 and 2 of Circle Line. Trial runs began in earnest in January, training is proceeding on schedule and most staff are actively deployed on the line now.

Key Initiatives & Station Management

In line with its usual practice, SMRT stepped up to offer more train trips to support special events in Singapore such as the 2009 Singapore F1 and National Day Parade 2009, as well as over festive periods like Christmas and the New Year.

With effect from 22 March 2010, SMRT rolled out 150 more train trips, offering passengers shorter waiting time and less crowded train cars. The additional trips were introduced in anticipation of an increase in ridership on the North-South and East-West lines. The new trips were

introduced at timeslots where there is a discernible trend of higher passenger travel.

Improving Commuter Experience

In FY2010, several wide ranging initiatives were launched to better manage our stations so as to be more responsive to commuter needs.

For operational purposes, the train network is divided into different zones with a Service Operations Manager taking charge of each zone. During the year, these zones were re-grouped to allow for closer supervision and more efficient staff management. This change effectively brings the ratio of Service Operations Manager to station down to 1:4 from 1:5, allowing Service Operations Managers more opportunities to interact with customers.

Staffing at selected stations was boosted in response to higher passenger traffic. Bishan saw its staffing levels upgraded to a nine-man rota to better reflect its new role as an interchange station serving the North-South and East-West lines. The same rota was adopted at Bugis and Tampines for better crowd control.

Reflecting the rise of a more inclusive society in Singapore, new platform markings were introduced for wheelchair users. These disabled-friendly boarding and alighting points are conveniently located near lifts for better access to the concourse level.

SMRT provides bicycle parking stands around train

SMRT TRAINS & SMRT LIGHT RAIL

stations and bus interchanges as part of its effort to promote cycling as a viable and environmentally friendly transport option. Innovatively-designed two-tier bicycle racks are used to maximise space. SMRT also worked with the Land Transport Authority (LTA) to launch an initiative to allow foldable bikes to be brought on board trains and buses during off-peak hours on weekdays and all day on weekends with effect from 15 March 2009.

To create an enjoyable commuter experience of our trains and stations, SMRT worked with the National

Environment Agency to ensure toilets at all SMRT stations achieve the Singapore OK certification, which verifies acceptable level of cleanliness and usability. Likewise, the introduction of decorations at our Passenger Service Centres added festive cheer to our stations during the year-end. To keep passengers entertained while travelling, Singapore's first subway drama, *A Starry Night*, was aired daily on 250 television displays in our stations from mid-2009.

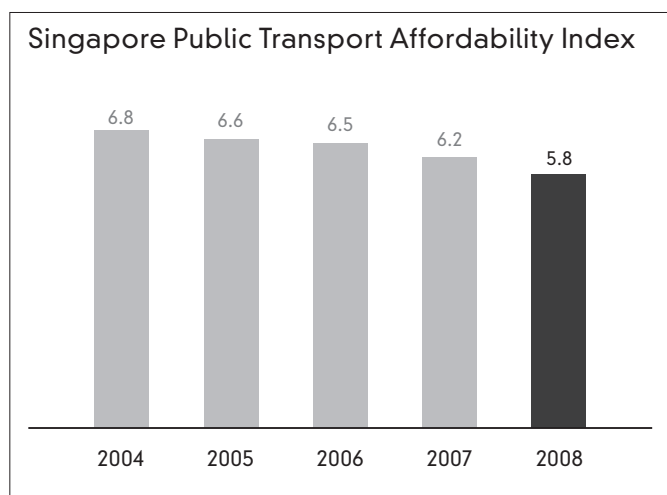
Fare Relief

Sensitive to the impact of the economic downturn on commuters, SMRT supported the government's decision not to increase fares in FY2010. Instead, we worked with the government to offer commuters relief through a series of measures that included an overall 4.6% reduction in bus and train fares comprising fare rebates and larger transfer fare rebates, from 40 to 50 cents. Passengers taking direct journey also enjoy savings of up to two cents under the measures. On a single trip basis, fares on the SMRT network remained relatively low when compared against other Asian metros. In addition, Singapore's public transport affordability index has continued to improve over the last five years. The index is a ratio of monthly expenditure on public transport over monthly household income. A lower index indicates more affordable fares.

Boosting Ridership

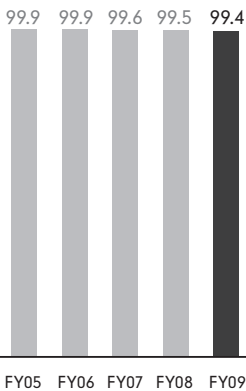
During the year, SMRT launched various promotions to encourage commuters to increase their use of our services. The highlight of these ridership promotions was Escape with SMRT, with its grand draw in May 2009, which saw one lucky commuter winning a 10-day holiday for two to Egypt and \$2,000 in cash. This promotion received international endorsement later in the year when it beat 61 other contending campaigns to win the People's Choice Campaign in the 4th UITP (Union Internationale des Transports Publics) Marketing Awards.

In the same month, we launched a public transport campaign called Join the Green Revolution, to reward commuters who make a positive contribution to the

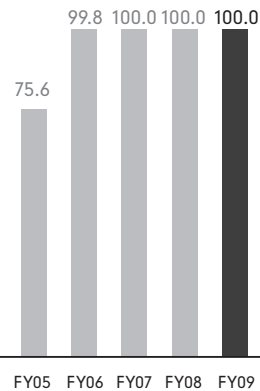


SMRT Performance Against Nova and CoMET Operators (Best Performance = 100%)

Punctuality

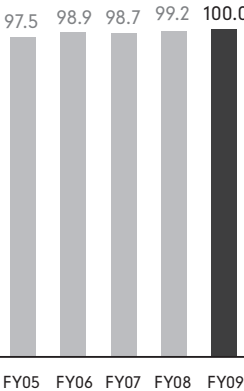


Manpower Efficiency



SMRT has been the most manpower-efficient in terms of passenger-km per total staff and contractor hours over the past three years.

Cost Efficiency



SMRT has also consistently improved on its cost efficiency, topping the other metros in terms of operating cost per passenger-km.

Safety



In terms of safety and security, SMRT has performed well over the years compared to other metros in ensuring safety and security of commuters. The company has one of the least number of fatalities over the 10-year moving average.

environment by travelling on our network instead of using private vehicles. From 16 October 2009 to 15 May 2010, passengers were rewarded for travelling and shopping with SMRT through the Ride Free with SMRT promotion which offers lucky winners the opportunity to travel for free on our network.

Excelling To Serve

SMRT strives to continually raise performance standards so as to deliver the best possible service to our customers. Our customer service framework guides our approach to service at three vital customer touch points – people, processes and the physical environment.

Every year, our operations aim to perform at a level that is higher than the standards set by LTA, and FY2010 was no exception. During the year, our train operations surpassed the standards stipulated by LTA on all parameters including train arrivals and departures, availability of essential equipment and passenger injury rates.

We also benchmark our performance against other



metro operators in the Nova and Community of Metros (CoMET) benchmarking groups. We have maintained strong performance within these groups, topping the manpower efficiency parameter over the last three years. SMRT also led other operators in cost efficiency and has one of the lowest fatalities over 10 years among the metro operators surveyed.

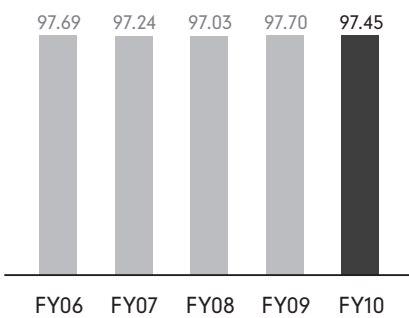
The Bukit Panjang light rail transit (BPLRT) system is a fully-automated, 7.8km light rail line that serves the

SMRT TRAINS & SMRT LIGHT RAIL

SMRT Performance Against LTA Standards

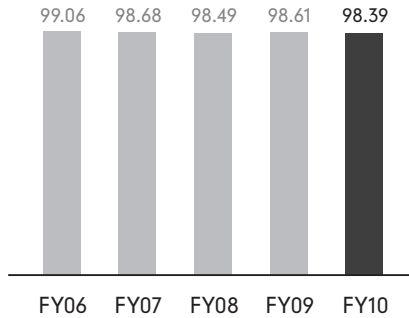
Train Arrivals

(at least 94% within 2 minutes of schedule weekly)



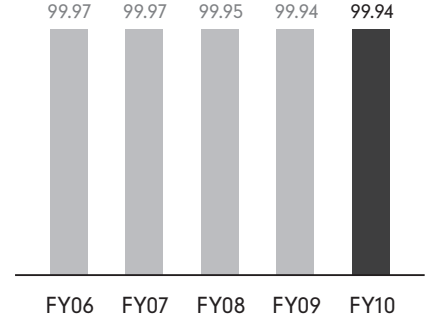
Train Departure

(at least 96% within 2 minutes of schedule weekly)



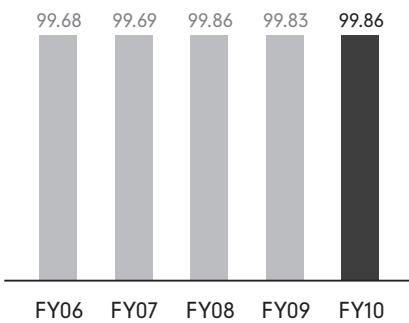
Train Availability

(at least 98% within 2 minutes of schedule weekly)



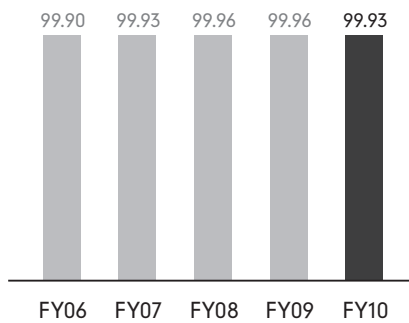
General Ticketing Machine Availability

(at least 95% weekly)



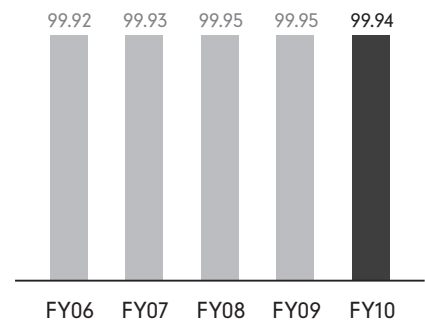
Passenger Service Machine Availability

(at least 95% weekly)



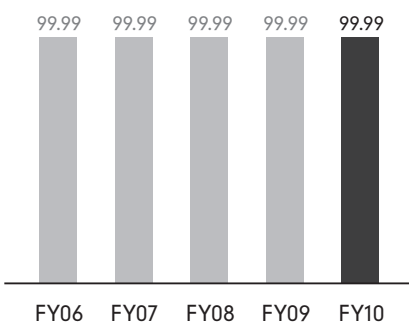
Automatic Fare Gate Availability

(at least 95% weekly)



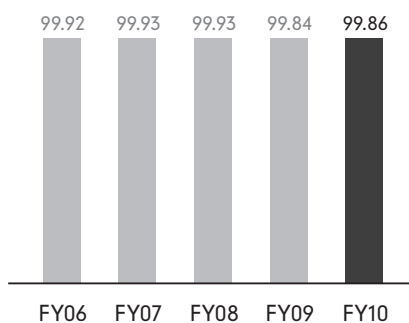
Escalator Availability

(at least 99.5% monthly)



Lifts Availability

(at least 99% monthly)



Passenger Injury Rate

(no more than 0.4 injuries per million customers monthly)



Figures above are annual average of each indicator's performance while LTA standards are either on a weekly or monthly basis

communities in the Choa Chu Kang, Bukit Panjang and Teck Whye areas.

In FY2010, average daily ridership grew by 1.9% to 44,553 compared to 43,726 in FY2009. In operational terms, BPLRT excelled in all its performance indicators, including service availability and availability of essential equipment. For FY2010, monthly system service availability stood at 99.94%, improving on the requirement of 99.5% set by LTA. Availability of essential equipment was robust, with lifts, general ticketing machines and fare gates notching up availability figures of 99.96%, 99.81% and 99.93% respectively.

The Year in Review also saw the implementation of TITAN-C gates at all BPLRT stations. These new gates replace the previous wide gates and offer ease of access to the wheelchair-bound as well as passengers with strollers and bulky items.

During the year, BPLRT engaged the community in various activities to drive ridership and promote a healthy, balanced lifestyle. BPLRT supported a mass aerobics workout and brisk walk for Choa Chua Kang residents which ended at Sheng Siong Supermarket, near Ten Mile Junction LRT station. BPLRT also joined in the Bukit Panjang Emergency Preparedness Day to test our emergency planning and response.

A joint promotion with Shaw Organisation, which operates Lot 1 Cineplex, saw passengers enjoying movie ticket discounts. In another promotion, passengers who bought movie tickets stood to walk away with movie collectibles.

Engineered for Safety and Security

SMRT spares no effort to apply appropriate engineering solutions to improve its rail systems.

Working closely with LTA, we facilitated the installation of half-height platform screen doors at Pasir Ris, Yishun and Jurong East stations. Installation works at another 10 stations are on-going and completion by December 2010 is on track. The platform screen doors have been designed to augment passenger safety and reduce incidence of track intrusions. All elevated MRT stations will be fitted with half-height platform screen doors by 2012.



During the year, SMRT procured two sets of automatic track inspection systems to complement the functions of permanent way patrolling. The \$3.8 million automatic track inspection systems have since been implemented, leading to higher productivity, improved service consistency and track reliability as well as annual savings of up to \$1.2 million in maintenance costs.

The installation of STARiS™, a real-time, text and visuals based integrated information system, across our fleet of trains, is progressing on schedule. To date, all first generation C151 midlife upgraded trains have been fitted with STARiS™ and full implementation across our entire fleet should be completed by September 2010. STARiS™ will also be fitted on board 22 new C151a trains procured by LTA.

Designed to be of particular benefit to the hearing impaired, STARiS™ improves in-train information dissemination by providing real time location updates using an electronic route map.

An Even Brighter Future

In the year ahead, SMRT will be embarking on a renewal project for its trackside and train-borne signalling systems. Tenders are expected to be called in the first quarter of 2011.

This renewal project will resolve obsolescence issues, and reap multiple benefits including higher reliability, improved capacity, reduced maintenance and recovery time.

SMRT will be embarking on the progressive replacement of existing fare gates with new, improved

SMRT TRAINS & SMRT LIGHT RAIL



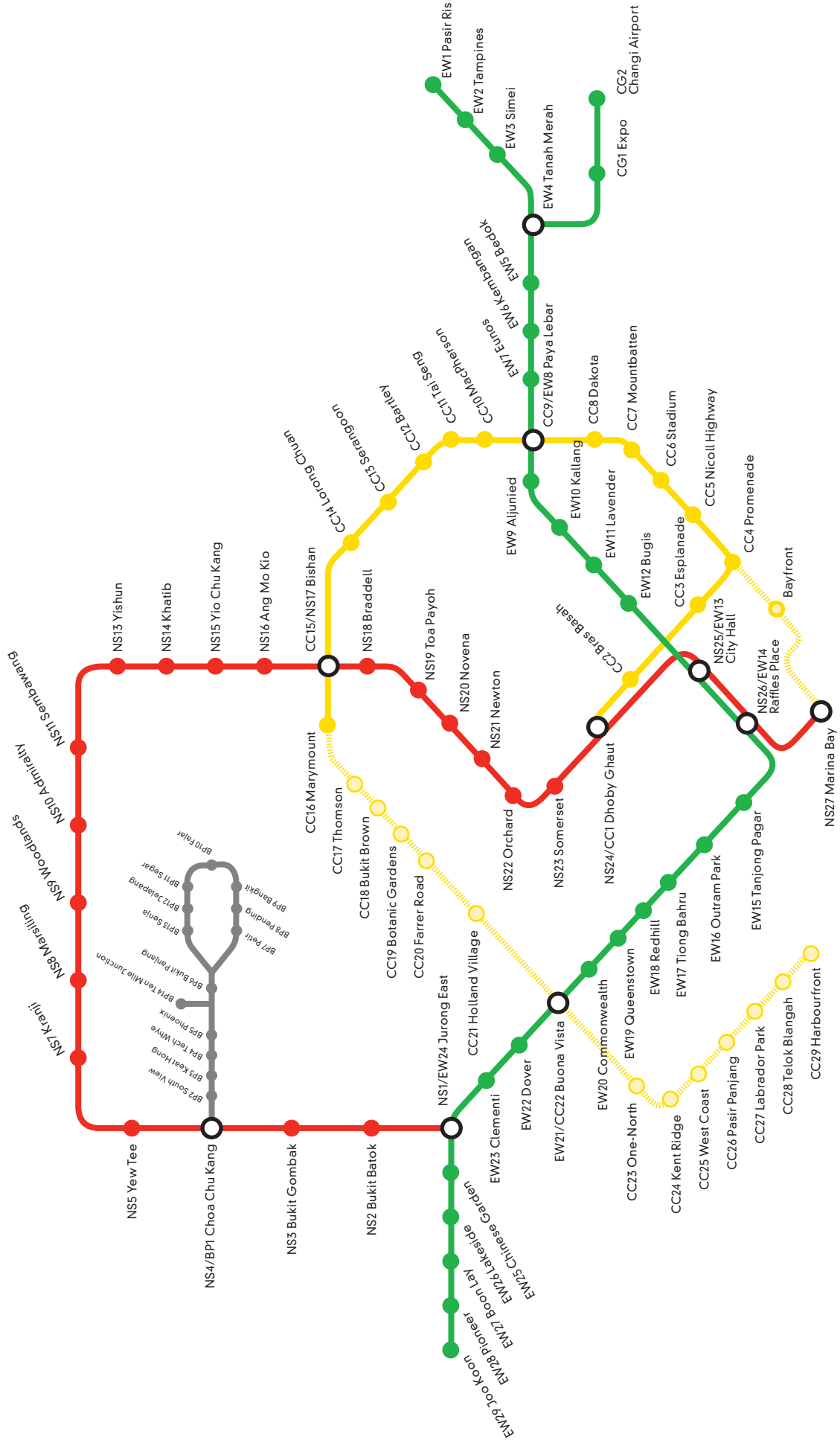
gates designed in-house. Over the next four years, the new TITAN-E gates will replace the existing 20-year-old gates which are encountering maintenance support issues. Designed to be green and energy saving, TITAN-E gates are equipped with passenger-friendly features such as an intelligent sensor system.

To better secure our rail network, SMRT is collaborating with the Internal Security Department and LTA to install surveillance cameras in our train system. The Train Video Surveillance System or VSS will allow images from in-train cameras to be downloaded at stations and subsequently routed to the Operations Command Centre. Installation works for this system are expected to start in the second quarter of 2010.

Security in and around MRT stations will also be stepped up with the installation of 4,100 CCTV surveillance cameras. Installation works are on-going and completion is expected in 2011.

In FY2011, we will press on with preparations to run more stations in Circle Line, beginning with staff recruitment for Stage 4 and 5 of the line. New crowd control plans are in place to manage the opening of subsequent stages of the Circle Line. When Stage 4 and 5 of the Circle Line are completed in 2011, Singaporeans will enjoy the convenience of a new rail line served by 29 underground stations. The Circle Line will provide seamless transfers to the North-South line at Bishan and Dhoby Ghaut, the East-West line at Paya Lebar and Buona Vista, and the North-East line at Serangoon, Dhoby Ghaut and HarbourFront.

MRT & LRT System Map



● Interchange station
○ Circle Line stations not in operation

SMRT BUSES



“By developing customer-centric service, promoting ridership, renewing our fleets and growing business opportunities, we are committed to enhancing our commuters’ travel experience.”

Kang Huey Ling
Vice President, SMRT Buses Ltd
and Bus-Plus Services Pte Ltd

Every day, SMRT Buses connects commuters to many destinations across the island through our wide network of services.

SMRT Buses is committed to offering commuters a safe, reliable and friendly travel experience every time they board our buses. With our fleet of 954 buses, we operate a total of 92 services, comprising trunk, feeder, premium, NightRider, shuttle services and intra-town routes, among others. Average daily ridership in FY2010 stood at 796,700 passenger trips.

In July 2009, SMRT Buses joined the International Bus Benchmarking Group (IBBG). 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.

Our private bus charter service, Bus-Plus, has seen encouraging growth. In recent years, Bus-Plus has carved out a niche for itself in the healthcare sector. This role was further expanded this year with the provision of services to the National Skin Centre, Mount Alvernia and Khoo Teck Puat Hospital.

In the leisure sector, Resorts World Sentosa (RWS) appointed Bus-Plus as its main public transport provider for visitors. Among other things, Bus-Plus supported RWS during its opening by moving a crowd of 20,000 smoothly and efficiently.

Bus-Plus takes pride in catering to transportation needs on a national scale. During the Singapore Airshow 2010, Bus-Plus deployed a fleet of 100 buses to cater to a 30,000-strong crowd. Bus-Plus was also a key transport provider for 2009 Singapore F1. We deployed a fleet of 55 buses to cater to the transport needs of over 36,000 race spectators and 5,000 VIP guests. Bus-Plus was the official transport partner for parade performers during the four months leading up to National Day Parade 2009. On the day of the parade, we deployed over 200 buses to ferry more than 7,000 parade performers, ensuring they arrived at the venue safely and on time, and home in the same manner.

Putting Customers First

In FY2010, SMRT Buses launched various initiatives aimed at reinforcing our role as a customer-centric and community-focused transport provider.

Mindful that an excellent service attitude flows from sound training, in May 2009 we rolled out Provide Go-The-Extra Mile Service (PGEMS), a workshop aimed at improving customer service skills. PGEMS is designed for both office and front line staff. As of 31 March 2010, more than a quarter of our total staff strength has attended PGEMS.

SMRT Buses is reviewing existing training for Service Leaders so as to better align our programmes with the Workforce Skills Qualifications standards set by the Workforce Development Authority. We are also looking to introduce a Service Ambassador Programme. Our service ambassadors will be the face of SMRT Buses and will be responsible for ensuring commuter comfort onboard.



Commuters using our services can now work out in advance the best route to their destination, how long the journey will take and how much it will cost. All these have been made possible by the SMRT Journey Planner, launched in February 2010 and accessible from the SMRT website. Equipped with essential information on travelling with SMRT trains and buses, SMRT Journey Planner allows commuters to make informed travel decisions, thus ensuring a smooth, fast and enjoyable trip.

The support of the community is essential to the success and smooth-running of bus services. On its part, SMRT Buses actively engages the communities which it serves through various programmes including hosting visits by schools and grassroots leaders to our facilities.

We regularly initiate open, lively dialogues with community representatives to better understand public

transport needs in different urban centres and to enhance our services through feedback. In February 2010, we increased the frequency and extended the route of Service 922 in Bukit Panjang town. In March 2010, we amended the route of Service 858 to serve the newly-opened Khoo Teck Puat Hospital and also to connect Sembawang residents to Changi Airport.

Fleet Renewal

In FY2011, SMRT Buses will commence another phase of upgrading of bus interiors for improved passenger travel comfort and this involves enhancements to the technical components of the fleet.

During the year, more wheelchair-accessible buses were added to our fleet. This move allows SMRT Buses to meet the full spectrum of public transportation needs.

Our seat replacement exercise is expected to progress into the next year. Bus components and furnishings such as seat cushion and back shell enhancement programmes have been planned as part of an on-going drive to improve travel comfort.

SMRT Buses is constantly finding new ways to improve the commuter experience, for example by bringing in best-in-class vehicles to cater to the full spectrum of our customers' needs.

SMRT Buses was the first operator in Southeast Asia to launch the Euro V wheelchair-accessible bus in April 2008. In March 2010, we raised the bar further by putting the Euro V Mercedes-Benz Citaro 0530 on a one-year trial. This new model not only offers greater fuel efficiency, but also features a low floor which extends fully along the entire length of the bus, thus allowing smoother passenger flow. SMRT Buses will continue to explore its options to provide the best buses for the comfort of our passengers.

As more commuters choose our buses as their preferred travel option, we, in turn, renew our commitment to high service standards. In August 2009, SMRT Buses continued to meet the increasingly stringent Quality of Service standards in reliability, loading and safety as set by the Public Transport Council.

SMRT BUSES

Five-year Operating Parameters	FY06	FY07	FY08	FY09	FY10
Route length (kilometres)	2,523.7	2,541.1	2,563.0	2,598.1	2,712.8
Total ridership (millions)	265.3	270.3	277.3	288.0	290.0
Growth in ridership (%)	(1.3)	1.9	2.6	3.9	0.7
Bus-kilometres operated (millions)	76.1	75.9	76.3	76.7	78.1
Growth in bus-kilometres operated (%)	(2.9)	(0.2)	0.5	0.6	1.8
Aggregate passenger-trip distance travelled per year (million kilometers)	1,612.7	1,643.3	1,674.4	1,745.2	1,759.7
Growth in passenger-trip distance (%)	0.0	1.9	1.9	4.2	0.8
Load factor (%) ^(a)	22.8	23.1	23.6	24.3	24.3

^(a) As different vehicle types have different capacities, the average capacity of buses is expressed as load factors.



Refining Our Services

In recent years, SMRT Buses has successfully catered to the growing demand from commuters for faster, more direct and comfortable rides through the launch of our Express and Premium Bus Services. In April and May 2009, evening trips were introduced on Premium Service 531 and Express Service 963E to offer commuters the alternative of a faster bus ride home from work.

With the opening of RWS early this year, SMRT Buses rolled out three new bus services to provide convenient and direct access to the integrated resort. Shuttle Services RWS 8 and RWS 88 connect visitors from HarbourFront and the City Hall precincts to RWS while Express Service 963R provides residents from Bukit Batok, Bukit Panjang and Woodlands with a fast, direct link to RWS. In May 2010, Express Service 188R will be introduced to link Choa Chu Kang residents to RWS. We also extended the routes of NightRider Services NR1 and NR6 into RWS to serve the

late night crowd. These services offer hassle-free and value-for-money travel in support of the Government's effort to make public transport the preferred travel choice of visitors to Singapore's first integrated resort.

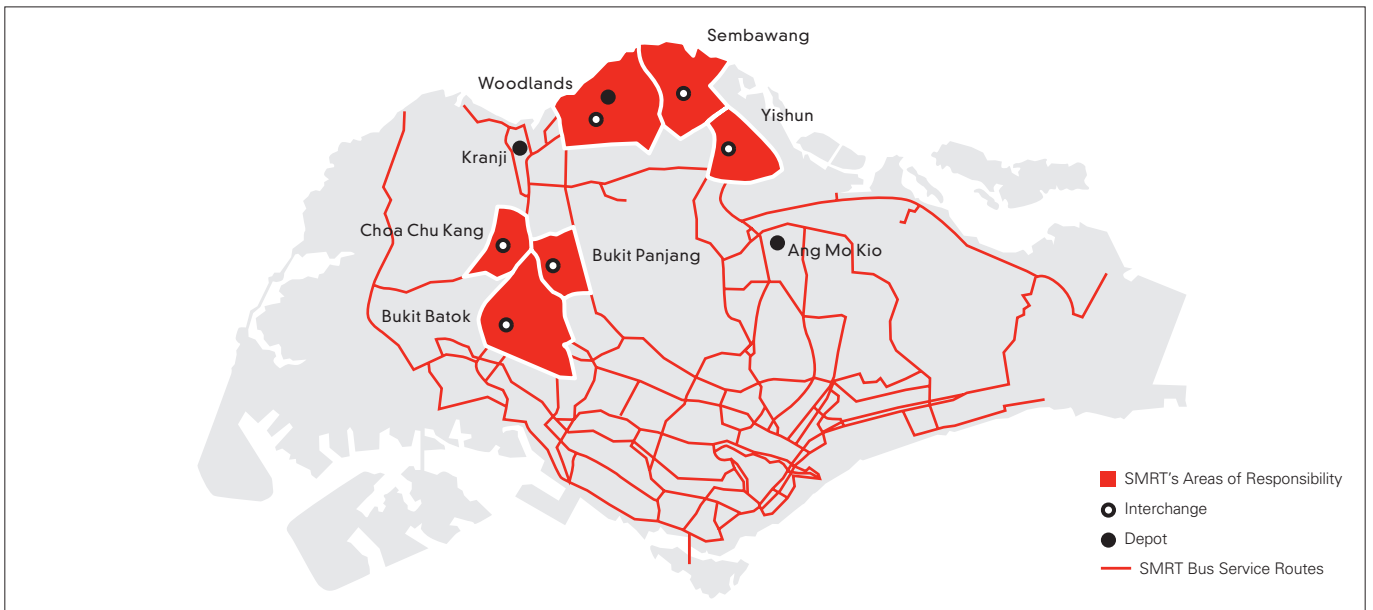
When Marina Bay Sands integrated resort opens in April 2010, SMRT bus service 106 and NightRider Services NR1 and NR6 will be extended to serve the resort, providing direct connectivity to Marina Bay and Promenade MRT stations as well as Singapore's shopping belts.

Boosting Service Reliability

SMRT Buses prides itself on providing safe, reliable and friendly services. During the year, we embarked on various programmes to enhance our level of service reliability.

Work to install new Passenger Information System (PIS) displays on board our buses continued apace in FY2010. As of March 2010, more than 90% of our holding fleet was installed with PIS compared to 63% last year. The PIS takes customer service to a new level by displaying essential information such as details of the next bus stop and other important messages.

The Year in Review also saw the Closed Circuit Television (CCTV) system being installed on more than 50% of the Euro V buses. The CCTVs will ensure a safe and secure environment for passengers and service leaders and allow for greater precision in accident investigations. Data captured on the CCTVs also double up as valuable training material, allowing us to improve customer service and passenger safety.



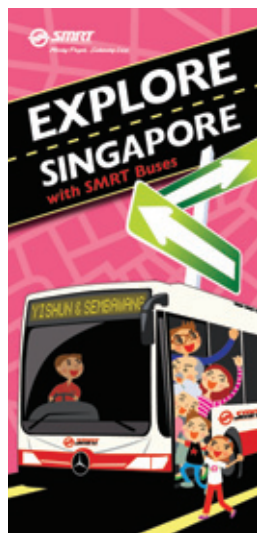
Work is underway to equip the CCTV systems on board our buses with 3G wireless connectivity to enable real time transmission of footage to the central system. This will offer the highest level of safety to passengers and Service Leaders in transit.

The new In-Vehicle System (IVS) is a real time monitoring system designed to improve bus operations and network planning. As of March 2010, our entire holding fleet was installed with the new IVS.

Ridership Promotions

To spread the message that buses are an excellent way to experience Singapore and its many attractions, we produced the *Explore Singapore with SMRT Buses* thematic guides. The guides are organised according to five themes covering major attractions, nature, sports and adventure, culture and history, and places of worship.

We also launched a new edition NightRider Service Guide *Eating Out Late*, which highlights late night eateries in Singapore that are easily accessible by NightRider services.



The Road Ahead

Looking to the future, SMRT Buses will focus on improving service reliability and enhancing connectivity and customer comfort in line with Singapore's Land Transport Master Plan.

SMRT Buses has been actively supporting the Land Transport Authority in its new role as the Central Bus Planner. We are continuously reviewing our bus routes to bring better accessibility to our customers.

In the area of customer service, we are looking to train our front line team to step up service levels so that we go beyond delivering a mode of transport to offering commuters a pleasant travel experience.

SMRT AUTOMOTIVE SERVICES



“We strive to improve our operational efficiency, keep our bus and taxi fleets in prime condition, and widen our reach to ensure safe and reliable travel for our commuters.”

Yeo Meng Hin
Deputy President & Chief Operating Officer,
SMRT Corporation Ltd

SMRT Automotive Services Pte Ltd is the vehicle maintenance and engineering services arm of SMRT. Currently, we provide vehicle repair and maintenance services for SMRT’s fleet of more than 4,000 vehicles. Our comprehensive suite of services covers vehicle maintenance, vehicle recovery and towing services, accident repairs, motor accident claims, diesel retailing and vehicle engineering project management.

Widening Our Reach

SMRT Automotive Services is committed to maintaining our bus and taxi fleets in prime condition to ensure safe and reliable travel for commuters as well as efficient operations for the company.

We operate two taxi workshops, one at Ang Mo Kio and another at Woodlands. We also maintain various satellite workshops located throughout the island. This is for the convenience of our taxi hirers who may require minor repairs to their vehicles.

The main workshop for our bus operations is at Woodlands Depot. Together with the depots in Ang Mo Kio and Kranji, we maintain a fleet of over 950 buses comprising different models from manufacturers such as Mercedes Benz, Scania, Nissan, Dennis and Hino.

SMRT Automotive Services is constantly growing its external business wing so as to increase turnover and generate more revenue. Revenue for our external business is derived from repair and maintenance works for corporate clients such as SingTel, SembWaste and MINDEF. We are the authorised service workshop for King Long and MAN buses as well as the Singapore School Transport Association.

Our technical team at Woodlands and Kranji Depots provide accident repair for both internal and external customers, while over at Ang Mo Kio Depot, we have a private car servicing centre offering repair and maintenance services for private car owners. In addition to these services, we are also active in the trading of automotive parts.

SMRT Automotive Services takes pride in operating the longest vehicle spray booth in Singapore. This allows our Accident Repair Centre to handle accident repairs for the gamut of vehicle sizes and lengths, from standard

saloon cars to 18-metre articulated buses. We provide body repair works, vehicle grooming and body refurbishment works. SMRT Automotive Services is also steadily establishing a reputation as the workshop of choice for many insurance companies.

Primed for Operational Efficiency

At SMRT Automotive Services, we continually strive to improve our operational effectiveness. Our journey towards optimal efficiency is reflected in various accreditations we received over the years, such as ISO 9001: 2008, 14000 and OHSAS Certification.

We have established several diesel kiosks islandwide to better cater to our taxi partners and plan to upgrade the existing pump equipment at all our diesel kiosks.



Several bus upgrading and improvement projects are currently underway to improve the reliability and safety of our buses. These include air system enhancement (Dennis buses), floorboard replacement (Mercedes buses), LED electronic destination system upgrading, as well as bus air-condition evaporator/condenser coil replacement.

We are committed to playing our part to save the environment. We adopted the use of low emission spray paints and vehicle air-conditioning refrigerant recycling systems within our environment. Recycling activities such as

recycling scrap parts and waste paper have been incorporated into our daily operations at SMRT Automotive Services.

More Good Years

SMRT Automotive Services has put in place several initiatives to achieve sustainable growth and improvement in the years ahead.

To raise the level of service to our taxi partners, we are expanding our repair and maintenance operations in the eastern and western parts of the island.

We will continue to explore new technology platforms for our buses. Much effort is expended to ensure we bring in buses that are the best-in-class in terms of comfort, safety, reliability and environment credentials. Currently, we are looking into hybrid bus technology and considering the black box system, which allows us to study the driving behaviour of service leaders, thereby enabling us to refine their driving with eco-driving techniques that would improve fuel consumption and cut down carbon emission.

In our external business, we plan to secure more contracts for the maintenance of corporate vehicle fleets and the supply of automotive parts. We will also embark on several projects including the setting up of our fourth workshop and another private car servicing centre at Woodlands Depot.

SMRT TAXIS



“A challenging operating environment reinforced our commitment to focus on our customers and hirers. Our top priority is to enhance the travel experience, raise customer service level and continue to build more opportunities for our taxi partners.”

Teo Chew Hoon
Vice President, SMRT Taxis Pte Ltd

In FY2010, SMRT Taxis successfully rode out the difficult operating environment by focusing squarely on our customers and hirers. For our customers, our top priority was to enhance the travel experience and raise customer service level. For our taxi partners, we continued to focus on creating more income opportunities and upping the quality in customer service and safety of our taxi partners.

Seamless Rides

SMRT Taxis is the first taxi operator in Singapore to offer customers the convenience of cashless payment through EZ-Link. In FY2010, in support of the Government's efforts to promote cashless payment, we encouraged customers to pay for their taxi rides with ez-link cards. Customers who make payment with a CEPAS-compliant ez-link card enjoy the added convenience of auto top-up with EZ-Reload, thus eliminating any concerns about insufficient funds.

During the year, SMRT Taxis also worked closely with taxi partners to improve ridership and boost their incomes. One such promotional initiative was our annual Book and Win campaign, which ran from June to September 2009. Customers who booked our taxis during the campaign stood to win \$8,000 worth of taxi vouchers while our taxi partners who supported the campaign had the opportunity to win \$3,200 worth of diesel vouchers.

Sterling Service

Our taxi partners did us proud in FY2010 by being shining examples of excellent service attitude. Eight of our taxi partners were named Transport Gold Award Winners for 2009 by the Land Transport Authority at the National Courtesy Award event. This annual award encourages greater courtesy in the transport service sector by honouring transport sector workers who have displayed excellent customer service and courtesy to their customers.

SMRT taxi partners Eric Yeong and Victor Woo were a winner and a finalist respectively in the Singapore Experience Awards 2009. The most prestigious awards platform in Singapore's tourism industry, the Singapore Experience Awards salute individuals and organisations who

have contributed to a compelling Singapore experience through the best product and service delivery.

SMRT Taxis is committed to caring for the communities in which it operates. In November 2009 SMRT Taxis donated a decommissioned taxi to Bright Vision Hospital, a voluntary community hospital, as part of the SMRT Gift of Mobility programme. The brightly decorated taxi will be used to train caregivers in the correct ways to move their dependent relatives in and out of vehicles.



Looking Ahead

Looking ahead to FY2011, SMRT Taxis will focus on maintaining high hired out rate of our taxi fleet and developing initiatives to expand income opportunities for our drivers. Returning to the first principles of customer service, we will commit to delivering excellent service and innovative offerings to our customers.

SMRT INVESTMENTS (PROPERTIES & MEDIA)



“With more stations upgrading and innovative media offerings, we continue to bring vibrancy and buzz to our stations, creating an environment where commuters can enjoy shopping and dining experiences within our network.”

Teo Chew Hoon
Vice President, SMRT Investments Pte Ltd

SMRT Investments is a significant contributor to the Group’s non-fare revenue. SMRT Investments comprises SMRT Properties which manages commercial spaces within our network of train stations and bus interchanges, while SMRT Media markets advertising spaces within our network and on board our trains, buses and taxis.

Properties

At SMRT Properties, our focus is to offer commuters a travel experience enhanced by a wide selection of conveniences and innovative services.

In FY2010, we completed the development works at five stations, namely Buona Vista, Lakeside, Queenstown, Pioneer and Joo Koon. The station improvements allowed us to introduce more trades and services to the stations. These changes added vibrancy and buzz to the stations, creating an environment where commuters can savour enjoyable shopping and dining experiences within our network.

In total, the upgrading works completed in FY2010 effectively contributed to an increase of approximately an additional 1,700 square metres (sq m) to the total leasable area. In the process, about 40 new shop units were made available for leasing. The average occupancy rate in FY2010 stood at 99%.

The benefits of the station developmental works can be felt at Queenstown MRT Station, where revamp works were completed in April 2009. Before the revamp, the only commercial unit at Queenstown station was a tuition centre. Today, the station features a thriving trade mix comprising outlets such as 7-Eleven, Mr Bean and QBread, among others. The upgrading works have increased leasable space at the station by 70%.

Media

As a leading media space owner, SMRT Media strives to establish a strong and continuous industry presence. In FY2010, we did our bit to acknowledge advertising talents and standards in Singapore through key industry awards sponsorship such as the Creative Director of the Year Award, Singapore Advertising Hall of Fame Awards and Agency of the Year, Marketing Magazine Award.

We were also pleased to lend our support to key national events like 2009 Singapore F1 and Singapore Airshow 2010 by working with event organisers on advertising campaigns throughout our network. Our major advertisers and business partners were invited to join us at these exclusive events.

SMRT Media was proud to be a part of the 10th anniversary of The President's Challenge during the year. This year's publicity campaign for the Challenge comprised the eye-catching Heart Train as well as buses and posters. The campaign marked the first ever adoption of a train as a fundraiser launch platform.

Given our extensive network of stations which sees more than 1.5 million passenger trips daily, we offer a good platform to reach out to the masses. SMRT Media was a media of choice for the screening of Singapore's first cross-border sub-opera *A Starry Night*. Commuters at our stations were the first to catch the drama as our daily broadcast was an episode ahead of all other channels. The Mandarin 50-parter was screened in our network between 27 July and 2 October 2009.

As the industry becomes more receptive to the potential of our media spaces, more clients are using our media platforms to engage and interact with our commuters in creative ways.

Manufacturer of asian beverages, Yeo Hiap Seng, embarked on an exclusive Out-Of-Home campaign during Chinese New Year, focusing on key heartland MRT stations. The eye-catching three dimensional advertisements made commuters take a second look. The campaign proved to be a resounding success for Yeo's, with 79.3% total ad recall by commuters and high sales turnover during the festive season.

The Year in Review also saw more movie industry players capitalising on our stations to launch their campaigns. On 25 July and 1 August 2009, *G.I. Joe* mascots made an appearance at Orchard MRT Station.

Watch This Space

In the year ahead, developmental works at our stations will focus on Orchard Xchange, Esplanade Xchange and Jurong East Xchange.



Upgrading works at Orchard Xchange have been designed to more than double the total number of shops from 22 to 46 with a total lettable area of 1,500 sq m. Completion of upgrading works at Orchard Xchange is expected within FY2011. The retail space at Esplanade Xchange will add 2,000 sq m to our total lettable area, and offer 45 shop units.

Jurong East Xchange will be completed in FY2012 to offer commuters greater convenience and a better transit experience.

SMRT Media is geared up to add excitement to the industry in the year ahead with new media offerings that will embrace the most up-to-date technology to offer advertisers more interactive ways to better engage our commuters.

SMRT INTERNATIONAL & SMRT ENGINEERING



“By leveraging our reputation for efficiency, reliability and safety, we are confident of clinching high value contracts and growing our stable of contacts overseas to further expand our international presence.”

Yeo Meng Hin
Managing Director,
SMRT International Pte Ltd
& SMRT Engineering Pte Ltd

SMRT International (SMRTI) is responsible for achieving sustainable growth for the Group through the expansion of its business operations overseas. In recent years, we have moved decisively to extend our reach by anticipating and fulfilling the growing needs of transport operators internationally. Our strength lies in our system-wide domain expertise and our familiarity with the latest technological advances, complemented by our spirit of innovation.

Extending Our Reach

The nations of the Middle East and the Asia Pacific offer many opportunities for growth in land transport as their economies develop and mature. In FY2009, we secured a six-year contract for the operations and maintenance of the Palm Jumeirah Monorail in Dubai. This landmark achievement subsequently led to an invitation to conduct an operations safety certification readiness audit for the Personal Rapid Transit (PRT) system in Masdar City, 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. Our involvement in the PRT project reflects the confidence our clients have in our track record of operating and maintaining state-of-the-art technology.

In Asia, FY2010 saw us securing a contract with the Shinbundang Line (SBL) Project in Seoul, South Korea. Over a two-year period, we will provide project management consultancy services to SBL, focusing on the establishment of a fully automated driverless people mover system, one of the first of such systems in Korea.



In Southeast Asia, Vietnam offers vast opportunities in land transport given the untapped potential of its currently under-developed infrastructure. During the year, SMRTI worked with Japan International Cooperation Agency, which manages the urban railway project with the Vietnamese government, to review the design changes and cost feasibility for the construction of the Ben Thanh – Suoi Tien section (Line 1).



In-House Solutions For The Wider Market

Besides securing high value consultancy projects overseas, SMRTI also actively markets its in-house proprietary solutions, in particular, the SMRT Active Route Map Information System (STARiS™) and the Automatic Passenger Announcement System (APAS).

SMRT Engineering (SMRTE), our business development arm for local projects and info-communications, has been working with the Land Transport Authority (LTA) of Singapore on a number of enhancement works. The most recent of these projects involves the designing, supplying and installation of STARiS™ for 22 new trains commissioned by LTA. SMRTE is also responsible for the testing and commissioning of STARiS™ on board these trains. In addition, SMRTE is also conducting modification works to the existing supervisory control systems in relation to the installation of half-height platform screen doors at above-ground stations. We are concurrently testing and commissioning APAS at the Jurong East Modification Projects and the North-South Line Extension Projects.

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

Looking Ahead

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



Numbers
cannot
tell the
whole story.
But they
can show
the way.

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DIRECTORS' REPORT

Year ended 31 March 2010

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 2010.

DIRECTORS

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

Koh Yong Guan	Chairman (Appointed as Chairman on 23 July 2009)
Saw Phaik Hwa	
Dilhan Pillay Sandrasegara	
Halimah Jacob	
Ho Kim Wai	
Paul Ma Kah Woh	
Ong Ye Kung	
Bob Tan Beng Hai	
Tan Ek Kia	(Appointed on 24 July 2009)
Peter Tan Boon Heng	(Appointed on 12 February 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
Koh Yong Guan		
SMRT Corporation Ltd		
– ordinary shares	70,000	70,000
Chartered Semiconductor Manufacturing Ltd		
– ordinary shares	2,000	*
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

DIRECTORS' REPORT

Year ended 31 March 2010

DIRECTORS' INTERESTS (cont'd)

Name of Director and Corporation in which interests are held	Holdings in the name of the Director, Spouse or Infant children	
	At beginning of the year/date of appointment	At end of the year
Koh Yong Guan (cont'd)		
SP AusNet		
– stapled securities	96,000	96,000
Saw Phaik Hwa		
SMRT Corporation Ltd		
– ordinary shares	463,400	696,000
Singapore Telecommunications Limited		
– ordinary shares	–	10,000
Dilhan Pillay Sandrasegara		
Singapore Airlines Limited		
– ordinary shares	2,000	2,000
Singapore Telecommunications Limited		
– ordinary shares	936	936
SP AusNet		
– stapled securities	50,000	69,329
Ho Kim Wai		
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
Paul Ma Kah Woh		
Mapletree Logistics Trust Management Ltd		
– units in Mapletree Logistics Trust	685,000	685,000
Singapore Telecommunications Limited		
– ordinary shares	380	380
StarHub Ltd		
– ordinary shares	78,580	78,580

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
Ong Ye Kung		
SMRT Corporation Ltd		
– ordinary shares	–	10,000
Singapore Telecommunications Limited		
– ordinary shares	1,800	1,800
Peter Tan Boon Heng		
Singapore Airlines Limited		
– ordinary shares	8,400	2,400

* Chartered Semiconductor Manufacturing Ltd ceased to be a related corporation of SMRT Corporation Ltd during the financial year.

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 2010.

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.

DIRECTORS' REPORT

Year ended 31 March 2010

SHARE OPTIONS AND SHARE PLANS (cont'd)

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 and Mr Tan Ek Kia.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the SMRT ESOP, SMRT RSP and SMRT PSP as it thinks fit.

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

SMRT ESOP

(i) *Eligible participants*

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

(ii) *Maximum allowable allotment*

The total number of shares which may be issued under the SMRT ESOP ("ESOP Shares") when added to the number of shares which may be issued pursuant to awards granted under the SMRT RSP and SMRT PSP shall not exceed fifteen 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.

SHARE OPTIONS AND SHARE PLANS (cont'd)

SMRT ESOP (cont'd)

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

Date of grant of options	Exercise price per share	Options outstanding at 1 April 2009	Options exercised	Options forfeited/expired	Options outstanding at 31 March 2010	Number of option holders at 31 March 2010	Exercise period
16/7/2001	\$0.816	1,193,000	148,000	20,000	1,025,000	467	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	614,700	73,700	11,800	529,200	493	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	660,750	69,650	8,300	582,800	487	22/7/2004 to 21/7/2013
		2,468,450	291,350	40,100	2,137,000		

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 2010, 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.

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.

DIRECTORS' REPORT

Year ended 31 March 2010

SHARE OPTIONS AND SHARE PLANS (cont'd)

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

(i) *Eligible participants (cont'd)*

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.

(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.

SHARE OPTIONS AND SHARE PLANS (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
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of grant	28 August 2009	28 August 2009
Performance period	1 April 2009 to 31 March 2012	1 April 2009 to 31 March 2011
Vesting condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% – 125% depending on the achievement of pre-set performance targets over the performance period.	0% – 121% depending on the achievement of pre-set performance targets over the performance period.

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 2009	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2010
19 March 2007						
– For senior management	63,500	–	–	(78,700)	15,200	–
– For executive director (Saw Phaik Hwa)	100,000	–	–	(124,000)	24,000	–
12 November 2007						
– For senior management	98,000	–	–	–	–	98,000
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
9 February 2009						
– For senior management	135,500	–	–	–	–	135,500
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
28 August 2009						
– For senior management	–	158,000	–	–	–	158,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
Total	567,000	258,000	–	(202,700)	39,200	661,500

DIRECTORS' REPORT

Year ended 31 March 2010

SHARE OPTIONS AND SHARE PLANS (cont'd) SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

SMRT RSP

Grant date	Balance as at 1 April 2009	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2010
1 March 2006						
– For senior management	138,300	–	–	(138,300)	–	–
– For executive director (Saw Phaik Hwa)	34,600	–	–	(34,600)	–	–
19 March 2007						
– For senior management	374,100	–	(2,800)	(187,400)	–	183,900
– For executive director (Saw Phaik Hwa)	80,000	–	–	(40,000)	–	40,000
12 November 2007						
– For senior management	600,800	–	(4,200)	(230,200)	89,900	456,300
– For executive director (Saw Phaik Hwa)	85,000	–	–	(34,000)	17,000	68,000
9 February 2009						
– For senior management	700,900	–	(10,500)	–	–	690,400
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
28 August 2009						
– For senior management	–	992,000	(32,000)	–	–	960,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
Total	2,098,700	1,092,000	(49,500)	(664,500)	106,900	2,583,600

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 2010 were 661,500 and 2,583,600 (2009: 567,000 and 2,098,700) 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 826,900 and 2,969,000 (2009: 708,800 and 2,407,700) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

AUDIT COMMITTEE

The Audit Committee (the “Committee”) comprises four non-executive independent directors. The Committee’s members at the date of this report are as follows:

Paul Ma Kah Woh Chairman
Dilhan Pillay Sandrasegara
Ho Kim Wai
Bob Tan Beng Hai

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.

The Committee met five times during the year.

The Committee has met with the internal auditors once and external auditors twice 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 2010.

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.

DIRECTORS' REPORT

Year ended 31 March 2010

AUDITORS

KPMG LLP will not be seeking re-appointment at the forthcoming Annual General Meeting. The Audit Committee and the Board has recommended PricewaterhouseCoopers LLP for appointment as auditors for the financial year ending 31 March 2011. The appointment is subject to shareholders' approval at the forthcoming Annual General Meeting.

On behalf of the Board of Directors



Koh Yong Guan
Director



Saw Phaik Hwa
Director

30 April 2010

STATEMENT BY DIRECTORS

Year ended 31 March 2010

In our opinion:

- (a) the financial statements set out on pages 122 to 191 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 2010 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

30 April 2010

INDEPENDENT AUDITORS' REPORT

Year ended 31 March 2010

Members of the Company
SMRT Corporation Ltd

We have audited the accompanying financial statements of SMRT Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 March 2010, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 122 to 191.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) 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 to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

30 April 2010

BALANCE SHEETS

As at 31 March 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current assets					
Property, plant and equipment	4	1,036,601	1,061,540	5,586	6,118
Intangible asset	5	35,288	41,932	–	–
Investments in subsidiaries	6	–	–	323,247	329,891
Interests in associates	7	66,345	1,437	–	–
Other investments	8	13,246	4,231	–	–
		<u>1,151,480</u>	<u>1,109,140</u>	<u>328,833</u>	<u>336,009</u>
Current assets					
Inventories	9	49,680	30,917	–	–
Trade and other receivables	10	54,248	71,548	196,565	362,446
Other investments	8	–	33,276	–	23,192
Tax recoverable	11	17	10,977	17	10,578
Fixed deposits with banks and financial institutions		308,932	224,419	–	9,000
Cash at banks and in hand		17,079	21,180	2,149	3,608
Asset classified as held for sale	7	1,732	–	–	–
		<u>431,688</u>	<u>392,317</u>	<u>198,731</u>	<u>408,824</u>
Total assets		<u>1,583,168</u>	<u>1,501,457</u>	<u>527,564</u>	<u>744,833</u>
Equity attributable to equity holders of SMRT					
Share capital	12	163,078	161,774	163,078	161,774
Reserves	13	4,040	2,764	2,674	2,149
Accumulated profits		602,898	557,540	242,154	215,418
Total equity		<u>770,016</u>	<u>722,078</u>	<u>407,906</u>	<u>379,341</u>
Non-current liabilities					
Interest-bearing borrowings	14	250,000	100,000	100,000	100,000
Provisions	15	3,331	3,557	37	35
Deferred tax liabilities	16	131,342	132,304	871	873
Fuel equalisation account	17	20,312	19,112	–	–
Deferred grants	18	90,454	108,141	97	–
		<u>495,439</u>	<u>363,114</u>	<u>101,005</u>	<u>100,908</u>
Current liabilities					
Interest-bearing borrowings	14	–	150,000	–	150,000
Trade and other payables	19	261,140	222,548	18,453	114,379
Provisions	15	25,889	21,488	200	205
Current tax payable		30,684	22,229	–	–
		<u>317,713</u>	<u>416,265</u>	<u>18,653</u>	<u>264,584</u>
Total liabilities		<u>813,152</u>	<u>779,379</u>	<u>119,658</u>	<u>365,492</u>
Total equity and liabilities		<u>1,583,168</u>	<u>1,501,457</u>	<u>527,564</u>	<u>744,833</u>

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	Note	2010 \$'000	2009 \$'000
Revenue	20	895,053	878,951
Other operating income	21(a)	43,200	26,668
Staff and related costs	21(b)	(294,829)	(277,384)
Depreciation of property, plant and equipment	4	(134,769)	(128,957)
Amortisation of asset-related grants	18	17,691	18,597
Repairs and maintenance costs		(79,175)	(66,291)
Electricity and diesel costs	21(c)	(104,144)	(118,783)
Impairment of goodwill	5	(6,644)	–
Other operating expenses	21(d)	(139,174)	(144,121)
Finance costs	21(e)	(7,899)	(7,376)
Interest and investment income	21(f)	1,665	4,144
Share of results of associates (net of tax)		752	331
Profit before income tax	21	191,727	185,779
Income tax expense	22	(28,842)	(23,048)
Profit for the year attributable to equity holders of SMRT		162,885	162,731
Earnings per share (in cents)			
Basic	23	10.7	10.7
Diluted	23	10.7	10.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010 \$'000	2009 \$'000
Profit for the year	162,885	162,731
Other comprehensive income/(loss)		
Net fair value changes on available-for-sale financial assets	1,452	(2,087)
Effective portion of changes in fair value of cash flow hedges, net of tax	(942)	(5,993)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	94	5,993
Translation differences relating to financial statements of foreign subsidiary and associate	147	196
Other comprehensive income/(loss) for the year, net of income tax	751	(1,891)
Total comprehensive income for the year	163,636	160,840

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2010

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Hedge reserve \$'000	Share- based payment reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of SMRT \$'000
At 1 April 2008	160,812	(46)	2,552	–	1,564	512,259	677,141
Total comprehensive income/(loss) for the year	–	196	(2,087)	–	–	162,731	160,840
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	309	–	–	–	–	–	309
Issue of performance shares	653	–	–	–	(653)	–	–
Value of employee services received for share-based payment	–	–	–	–	1,238	–	1,238
Final dividend paid of 6.00 cents per share in respect of year 2008	–	–	–	–	–	(90,928)	(90,928)
Interim dividend paid of 1.75 cents per share in respect of year 2009	–	–	–	–	–	(26,522)	(26,522)
Total transactions with owners	962	–	–	–	585	(117,450)	(115,903)
At 31 March 2009	161,774	150	465	–	2,149	557,540	722,078
At 1 April 2009	161,774	150	465	–	2,149	557,540	722,078
Total comprehensive income/(loss) for the year	–	147	1,452	(848)	–	162,885	163,636
Transactions with owners, recorded directly in equity:							
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

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2010

Company	Share capital \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 April 2008	160,812	1,564	131,592	293,968
Total comprehensive income for the year	–	–	201,276	201,276
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	309	–	–	309
Issue of performance shares	653	(653)	–	–
Value of employee services received for share-based payment	–	1,238	–	1,238
Final dividend paid of 6.00 cents per share in respect of year 2008	–	–	(90,928)	(90,928)
Interim dividend paid of 1.75 cents per share in respect of year 2009	–	–	(26,522)	(26,522)
Total transactions with owners	962	585	(117,450)	(115,903)
At 31 March 2009	161,774	2,149	215,418	379,341
At 1 April 2009	161,774	2,149	215,418	379,341
Total comprehensive income for the year	–	–	144,263	144,263
Transactions with owners, recorded directly in equity:				
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

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2010

	2010 \$'000	2009 \$'000
Operating activities		
Profit before income tax	191,727	185,779
Adjustments for items not involving outlay of funds:		
Amortisation of asset-related grants	(17,691)	(18,597)
Changes in fair value of financial instruments	(1,615)	3,140
Exchange loss/(gain)	1,683	(2,715)
Depreciation of property, plant and equipment	134,769	128,957
Dividend income	(85)	(362)
Grant released upon disposal/write-off of property, plant and equipment	(94)	(22)
Impairment loss of:		
– goodwill	6,644	–
– other investments	–	70
Interest expense	7,899	7,376
Interest income	(1,483)	(2,894)
Loss/(Gain) on disposal of:		
– property, plant and equipment	1,013	6,089
– other investments	(97)	(888)
Property, plant and equipment written off	285	208
Provisions made during the year	14,647	12,288
Share-based payment expenses	1,616	1,238
Share of results of associates	(752)	(331)
	338,466	319,336
Changes in working capital:		
Inventories	(18,763)	955
Trade and other receivables	8,057	16,358
Amounts due to/from an associate	1,438	(2,055)
Trade, other payables and provisions	14,808	(10,268)
Cash generated from operations	344,006	324,326
Income taxes paid, net	(10,215)	(36,074)
Dividends paid	(117,527)	(117,450)
Interest paid	(7,185)	(7,441)
Cash flows from operating activities	209,079	163,361

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2010

	2010 \$'000	2009 \$'000
Investing activities		
Dividends received	85	362
Interest received	2,150	2,240
Grant received	98	–
Investment in an associate company	(65,469)	–
Purchase of property, plant and equipment	(100,658)	(139,458)
Purchase of other investments	(13,366)	(30,751)
Proceeds from disposal of:		
– property, plant and equipment	13,749	898
– other investments	36,122	15,888
Cash flows from investing activities	(127,289)	(150,821)
Financing activities		
Proceeds from issue of shares under share option plan	213	309
Payment on settlement of derivatives	(1,322)	–
Proceeds from financial liabilities	150,000	–
Repayment of financial liabilities	(150,000)	–
Cash flows from financing activities	(1,109)	309
Net increase in cash and cash equivalents	80,681	12,849
Cash and cash equivalents at beginning of the year	245,599	232,544
Effect of exchange rate fluctuations on cash held	(269)	206
Cash and cash equivalents at end of the year	326,011	245,599
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	308,932	224,419
Cash at banks and in hand	17,079	21,180
	326,011	245,599

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2010.

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 2010

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, at 1% from 1 April 2003 to 31 March 2010, and at 1% from 1 April 2010 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 per cent of the annual passenger revenue net of goods and services tax and rebates and 0.5 per cent 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, subjected to any other terms and conditions as LTA may impose.
- (iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.

2 LICENCE AND OPERATING AGREEMENTS (cont'd)

(a) SMRT Trains Ltd ("MRT") (cont'd)

- (iv) Prior to MRT's purchase of the operating assets, MRT is required to set aside annually the sum of \$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which included the cost of any major overhaul of any equipment, machinery or any part of the CCL system comprising all assets and infrastructure required to operate the CCL system. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.
- (v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.
- (vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.
- (vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT upon cancellation.

(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 5 November 2010, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

2 LICENCE AND OPERATING AGREEMENTS (cont'd)

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

- (ii) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.
- (iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of \$3 million or 75% of the post tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.
- (iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC Central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.
- (v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.
- (vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT upon cancellation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of preparation (cont'd)

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 the following notes:

- Note 3.7, 3.8 and 3.12 – valuation of financial instruments
- Note 3.9 – valuation of inventories
- Note 5 – assumptions of recoverable amounts relating to goodwill impairment
- Note 13 – measurement of share-based payments
- Note 31 – accounting estimates and judgement

3.2 Changes in accounting policies

Overview

The Group adopted new/revised FRSs and interpretations which became effective for the current financial year. With the adoption of the new/revised FRSs and interpretations, the Group has changed its accounting policies and disclosure in the following areas:

- Accounting for borrowing costs
- Determination and presentation of operating segments
- Presentation of financial statements

Comparative information has been re-presented where applicable so that it also is in conformity with the new/revised standards. The adoption of new/revised FRSs and interpretations does not have any material impact on earnings per share and profit or loss.

Accounting for borrowing costs

The revised FRS 23 *Borrowing Costs* requires the capitalisation of borrowing costs when such costs relate to a qualifying asset and removes the option to immediately expense all borrowing costs. A qualifying asset is an asset that necessarily takes a substantial period of time to be ready for its intended use or sale. Previously, the Group immediately recognised all borrowing costs as an expense.

Determination and presentation of operating segments

FRS 108 *Operating Segments* requires the disclosure of segment information based on the information reviewed by the chief operating decision maker ("CODM"). Previously, segment information was presented in accordance with FRS 14 Segment Reporting. With the adoption of FRS 108, the identification of the Group's reportable segments is changed to reflect the information as reviewed by the CODM for performance assessment and resource allocation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Changes in accounting policies (cont'd)

Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 April 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 3.2, which addresses changes in accounting policies.

3.3 Basis of consolidation

Business combination

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition 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.

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.

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. The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Basis of consolidation (cont'd)

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 retranslated 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 retranslated 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 retranslation are recognised in the income statement, except for differences arising on the retranslation 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 method, useful lives and residual values, are reviewed and adjusted as appropriate, at each reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Intangible assets

Goodwill in a business combination represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 remeasured 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 remeasurement 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Inventories (cont'd)

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.10 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

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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 assets is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment (cont'd)

Calculation of recoverable amount

The recoverable amount is the greater of the assets' net selling price and value-in-use. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of the Group's financial assets measured at amortised cost is calculated as the present value of 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.

Reversals of impairment

An impairment loss in respect of financial assets measured at amortised cost and available-for-sale debt securities is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. However, an impairment loss in respect of goodwill is not reversed.

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 remeasured 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 remeasurement 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.

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.

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".

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Income tax (cont'd)

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.

3.20 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Revenue recognition (cont'd)

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Engineering and other services

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised 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.

3.22 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the leases.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

3.26 Employee benefits

(a) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(b) *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.

(c) *Short-term accumulating compensated absences*

Provision is made when services are rendered by employees that increase their entitlement to future compensated absences.

(d) *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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.26 Employee benefits (cont'd)

(d) *Equity and equity related compensated benefits (cont'd)*

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 2010

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
Cost					
At 1 April 2008	140,928	40,508	3,471	869,230	138,432
Additions	106	1,181	689	50	37
Disposals/Write offs	–	(566)	(449)	(32,156)	(135)
Transfers/Reclassifications	13,439	5,588	–	81,912	717
At 31 March 2009	154,473	46,711	3,711	919,036	139,051
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
Accumulated depreciation and impairment losses					
At 1 April 2008	18,995	22,657	2,975	511,654	80,347
Depreciation charge for the year	6,938	6,180	271	44,644	8,175
Disposals/Write offs	–	(553)	(449)	(18,957)	(100)
At 31 March 2009	25,933	28,284	2,797	537,341	88,422
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
Carrying amount					
At 1 April 2008	121,933	17,851	496	357,576	58,085
At 31 March 2009	128,540	18,427	914	381,695	50,629
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

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
258,661	184,889	204,194	23,414	302,424	52,246	2,218,397
434	2,263	4,739	322	667	179,960	190,448
(565)	(1,935)	(39,631)	(442)	(1,302)	–	(77,181)
2,869	26,613	11,286	134	6,731	(149,289)	–
261,399	211,830	180,588	23,428	308,520	82,917	2,331,664
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
155,756	93,760	66,134	21,896	211,434	–	1,185,608
14,013	11,616	23,393	981	12,746	–	128,957
(546)	(1,477)	(20,742)	(442)	(1,175)	–	(44,441)
169,223	103,899	68,785	22,435	223,005	–	1,270,124
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
102,905	91,129	138,060	1,518	90,990	52,246	1,032,789
92,176	107,931	111,803	993	85,515	82,917	1,061,540
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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture, fittings, office equipment and computers \$'000	Communication systems \$'000	Motor Vehicles \$'000	Other operating equipment \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
Cost							
At 1 April 2008	7,016	1,138	90	16	28	2,758	11,046
Additions	393	118	–	–	73	728	1,312
Disposals/Write offs	(47)	–	–	–	–	–	(47)
Transfers/Reclassifications	2,635	–	–	–	–	(2,635)	–
At 31 March 2009	9,997	1,256	90	16	101	851	12,311
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
Accumulated depreciation and impairment losses							
At 1 April 2008	3,782	723	54	6	8	–	4,573
Depreciation charge for the year	1,560	88	11	3	4	–	1,666
Disposals/Write offs	(46)	–	–	–	–	–	(46)
At 31 March 2009	5,296	811	65	9	12	–	6,193
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
Carrying amount							
At 1 April 2008	3,234	415	36	10	20	2,758	6,473
At 31 March 2009	4,701	445	25	7	89	851	6,118
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

5 INTANGIBLE ASSET

Group	Goodwill \$'000
Cost	
At 1 April 2009 and 31 March 2010	63,373
Impairment losses	
At 1 April 2009	21,441
Impairment loss	6,644
At 31 March 2010	28,085
Carrying amount	
At 1 April 2009	41,932
At 31 March 2010	35,288

Impairment tests for business units containing goodwill

Goodwill is allocated to the Group's business units:

	2010 \$'000	2009 \$'000
Bus operations	21,674	28,318
Taxi operations	13,614	13,614
	35,288	41,932

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:

- (a) The sizes of taxi and bus fleets approximate those existing at date of review.
- (b) 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.
- (c) Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.
- (d) Diesel prices are based on average forecast prices from market sources.
- (e) The discount rate used of 6.86% (2009: 6.45%) is based on the pre-tax WACC of the Group.
- (f) Operating expenses are based on historical trends, taking into account expected inflation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

5 INTANGIBLE ASSET (cont'd)

During the year, impairment of goodwill allocated to the bus operations of \$6,644,000 arises as the long term bus ridership growth trend is expected to decline. The bus ridership projection had taken into account the expansion of the rail network and the increases in transfer rebates, which is expected to cause a shift in favour of journeys by train and shorter bus trips.

6 INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 \$'000	2009 \$'000
Unquoted equity shares, at cost	351,332	351,332
Impairment losses	(28,085)	(21,441)
	<u>323,247</u>	<u>329,891</u>

Refer to note 5 on impairment loss of \$6,644,000 (2009: \$nil) recognised during the year.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2010 %	2009 %
¹ SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
¹ SMRT Light Rail Pte Ltd	Singapore	100	100
¹ SMRT Engineering Pte Ltd, and its subsidiary:	Singapore	100	100
² SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
¹ SMRT International Pte Ltd	Singapore	100	100
¹ SMRT Investments Pte Ltd	Singapore	100	100
¹ SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Buses Ltd.	Singapore	100	100
¹ SMRT Taxis Pte Ltd	Singapore	100	100
¹ SMRT Automotive Services Pte. Ltd.	Singapore	100	100
¹ Bus-Plus Services Pte Ltd	Singapore	100	100
¹ SMRT Capital Pte. Ltd.	Singapore	100	100
¹ SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
³ SMRT Cayman I	Cayman Islands	100	100
³ SMRT Cayman II	Cayman Islands	100	100
² SMRT Hong Kong Limited	Hong Kong	100	100
¹ SMRT Institute Pte Ltd	Singapore	100	–

¹ Audited by KPMG LLP, Singapore

² Audited by member firms of KPMG International

³ Not required to be audited in its country of incorporation

7 INTERESTS IN ASSOCIATES

	2010 \$'000	Group 2009 \$'000
Interests in associates	68,077	1,437
Transferred to asset classified as held for sale	(1,732)	–
	<u>66,345</u>	<u>1,437</u>

During the financial year, the Group acquired an equity interest in Shenzhen Zona Transportation Group Co., Ltd. The carrying value of this investment at year end includes provisional goodwill on acquisition of \$10,833,000.

	Group 2010 \$'000
At date of acquisition	10,765
Translation during the year	68
As at 31 March	<u>10,833</u>

Details of the associates are as follows:

Name of associates	Place of incorporation and business	Effective equity interest held by the Group	
		2010 %	2009 %
Held by SMRT Trains Ltd.			
Transit Link Pte Ltd ¹	Singapore	50	50
Held by SMRT Hong Kong Limited			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	–

1 The Group's investment in Transit Link Pte Ltd, is 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. A sale is expected within the next financial year.

Summarised financial information of Shenzhen Zona Transportation Group Co., Ltd. is as follows:

	2010 \$'000
Assets and liabilities	
Total assets	<u>245,568</u>
Total liabilities	<u>131,408</u>
Results	
Revenue	<u>25,769</u>
Profit after taxation	<u>1,226</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

7 INTERESTS IN ASSOCIATES (cont'd)

Summarised financial information of Transit Link Pte Ltd is as follows:

	2010 \$'000	2009 \$'000
Assets and liabilities		
Total assets	29,443	33,439
Total liabilities	25,980	30,565
Results		
Revenue	11,774	6,394
Profit after taxation	589	662

The summarised financial information relating to associate and asset held for sale disclosed above is not adjusted for the percentage of ownership held by the Group.

8 OTHER INVESTMENTS

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current				
Available-for-sale quoted equity security	5,630	4,175	–	–
Held-to-maturity debt securities	7,616	–	–	–
Available-for-sale unquoted equity security	–	56	–	–
	13,246	4,231	–	–
Current				
Held-to-maturity debt securities	–	33,276	–	23,192
Total	13,246	37,507	–	23,192

An impairment loss of \$70,000 in respect of available-for-sale unquoted equity security was recognised in 2009 to reflect the loss arising from expected final distribution of assets upon liquidation of the investee company. The impairment loss was utilised during the year.

Held-to-maturity debt securities bear interest at rates ranging from 1.43% to 2.81% (2009: 1.90% to 3.90%) per annum and will mature in 1.7 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

	2010	Group	2009
	\$'000		\$'000
Spare parts, diesel, tyres and consumable stores	62,549		42,718
Allowance for obsolete inventories	(12,869)		(11,801)
	<u>49,680</u>		<u>30,917</u>

10 TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000
Trade receivables	10(a)	23,766	12,312	–	–
Other receivables, deposits and prepayments	10(b)	23,453	53,328	1,010	2,582
Amounts due from subsidiaries	10(c)	–	–	195,555	359,864
Amounts due from an associate (trade)		7,029	5,908	–	–
		<u>54,248</u>	<u>71,548</u>	<u>196,565</u>	<u>362,446</u>

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

10(a) TRADE RECEIVABLES

	2010	Group	2009
	\$'000		\$'000
Trade receivables	29,911		17,626
Allowance for doubtful receivables	(6,145)		(5,314)
	<u>23,766</u>		<u>12,312</u>

Trade receivables of the Group include \$2,186,000 (2009: \$997,000) due from related corporations and there is no allowance for doubtful debts arising from the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

10(b) OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deposits	1,278	616	326	–
Prepayments	5,651	6,376	200	136
Recoverable expenses	609	293	–	–
Staff loans and advances	1,220	464	187	153
Interest receivable	273	856	–	619
Rebates*	561	7,517	–	–
Recoverable in respect of accident claims	9,542	10,688	–	–
Advances to suppliers	850	6,656	–	147
Other receivables	3,469	19,862	297	1,527
	23,453	53,328	1,010	2,582

* Rebates arise from de-registration of used vehicles.

10(c) AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2010 \$'000	2009 \$'000
Current account (trade)	13,204	8,114
Interest-bearing loans	182,351	351,750
	195,555	359,864

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.16% (2009: 0.43% to 3.30%) per annum and are repayable on demand.

The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

11 TAX RECOVERABLE

Tax recoverable of the Group and the Company relates mainly to tax deducted at source on dividend income received from its subsidiaries. The tax recoverable is refundable and/or is available for set-off against future tax liabilities of the Group and the Company.

12 SHARE CAPITAL

Company	2010		2009	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,516,195	161,774	1,515,158	160,812
Issue of shares under SMRT ESOP	292	213	436	309
Issue of performance shares under SMRT RSP & SMRT PSP	867	1,091	601	653
At 31 March	1,517,354	163,078	1,516,195	161,774

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, 148,000, 73,700 and 69,650 (2009: 162,000, 114,600 and 159,700) 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 minority 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 are no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital management.

13 RESERVES

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Fair value reserve	1,917	465	–	–
Hedge reserve	(848)	–	–	–
Share-based payment reserve	2,674	2,149	2,674	2,149
Foreign currency translation reserve	297	150	–	–
	4,040	2,764	2,674	2,149

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

13 RESERVES (cont'd)

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares.

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.

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 and Mr Tan Ek Kia.

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.

13 RESERVES (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 share	Options outstanding and exercisable at			Options outstanding and exercisable at 31 March 2010	Proceeds on exercise of options during the year credited to share capital \$'000	Weighted average share price at exercise date of options	Exercise period
		1 April 2009	Options exercised	Options cancelled				
16/7/2001	\$0.816	1,193,000	148,000	20,000	1,025,000	120	\$1.803	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	614,700	73,700	11,800	529,200	50	\$1.813	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	660,750	69,650	8,300	582,800	43	\$1.792	22/7/2004 to 21/7/2013
		<u>2,468,450</u>	<u>291,350</u>	<u>40,100</u>	<u>2,137,000</u>	<u>213</u>		

No option has been granted during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

13 RESERVES (cont'd)

SMRT ESOP (cont'd)

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.

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.

13 RESERVES (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
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of grant	28 August 2009	28 August 2009
Performance period	1 April 2009 to 31 March 2012	1 April 2009 to 31 March 2011
Vesting condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% – 125% depending on the achievement of pre-set performance targets over the performance period.	0% – 121% depending on the achievement of pre-set performance targets over the performance period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

13 RESERVES (cont'd)

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

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:

	SMRT PSP	SMRT RSP
Historical Volatility		
SMRT	27.90%	27.90%
Straits Times Index	32.39%	
Risk-free interest rates		
Yield of Singapore Government Securities on Date of Grant	0.65%	0.53% to 1.04%
Term	2.8 years	1.8 to 3.8 years
SMRT expected dividend yield ----- Management's forecast ----- 		
Share price at grant date	\$1.69	\$1.69

For non-market conditions, achievement factors have been estimated based on feedback from the Remuneration Committee for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2009	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2010
19 March 2007						
– For senior management	63,500	–	–	(78,700)	15,200	–
– For executive director (Saw Phaik Hwa)	100,000	–	–	(124,000)	24,000	–
12 November 2007						
– For senior management	98,000	–	–	–	–	98,000
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
9 February 2009						
– For senior management	135,500	–	–	–	–	135,500
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
28 August 2009						
– For senior management	–	158,000	–	–	–	158,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
Total	567,000	258,000	–	(202,700)	39,200	661,500

The estimated fair value at date of grant for each share granted on 28 August 2009 pursuant to SMRT PSP is \$1.037.

13 RESERVES (cont'd)

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

SMRT RSP

Grant date	Balance as at 1 April 2009	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2010
1 March 2006						
– For senior management	138,300	–	–	(138,300)	–	–
– For executive director (Saw Phaik Hwa)	34,600	–	–	(34,600)	–	–
19 March 2007						
– For senior management	374,100	–	(2,800)	(187,400)	–	183,900
– For executive director (Saw Phaik Hwa)	80,000	–	–	(40,000)	–	40,000
12 November 2007						
– For senior management	600,800	–	(4,200)	(230,200)	89,900	456,300
– For executive director (Saw Phaik Hwa)	85,000	–	–	(34,000)	17,000	68,000
9 February 2009						
– For senior management	700,900	–	(10,500)	–	–	690,400
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
28 August 2009						
– For senior management	–	992,000	(32,000)	–	–	960,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
Total	2,098,700	1,092,000	(49,500)	(664,500)	106,900	2,583,600

The estimated fair values at grant date for each share granted on 28 August 2009 pursuant to SMRT RSP ranges from \$1.322 to \$1.421.

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 2010 were 661,500 and 2,583,600 (2009: 567,000 and 2,098,700) 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 826,900 and 2,969,000 (2009: 708,800 and 2,407,700) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

13 RESERVES (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (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	
	2010 \$'000	2009 \$'000
Expenses		
(i) Performance share plan under SMRT PSP	283	243
(ii) Performance-based restricted shares under SMRT RSP	1,333	995
	<u>1,616</u>	<u>1,238</u>

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current liabilities				
Unsecured quoted fixed rate notes	250,000	100,000	100,000	100,000
Current liabilities				
Unsecured quoted floating rate notes	–	50,000	–	50,000
Unsecured quoted fixed rate notes	–	100,000	–	100,000
	–	150,000	–	150,000
Total	<u>250,000</u>	<u>250,000</u>	<u>100,000</u>	<u>250,000</u>

Terms and debt repayment schedule

Group	Interest rate	Year of maturity	Carrying amount	
			2010 \$'000	2009 \$'000
Unsecured quoted fixed rate notes	3.30%	2009	–	100,000
Unsecured quoted floating rate notes	Variable rate	2010	–	50,000
Unsecured quoted fixed rate notes	3.27%	2011	100,000	100,000
Unsecured quoted fixed rate notes	2.42%	2014	150,000	–
			<u>250,000</u>	<u>250,000</u>

Company	Interest rate	Year of maturity	Carrying amount	
			2010 \$'000	2009 \$'000
Unsecured quoted fixed rate notes	3.30%	2009	–	100,000
Unsecured quoted floating rate notes	Variable rate	2010	–	50,000
Unsecured quoted fixed rate notes	3.27%	2011	100,000	100,000
			<u>100,000</u>	<u>250,000</u>

14 INTEREST-BEARING BORROWINGS (cont'd)

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

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 on 14 December 2006 and due in 2011, outstanding in the Company's accounts. 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 on 7 October 2009 and due in 2014, outstanding in a subsidiary's accounts. 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 \$168,160,000 (2009: \$Nil). The period in which the financial guarantee expires is as follows:

	Company 2010 \$'000
Less than 1 year	3,630
Between 1 and 5 years	164,530
	<u>168,160</u>

15 PROVISIONS

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Liability for defined benefit plan	3,351	3,571	37	35
Liability for short-term accumulating compensated absences	1,291	1,248	200	205
Accident claims	24,578	20,226	–	–
	<u>29,220</u>	<u>25,045</u>	<u>237</u>	<u>240</u>
Current	25,889	21,488	200	205
Non-current	3,331	3,557	37	35
	<u>29,220</u>	<u>25,045</u>	<u>237</u>	<u>240</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

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	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
At 1 April		3,571	3,291	35	35
Expense (reversed)/recognised during the year	21(b)	(148)	337	2	2
Payments made		(72)	(57)	–	(2)
At 31 March		3,351	3,571	37	35

Recognised in the income statement

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current service costs	213	340	2	1
Interest on obligations	61	89	1	2
Actuarial gain	(422)	(92)	(1)	(1)
	(148)	337	2	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.

15 PROVISIONS (cont'd)

(b) 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	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
At 1 April		1,248	1,005	205	172
Provisions made during the year	21(b)	45	243	(5)	33
Translation difference on consolidation		(2)	–	–	–
At 31 March		1,291	1,248	200	205

(c) Accident claims

Provisions relate to provisions for accidents claims and are accounted for in accordance with accounting policies 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

	Note	Group	
		2010 \$'000	2009 \$'000
At 1 April		20,226	17,086
Provisions made during the year	21(d)	15,043	15,623
Provisions reversed during the year	21(d)	(301)	(2,584)
Provisions used during the year		(10,390)	(9,899)
At 31 March		24,578	20,226

16 DEFERRED TAX

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

Group	At 1/4/2008	Recognised in income statement (note 22)	At 31/3/2009	Recognised in income statement (note 22)	Recognised in other comprehensive income (note 22)	At 31/3/2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Excess of net book value over tax written down value of property, plant and equipment	139,856	1,591	141,447	379	–	141,826
Other temporary differences	(8,386)	(757)	(9,143)	(1,167)	(174)	(10,484)
Total	131,470	834	132,304	(788)	(174)	131,342

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

16 DEFERRED TAX (cont'd)

Company	At 1/4/2008 \$'000	Recognised in income statement \$'000	At 31/3/2009 \$'000	Recognised in income statement \$'000	At 31/3/2010 \$'000
Excess of net book value over tax written down value of property, plant and equipment	927	(13)	914	(3)	911
Other temporary differences	(38)	(3)	(41)	1	(40)
Total	889	(16)	873	(2)	871

17 FUEL EQUALISATION ACCOUNT ("FEA")

	Group	
	2010 \$'000	2009 \$'000
At 1 April	19,112	19,112
Provision made during the year	1,200	–
At 31 March	20,312	19,112

The FEA is accounted for in accordance to the policy set out in note 3.18.

18 DEFERRED GRANTS

Note	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Grants received	480,098	480,000	98	–
Accumulated amortisation:				
At 1 April	(371,859)	(353,240)	–	–
Amortisation during the year	(17,691)	(18,597)	(1)	–
Released on assets disposed/written-off 21(a)	(94)	(22)	–	–
At 31 March	(389,644)	(371,859)	(1)	–
	90,454	108,141	97	–

This relates to asset-related grants of:

- (i) \$480,000,000 received by SMRT Trains Ltd from LTA to defray part of the purchase cost of the operating assets of the MRT system; and
- (ii) \$98,000 received by the Company from a government agency for project sponsorship.

19 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables and accrued operating expenses	19(a)	126,373	104,712	14,935	14,083
Financial derivative	28	–	3,140	–	3,140
Other payables and refundable deposits	19(b)	129,722	112,210	3,085	4,596
Amounts due to subsidiaries	19(c)	–	–	433	92,560
Amounts due to an associate (trade)		5,045	2,486	–	–
		<u>261,140</u>	<u>222,548</u>	<u>18,453</u>	<u>114,379</u>

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 \$622,000 (2009: \$7,382,000) due to related corporations.

Trade payables and accrued operating expenses of the Company include \$34,000 (2009: \$Nil) due to related corporations.

19(b) OTHER PAYABLES AND REFUNDABLE DEPOSITS

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Unearned revenue received	1,414	1,336	–	–
Rental deposits	18,605	17,014	–	–
Other deposits	5,065	4,875	91	67
Interest payable	2,708	2,108	967	2,108
Purchase of property, plant and equipment	91,507	78,002	976	951
Retention monies	4,915	5,072	–	–
Other payables	5,508	3,803	1,051	1,470
	<u>129,722</u>	<u>112,210</u>	<u>3,085</u>	<u>4,596</u>

19(c) AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2010 \$'000	2009 \$'000
Current account (non-trade)	433	262
Interest-bearing loans	–	92,298
	<u>433</u>	<u>92,560</u>

In 2009, the interest-bearing loans from subsidiaries were unsecured, bore interest 0.43% per annum and were repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

20 REVENUE

	2010 \$'000	Group 2009 \$'000
Passenger revenue	689,158	690,677
Taxis rental	70,998	71,738
Rental revenue	65,006	57,534
Advertising revenue	22,549	22,541
Sales of goods	17,038	23,524
Engineering and others	30,304	12,937
	<u>895,053</u>	<u>878,951</u>

21 PROFIT BEFORE INCOME TAX

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

	2010 \$'000	Group 2009 \$'000
(a) Other operating income		
Commission and distribution fee	359	370
Unutilised tickets and farecards	9,410	9,299
Maintenance income	18,160	11,288
Miscellaneous rental income	93	83
Grant released upon disposal/write-off of property, plant and equipment	94	22
Foreign exchange gain	–	2,217
Net gain in fair value of financial derivative at fair value through profit or loss	1,802	–
Others	13,282	3,389
	<u>43,200</u>	<u>26,668</u>
(b) Staff and related costs		
Wages and salaries	268,348	241,813
Contribution to defined contribution plans	29,227	28,182
Job credits granted by the Singapore government	(15,733)	(4,375)
(Decrease)/Increase in liability for defined benefit plan	(148)	337
Increase in liability for short-term accumulating compensated absences	45	243
Value of employee services received for share-based payment	1,616	1,238
Gratuity/Severance	30	–
Other staff-related expenses and benefits-in-kind	11,444	9,946
	<u>294,829</u>	<u>277,384</u>

21 PROFIT BEFORE INCOME TAX (cont'd)

Note	2010 \$'000	Group 2009 \$'000
(b) Staff and related costs (cont'd)		
Included in staff and related costs is compensation to key management personnel of the Group as follows:		
Directors of the Company:		
– fees	593	528
– remuneration	1,669	1,560
Senior management personnel of the Group:		
– short-term employee benefits	5,412	4,866
– post-employment benefits	112	113
– share-based payments	751	532
	8,537	7,599
(c) Electricity and diesel costs		
In 2009, included in electricity and diesel costs is net change in fair value of cash flow hedge (before tax) transferred to the income statement amounting to \$7,221,000.		
(d) Other operating expenses		
Audit fees paid to:		
– auditors of the Company	274	278
– other auditors	13	16
Non-audit fees paid to:		
– auditors of the Company	208	178
– other auditors	94	425
Cost of inventories sold	13,590	20,664
Foreign exchange loss	2,138	–
Impairment loss on available-for-sale unquoted equity security	–	70
Loss on disposal of property, plant and equipment	1,013	6,089
Licence fees paid to LTA	5,120	5,072
Net loss in fair value of financial derivative at fair value through profit or loss	187	3,140
Operating lease expenses	3,860	3,578
Property, plant and equipment written off	285	208
Provisions for accident claims made during the year, net of reimbursement of \$1,190,000 (2009: \$1,331,000)	15(c) 13,853	14,292
Provisions for accident claims reversed	15(c) (301)	(2,584)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

21 PROFIT BEFORE INCOME TAX (cont'd)

	2010 \$'000	Group 2009 \$'000
(e) Finance costs		
Net change in fair value of cash flow hedge transferred to the income statement	114	–
Interest paid and payable on:		
– quoted floating rate notes	451	806
– quoted fixed rate notes	7,334	6,570
	<u>7,899</u>	<u>7,376</u>
(f) Interest and investment income		
Dividends received from available-for-sale equity security	85	362
Interest income from:		
– bank deposits and balances	1,102	2,127
– available-for-sale debt securities	18	98
– held-to-maturity debt securities	362	663
– others	1	6
Gain on disposal of available-for-sale equity securities	97	888
	<u>1,665</u>	<u>4,144</u>

22 INCOME TAX EXPENSE

	2010 \$'000	Group 2009 \$'000
Current tax expense		
Current year	29,736	23,079
Overprovision in respect of prior years	(106)	(865)
	<u>29,630</u>	<u>22,214</u>
Deferred tax expense		
Effect of reduction in tax rate	–	(7,412)
Movements in temporary differences	(680)	5,500
(Over)/Underprovision in respect of prior years	(108)	2,746
	<u>(788)</u>	<u>834</u>
Income tax expense	<u>28,842</u>	<u>23,048</u>

22 INCOME TAX EXPENSE (cont'd)

Reconciliation of effective tax rate

	2010 \$'000	Group 2009 \$'000
Profit before income tax	191,727	185,779
Less: Share of result of associates (net of tax)	(752)	(331)
	<u>190,975</u>	<u>185,448</u>
Tax calculated using Singapore tax rate of 17% (2009: 17%)	32,466	31,526
Expenses not deductible for tax purposes	3,437	1,833
Income not subject to tax	(6,067)	(4,723)
(Over)/Underprovision in respect of prior years	(214)	1,881
Utilisation of previously unrecognised deferred tax assets	(150)	(155)
Tax incentives	(427)	–
Effect of reduction in tax rate	–	(7,412)
Others	(203)	98
	<u>28,842</u>	<u>23,048</u>

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

	2010 \$'000	Group 2009 \$'000
Income tax on cash flow hedges recognised in other comprehensive income	193	1,228
Income tax on net change in fair value of cash flow hedges transferred to the income statement	(19)	(1,228)
	<u>174</u>	<u>–</u>

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

	2010 \$'000	Group 2009 \$'000
Shortfall of tax written down value over net book value of property, plant and equipment	(411)	(317)
Deductible temporary differences	1,739	1,019
Unabsorbed wear and tear allowances	–	676
Unutilised tax losses	3,502	3,709
	<u>4,830</u>	<u>5,087</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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

23 EARNINGS PER SHARE

Basic earnings per share is based on:

	2010 \$'000	Group 2009 \$'000
Net profit attributable to ordinary shareholders	162,885	162,731

	2010 No. of shares '000	Group 2009 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,516,195	1,515,158
– shares issued under share option scheme	194	377
– shares issued under share plan	513	204
Weighted average number of ordinary shares in issue	1,516,902	1,515,739

Diluted earnings per share is based on:

	2010 \$'000	Group 2009 \$'000
Net profit attributable to ordinary shareholders	162,885	162,731

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:

	2010 No. of shares '000	Group 2009 No. of shares '000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,516,902	1,515,739
– unissued shares under SMRT ESOP	2,137	2,468
– contingently issuable shares under SMRT PSP and RSP	2,707	1,800
Number of shares that would have been issued at fair value	(892)	(1,037)
Weighted average number of ordinary issued and potential shares assuming full conversion	1,520,854	1,518,970

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 2010

24 OPERATING SEGMENTS (cont'd)

	Rail		Bus operations \$'000	Taxi operations \$'000
	MRT \$'000	LRT \$'000		
(a) Revenue and expenses				
2010				
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				
2009				
Revenue				
– external customers	474,250	9,198	207,229	71,738
– inter-segment	–	–	395	44
Operating expenses (net of other income)	(281,102)	(9,372)	(195,875)	(54,309)
Depreciation and amortisation	(62,574)	(25)	(16,635)	(23,778)
Segment operating results	130,574	(199)	(4,886)	(6,305)
Finance costs				
Interest income				
Investment income				
Share of results of associates				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	Reconciliation		Total \$'000
				Subtotal \$'000	Elimination \$'000	
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)
						<u>162,885</u>
57,534	22,541	36,461	–	878,951	–	878,951
1	–	48,991	40,171	89,602	(89,602)	–
(5,897)	(6,775)	(78,463)	(36,557)	(668,350)	88,439	(579,911)
(5,164)	(759)	(637)	(1,666)	(111,238)	878	(110,360)
46,474	15,007	6,352	1,948	188,965	(285)	188,680
						(7,376)
						2,894
						1,250
						331
						(23,048)
						<u>162,731</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

24 OPERATING SEGMENTS (cont'd)

	Rail		Bus operations \$'000	Taxi operations \$'000
	MRT \$'000	LRT \$'000		
(b) Assets and liabilities				
2010				
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				
2009				
Operating assets	802,266	5,071	145,895	137,260
Assets under construction	20,378	2	1,285	13,377
Segment assets	822,644	5,073	147,180	150,637
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	507,087	18,996	88,724	132,769
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
(c) Other segment information				
2010				
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
2009				
Capital expenditure	94,925	2	29,298	25,044
Non-cash expenses other than depreciation, impairment losses and amortisation	2,052	521	3,376	15,009

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	Reconciliation		Total \$'000
				Subtotal \$'000	Elimination \$'000	
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
112,260	18,961	21,610	439,598	1,682,921	(601,833)	1,081,088
46,227	68	728	852	82,917	–	82,917
158,487	19,029	22,338	440,450	1,765,838	(601,833)	1,164,005
						41,932
						1,437
						283,106
						10,977
						1,501,457
18,148	3,762	17,505	214,740	1,001,731	(626,885)	374,846
						22,229
						250,000
						132,304
						779,379
38,332	767	379	1,292	114,834	–	114,834
53	22	3,489	883	21,430	–	21,430
36,962	1,866	1,038	1,313	190,448	–	190,448
(45)	(4)	18	495	21,422	–	21,422

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

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
2010			
Revenue	877,205	17,848	895,053
Non-current assets *	1,071,889	66,345	1,138,234
2009			
Revenue	872,137	6,814	878,951
Non-current assets *	1,104,909	–	1,104,909

* 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:

	2010 \$'000	Group 2009 \$'000
Related corporations		
Maintenance income received/receivable	627	898
Charter hire income received/receivable	580	615
Service income received/receivable	1,570	1,881
Sales of other goods and services	2,355	1,286
Purchases of goods and services	44,815	87,804
Associate		
Maintenance income received/receivable	9,529	10,189
Purchases of goods and services	17,149	17,152

26 COMMITMENTS

The Group had the following commitments as at the balance sheet date:

	2010	Group	2009
	\$'000		\$'000
(a) Capital expenditure commitments:			
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	115,847		65,222
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	68,914		75,031

(b) Non-cancellable operating leases payable:

Future minimum lease payables under non-cancellable operating leases are as follows:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Within 1 year	4,244	3,409	2,582	1,888
After 1 year but within 5 years	8,018	4,343	4,506	99
After 5 years	–	74	–	–
	<u>12,262</u>	<u>7,826</u>	<u>7,088</u>	<u>1,987</u>

The Group leases depot spaces and office facilities under operating leases. The leases typically run for periods of 2 years to 30 years. None of the leases include contingent rentals.

(c) Non-cancellable operating lease rental receivable:

	2010	Group	2009
	\$'000		\$'000
Within 1 year	59,419		49,601
After 1 year but within 5 years	44,904		46,678
After 5 years	693		672
	<u>105,016</u>		<u>96,951</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

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. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policy and system 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 2010, only 2.1% (2009: 11.8%) of the Group's total other investments, cash and cash equivalents are 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:

	2010 \$'000	Group	2009 \$'000
Taxi operations	1,952		1,192
Bus operations	4,990		3,459
Rail operations	5,782		5,000
Advertising business	3,875		3,921
Rental of premises	1,860		1,571
Others	12,336		3,077
	<u>30,795</u>		<u>18,220</u>

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 2010, there was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$7,029,000 (2009: \$5,908,000) that is due from an associate; and
- (ii) A subsidiary of the Group has trade receivables due from a Dubai customer amounting to \$7,479,000 (2009: \$1,891,000).

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
	2010	losses	2009	losses
	\$'000	\$'000	\$'000	\$'000
Not past due	19,691	1,221	11,869	–
Past due 1 – 30 days	5,742	549	3,118	37
Past due 31 – 120 days	7,321	1,479	3,364	334
Past due more than 120 days	4,186	2,896	5,183	4,943
	36,940	6,145	23,534	5,314

The changes in impairment loss in respect of trade receivables during the year are as follows:

	Group	
	2010	2009
	\$'000	\$'000
At 1 April	5,314	5,510
Impairment loss recognised	3,512	181
Write-off against debtors	(2,642)	(377)
Translation during the year	(39)	–
At 31 March	6,145	5,314

The Group establishes an allowance for impairment that represents its estimate of incurred 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 a number of independent 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

27 FINANCIAL RISK MANAGEMENT (cont'd)

Credit risk (cont'd)

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.

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
2010				
Non-derivative financial liabilities				
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*	233,348	233,348	233,348	–
	<u>483,348</u>	<u>508,048</u>	<u>240,248</u>	<u>267,800</u>
2009				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2009	100,000	103,300	103,300	–
Unsecured quoted floating rate notes due 2010	50,000	50,692	50,692	–
Unsecured quoted fixed rate notes due 2011	100,000	109,810	3,270	106,540
Trade and other payables*	194,075	194,075	194,075	–
Derivative financial liabilities				
Forward exchange contract	3,140	3,162	3,162	–
	<u>447,215</u>	<u>461,039</u>	<u>354,499</u>	<u>106,540</u>

* Excludes unearned revenue received, deposits, interest payable and financial derivative

27 FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

Company	Carrying amount \$'000	Cash flows		
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
2010				
Non-derivative financial liabilities				
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*	16,962	16,962	16,962	–
	<u>117,395</u>	<u>123,935</u>	<u>20,665</u>	<u>103,270</u>
2009				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2009	100,000	103,300	103,300	–
Unsecured quoted floating rate notes due 2010	50,000	50,692	50,692	–
Unsecured quoted fixed rate notes due 2011	100,000	109,810	3,270	106,540
Amounts due to subsidiaries	92,560	92,951	92,951	–
Trade and other payables*	16,504	16,504	16,504	–
Derivative financial liabilities				
Forward exchange contract	3,140	3,162	3,162	–
	<u>362,204</u>	<u>376,419</u>	<u>269,879</u>	<u>106,540</u>

* Excludes unearned revenue received, deposits, interest payable and financial derivative

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.

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 2010, the currencies giving rise to this risk are primarily the United States dollar (USD), EURO, British Pound (GBP) and Singapore dollar (SGD).

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. Outstanding forward exchange contracts are disclosed in note 28.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

27 FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

The Group and the Company's significant exposure to foreign currencies is as follows:

Group	2010				2009			
	USD \$'000	EURO \$'000	GBP \$'000	SGD \$'000	USD \$'000	EURO \$'000	GBP \$'000	SGD \$'000
Other investments	-	-	-	-	23,192	-	-	-
Trade and other receivables	283	-	-	-	600	-	-	-
Cash and cash equivalents	-	48	-	-	-	49	-	-
Trade and other payables	(4,881)	(1,821)	(1,511)	(6,731)	(3,163)	(783)	(148)	(1,531)
Gross exposure	(4,598)	(1,773)	(1,511)	(6,731)	20,629	(734)	(148)	(1,531)
Forward exchange contract	-	-	-	-	(23,792)	-	-	-
Net exposure	(4,598)	(1,773)	(1,511)	(6,731)	(3,163)	(734)	(148)	(1,531)

Company	2009 USD \$'000
Other investments	23,192
Trade and other receivables	600
Gross exposure	23,792
Forward exchange contract	(23,792)
Net exposure	-

The Company does not have any significant foreign currency exposure 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	
	2010 \$'000	2009 \$'000
USD	460	316
EURO	177	73
GBP	151	15
SGD	673	153
Net Impact	1,461	557

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.

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	
	2010 %	2009 %
Financial assets		
Fixed deposits with banks and financial institutions	0.46	0.39
Held-to-maturity debt securities	2.34	3.29
Financial liabilities		
Unsecured quoted floating rate notes due 2010	–	1.38
Unsecured quoted fixed rate notes due 2009	–	3.30
Unsecured quoted fixed rate notes due 2011	3.27	3.27
Unsecured quoted fixed rate notes due 2014	2.57	–
Company		
Financial assets		
Amounts due from subsidiaries	0.16	2.19
Fixed deposits with banks and financial institutions	–	0.70
Held-to-maturity debt securities	–	3.90
Financial liabilities		
Amounts due to subsidiaries	–	0.43
Unsecured quoted floating rate notes due 2010	–	1.38
Unsecured quoted fixed rate notes due 2009	–	3.30
Unsecured quoted fixed rate notes due 2011	3.27	3.27

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

27 FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk (cont'd)

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	2010 \$'000	2009 \$'000
Financial assets		
Fixed deposits with banks and financial institutions	308,932	224,419
Financial liabilities		
Unsecured quoted floating rate notes	–	(50,000)
	<u>308,932</u>	<u>174,419</u>
Company		
Financial assets		
Amounts due from subsidiaries	182,351	351,750
Fixed deposits with banks and financial institutions	–	9,000
Financial liabilities		
Amounts due to subsidiaries	–	(92,298)
Unsecured quoted floating rate notes	–	(50,000)
	<u>182,351</u>	<u>218,452</u>

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
2010		
Variable rate instruments (net exposure)	<u>3,089</u>	<u>1,824</u>
2009		
Variable rate instruments (net exposure)	<u>1,744</u>	<u>2,185</u>

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.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Equity price risk

Sensitivity analysis

The Group has available-for-sale investment in equity securities and is exposed to price risk. The Group's quoted equity 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 \$563,000 (2009: \$417,000).

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 2010 are represented in the following table.

Group	Note	2010		2009	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair Value \$'000
Financial liabilities					
Unsecured quoted fixed rate notes	14	250,000	255,576	200,000	204,690
Unrecognised loss			(5,576)		(4,690)
Company					
Financial liabilities					
Unsecured quoted fixed rate notes	14	100,000	103,634	200,000	204,690
Unrecognised loss			(3,634)		(4,690)

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

- carried at fair values; or
- short-term in nature; or
- repriced frequently.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

27 FINANCIAL RISK MANAGEMENT (cont'd)

Fair value hierarchy (cont'd)

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2010				
Available for sale quoted equity securities	5,630	–	–	5,630
2009				
Available for sale quoted equity security	4,175	–	–	4,175
Financial derivative	–	(3,140)	–	(3,140)
	4,175	(3,140)	–	1,035
Company				
2009				
Financial derivative	–	(3,140)	–	(3,140)

The Company does not have any financial instrument carried at fair value as at 31 March 2010.

Financial instruments by category

Group	Loans and receivables \$'000	Held-to- maturity financial assets \$'000	Available- for-sale financial assets \$'000	Financial liabilities at fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2010						
Other investments	–	7,616	5,630	–	–	13,246
Trade and other receivables*	46,469	–	–	–	–	46,469
Financial liabilities	–	–	–	–	(250,000)	(250,000)
Trade and other payables^	–	–	–	–	(236,056)	(236,056)
	46,469	7,616	5,630	–	(486,056)	(426,341)
2009						
Other investments	–	33,276	4,231	–	–	37,507
Trade and other receivables*	57,900	–	–	–	–	57,900
Financial liabilities	–	–	–	–	(250,000)	(250,000)
Trade and other payables^	–	–	–	(3,140)	(196,183)	(199,323)
	57,900	33,276	4,231	(3,140)	(446,183)	(353,916)

* Excludes deposits, prepayments and advances to suppliers

^ Excludes deposits and advances from customers

27 FINANCIAL RISK MANAGEMENT (cont'd)

Financial instruments by category (cont'd)

Company	Loans and receivables \$'000	Held-to- maturity financial assets \$'000	Financial liabilities at fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2010					
Trade and other receivables*	196,039	–	–	–	196,039
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables^	–	–	–	(18,362)	(18,362)
	196,039	–	–	(118,362)	77,677
2009					
Other investments	–	23,192	–	–	23,192
Trade and other receivables*	362,163	–	–	–	362,163
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables^	–	–	(3,140)	(111,172)	(114,312)
	362,163	23,192	(3,140)	(361,172)	21,043

* Excludes deposits, prepayments and advances to suppliers

^ Excludes deposits and advances from customers

28 DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company do not have any forward exchange contract as at 31 March 2010. The notional principal amount and the fair value of the Group and the Company's derivative financial instrument at the end of the last financial year are set out below. Positive and negative fair values represent the mark-to-market values of the derivative contracts.

	Group and Company	
	Notional amount Due in 3 to 12 months \$'000	Negative fair value (Note 19) \$'000
2009		
Forward exchange contract	24,109	3,140

29 DIVIDENDS

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 6.75 cents (2009: 6.00 cents) per share, amounting to a net dividend of \$102,421,388 (2009: \$90,971,721). The dividends have not been provided for.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

30 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following financial reporting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date but are not yet effective:

FRS 24 (revised)	: <i>Related Party Disclosure</i>
FRS 27 (revised)	: <i>Consolidated and Separate Financial Statements</i>
FRS 101 (revised)	: <i>First-time Adoption of FRS</i>
FRS 103 (revised)	: <i>Business Combinations</i>
INT FRS 117	: <i>Distributions of Non-cash Assets to Owners</i>
INT FRS 119	: <i>Extinguishing Financial Liabilities with Equity Instruments</i>
Amendments to FRS 32	: <i>Amendments Relating to Classification of Rights Issues</i>
Amendments to FRS 39	: <i>Amendments Relating to Eligible Hedged Items</i>
Amendments to FRS 102	: <i>Group Cash-settled Share-based Payment Transactions</i>
Amendments to FRS 105	: <i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to INT FRS 114	: <i>Amendments Relating to the Prepayment of a Minimum Funding Requirement</i>
Improvement to FRSs 2009	

The initial application of these standards and interpretations relevant to the Group's operations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of the financial reporting standards issued after 31 March 2010.

31 ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

Critical accounting judgements made in applying the Group and Company's accounting policies

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the business units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the business unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 March 2010 was \$35,288,000 (2009: \$41,932,000). More details are provided in note 5.

31 ACCOUNTING ESTIMATES AND JUDGEMENT (cont'd)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 30 years. The carrying amount of the Group's property, plant and equipment at 31 March 2010 was \$1,036,601,000 (2009: \$1,061,540,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Provision for accident claims

Provisions are made based on estimates of repair costs, claims from third parties and loss of use.

Impairment losses on financial assets

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the aging of trade receivables, credit worthiness of the debtors and historical write-off experience.

Acquisition of associate

In connection with the Group's acquisition of equity interest in an associate, the Group bases its estimates of the fair values of key identifiable assets and liabilities on generally accepted valuation methodology such as discounted cashflow approach on forecasted earnings in respect of significant investments, the multi-period excess earnings method on taxi licences and bus operating permits. The resultant goodwill on acquisition is set out in note 7.

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	11.6 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	2.7 years
60 Woodlands Industrial Park E	A bus depot comprising garaging with 3-storey workshop facilities and 2-storey ancillary office.	Leasehold	17.3 years
209 Kranji Road	A single-storey bus depot with office-cum-canteen, workshop, washing shed and other ancillary facilities.	Leasehold	4.8 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
Sale of Goods and Services		
National University Hospital (Singapore) Pte Ltd	1,129	–
Singapore Telecommunications Limited ⁽¹⁾	809	–
Singapore Technologies Electronics Limited ⁽²⁾	3,371	–
Singapore Airport Terminal Services Limited ⁽³⁾	–	140
SembWaste Pte Ltd ⁽⁴⁾	2,858	–
MediaCorp Press Ltd ⁽⁶⁾	285	–
Planet Telecoms (S) Pte Ltd ⁽⁷⁾	183	–
Purchases of Goods and Services		
SembWaste Pte Ltd ⁽⁴⁾	225	–
SCS Computer Systems Pte Ltd ⁽¹⁾	316	–
NCS Communications Engineering Pte Ltd ⁽¹⁾	447	–
Singapore Telecommunications Limited ⁽¹⁾	661	–
Power Automation Pte Ltd ⁽⁵⁾	6,446	–
MediaCorp TV Singapore Pte Ltd ⁽⁶⁾	300	–
Singapore Technologies Electronics Limited ⁽²⁾	435	–

⁽¹⁾ Part of Singapore Telecommunications Group

⁽²⁾ Part of Singapore Technologies Engineering Group

⁽³⁾ Part of Singapore Airlines Group

⁽⁴⁾ Part of SembCorp Industries Group

⁽⁵⁾ Part of Singapore Power Group

⁽⁶⁾ Part of MediaCorp Group

⁽⁷⁾ Part of Singapore Technologies Telemedia Group

SHAREHOLDING STATISTICS

As at 25 May 2010

SHARE CAPITAL

Number of shares issued	: 1,517,432,196
Issued and fully paid capital	: S\$163,134,790.498
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	84	0.18	34,406	0.00
1,000 – 10,000	42,953	90.77	122,210,818	8.05
10,001 – 1,000,000	4,256	9.00	189,599,740	12.50
1,000,001 and above	26	0.05	1,205,587,232	79.45
Total	47,319	100.00	1,517,432,196	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	824,400,030	54.33
2	DBS Nominees Pte Ltd	93,763,443	6.18
3	Citibank Nominees Singapore Pte Ltd	84,815,245	5.59
4	DBSN Services Pte Ltd	81,535,601	5.37
5	HSBC (Singapore) Nominees Pte Ltd	33,442,383	2.20
6	United Overseas Bank Nominees Pte Ltd	26,602,965	1.75
7	Raffles Nominees (Pte) Ltd	12,408,874	0.82
8	OCBC Nominees Singapore Pte Ltd	5,409,899	0.36
9	DBS Vickers Securities (S) Pte Ltd	5,287,000	0.35
10	UOB Kay Hian Pte Ltd	4,498,000	0.30
11	Quah Wee Lai	3,500,000	0.23
12	CIMB-GK Securities Pte. Ltd.	3,235,000	0.21
13	Societe Generale Singapore Branch	3,082,741	0.20
14	Merrill Lynch (Singapore) Pte Ltd	2,997,976	0.20
15	OCBC Securities Private Ltd	2,921,000	0.19
16	Phillip Securities Pte Ltd	2,270,308	0.15
17	Yim Chee Chong	2,200,000	0.14
18	NTUC Fairprice Co-Operative Ltd	1,995,000	0.13
19	DB Nominees (S) Pte Ltd	1,978,767	0.13
20	Royal Bank of Canada (Asia) Ltd	1,633,000	0.11
Total		1,197,977,232	78.94

SUBSTANTIAL SHAREHOLDER

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.33	9,734,173	0.64

Note:

Temasek Holdings (Private) Limited is deemed to be interested in the 9,734,173 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 25 May 2010, approximately 44.93% 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 Eleventh 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, 16 July 2010 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 2010 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 2010.
3. To approve the sum of \$592,920 as Directors' Fees for the financial year ended 31 March 2010 (FY2009: \$527,809).
4. To re-elect the following Directors who are retiring in accordance with Article 94 of the Company's Articles of Association:
 - (i) Mr Koh Yong Guan;
 - (ii) Mdm Halimah Yacob; and
 - (iii) Mr Paul Ma Kah Woh.
5. To re-elect the following Directors who are retiring in accordance with Article 100 of the Company's Articles of Association:
 - (i) Mr Tan Ek Kia; and
 - (ii) Mr Peter Tan Boon Heng.
6. To approve the appointment of Messrs PricewaterhouseCoopers LLP as the Auditors of the Company in place of the retiring Auditors, Messrs KPMG LLP 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) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (cont'd)

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares, excluding treasury shares, (as calculated in accordance with sub-paragraph (2) below) but subject to sub-paragraph (3) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5 per cent of the total number of issued shares excluding treasury shares 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 that may be issued under sub-paragraph (1) above and sub-paragraph (3) below, the percentage of issued shares 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 any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) the 50 per cent limit in sub-paragraph (1) above may be increased to 100 per cent if the Company undertakes pro-rata renounceable rights issues.
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (5) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7.2 That authority be and is hereby given to the Directors to:

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

provided always that:

- (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 Eleventh 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.

AS SPECIAL BUSINESS: (cont'd)

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 ("SGX-ST") ("Chapter 9"):

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in Appendix A to the Notice of the Eleventh Annual General Meeting ("Appendix A"), 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,

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;

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: (cont'd)

9. (c) in this Resolution:

“Prescribed Limit” means the number of issued Shares representing 10% 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.”

ANY OTHER BUSINESS:

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

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

Singapore
22 June 2010

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 26 July 2010 to 27 July 2010 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Eleventh Annual General Meeting, will be paid on 5 August 2010 to members on the Register as at 23 July 2010. 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 23 July 2010 will be registered to determine shareholders' entitlement to the final dividend.

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 2010 is due mainly to the revised Directors' fee structure following a review by the Remuneration Committee taking into account industry practice 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	\$83,000
Board Member's Basic Fee	\$44,000

Audit Committee

Chairman's Allowance	\$30,000
Member's Allowance	\$20,000

Remuneration Committee/ Nominating Committee/ Board Risk Committee

Chairman's Allowance	\$18,000
Member's Allowance	\$ 9,000

Resolution 4(i) Mr Koh Yong Guan will, upon re-election as a Director of the Company, continue to serve as Chairman of the Board, Chairman and Member of the Remuneration Committee and Member of the Nominating Committee. Mr Koh Yong Guan is an independent director.

Resolution 4(ii) Mdm Halimah Jacob will, upon re-election as a Director of the Company, continue to serve as a Member of the Remuneration Committee. Mdm Halimah Jacob is an independent director.

Resolution 4(iii) Mr Paul Ma Kah Woh will, upon re-election as a Director of the Company, continue to serve as Chairman and Member of the Audit Committee and Member of the Nominating Committee. Mr Paul Ma Kah Woh is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 5(i) Mr Tan Ek Kia will, upon re-election as a Director of the Company, continue to serve as a Member of the Remuneration Committee and the Board Risk Committee. Mr Tan Ek Kia is an independent director.

Resolution 5(ii) Mr Peter Tan Boon Heng is an independent director.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes on Special Business to be transacted:

Resolution 6 Messrs KPMG LLP, the retiring Auditors, have served as external Auditors of the Company for ten years since 2000. As part of ongoing good corporate governance initiatives, the Directors are of the view that it would be timely to effect a change of external Auditors with effect from the Eleventh Annual General Meeting. The Audit Committee has sought proposals for the audit of the financial statements of the Company for FY2011 from various audit firms. Messrs PricewaterhouseCoopers LLP was selected for the proposed appointment after the competitive proposals were evaluated. Messrs KPMG LLP, the retiring Auditors, will accordingly not be seeking re-election at the forthcoming Annual General Meeting.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST:

- (a) the outgoing Auditors, Messrs KPMG LLP, have confirmed that they are not aware of any professional reasons why the new Auditors, Messrs PricewaterhouseCoopers LLP, should not accept appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreements with the outgoing Auditors, Messrs KPMG LLP, on accounting treatments within the last 12 months; and
- (c) the Company confirms that it is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of shareholders.

The Audit Committee has reviewed and deliberated on the proposed change of Auditors and has recommended the same for approval, after taking into consideration the suitability of Messrs PricewaterhouseCoopers LLP and the requirements of Rule 712(1) of the Listing Manual of the SGX-ST.

The Directors have taken into account the Audit Committee's recommendation, and considered factors such as the adequacy of the resources and experience of Messrs PricewaterhouseCoopers LLP and the persons to be assigned to the audit, Messrs PricewaterhouseCoopers LLP's audit engagements, the size and complexity of the Company and its subsidiaries, and the number and experience of supervisory and professional staff to be assigned to the audit, and is satisfied that Messrs PricewaterhouseCoopers LLP will be able to meet the audit requirements of the Company. Accordingly, the Directors recommend the appointment of Messrs PricewaterhouseCoopers LLP as the Auditors of the Company in place of the retiring Auditors, Messrs KPMG LLP.

The Directors accept responsibility for the accuracy of the information in the Notice of the Eleventh Annual General Meeting in relation to the change of Auditors of the Company sent to the Shareholders.

The SGX-ST assumes no responsibility for the accuracy of any statement made, opinion expressed or reports contain in the Notice of the Eleventh Annual General Meeting. If a Shareholder is in doubt as to the action, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Explanatory notes on Special Business to be transacted: (cont'd)

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 of the Company with a sub-limit of five per cent (5%) for issues other than on a pro-rata basis to shareholders save that such number shall be up to one hundred per cent (100%) of the issued shares excluding treasury shares in the capital of the Company in relation to a pro-rata renounceable rights issue to existing shareholders. 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 any convertible securities or share options or 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 shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the SMRT Corporation Employee Share Option Plan and/or such number of shares to be issued pursuant to the vesting of awards under the SMRT RSP and/or the SMRT PSP.

Resolution 8 Is to renew the General Mandate granted by the Shareholders during the Tenth Annual General Meeting of the Company ("10th AGM") 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.

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.

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 Eleventh Annual General Meeting.

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PROXY FORM

ANNUAL GENERAL MEETING

SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)

Company Registration Number: 200001855H

Important:

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

I/We _____ NRIC/Passport No. _____

of _____

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

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (Number of Shares)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (Number of Shares)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Eleventh 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, 16 July 2010 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
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(i)	Re-election of Mr Koh Yong Guan as Director		
4(ii)	Re-election of Mdm Halimah Yacob as Director		
4(iii)	Re-election of Mr Paul Ma Kah Woh as Director		
5(i)	Re-election of Mr Tan Ek Kia as Director		
5(ii)	Re-election of Mr Peter Tan Boon Heng as Director		
6	Appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
7.1	Authority for Directors to issue shares		
7.2	Authority for Directors to grant awards and issue and allot shares, pursuant to the SMRT Corporation Employee Share Option Plan, SMRT Corporation Restricted Share Plan and SMRT Corporation Performance Share Plan		
8	Renewal of the General Mandate for Interested Person Transactions		
9	Renewal of the Share Purchase Mandate		
10	Any Other Business		

Dated this _____ day of _____ 2010

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE



Please affix
postage stamp

The Company Secretary

SMRT CORPORATION LTD

251 North Bridge Road
Singapore 179102

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NOTES TO PROXY FORM:

1. A member entitled to attend and vote at the Eleventh 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 Eleventh Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
7. The Company shall be entitled to reject the instrument appointing proxy or proxies if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Eleventh Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE DIRECTORY

SUBSIDIARIES

Singapore

SMRT Trains Ltd
SMRT Investments Pte Ltd
SMRT International 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

SMRT Engineering Pte Ltd
300 Bishan Road
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Telephone : (65) 6554 8535
Facsimile : (65) 6453 7645
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SMRT Light Rail Pte Ltd
1 Woodlands Road
#03-01 Ten Mile Junction
Singapore 677899
Telephone : (65) 6893 6456
Facsimile : (65) 6762 6732
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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

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

**SMRT Automotive
Services Pte Ltd**
6 Ang Mo Kio Street 62
Singapore 569140
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Facsimile : (65) 6481 9221
www.smrt.com.sg

Bus-Plus Services Pte Ltd
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